

**The feasibility of online as a distribution channel for personal luxury goods in  
South Africa**

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**Abstract**

The evolution of technology and the rise of e-commerce is disrupting traditional retail models including those of luxury retailers. Luxury has been slow to adapt to this change and luxury brands are reluctant to sell online. It is thought that e-commerce is not compatible with luxury as it contradicts the luxury attributes of exclusivity, inaccessibility and unavailability.

This study explores whether selling luxury online is feasible by understanding if the online sale of luxury goods in South Africa, which is considered to be an emerging luxury market, does change South African personal luxury good consumers perception of and motivation to purchase the luxury brand.

Data was collected through semi-structured interviews with 13 regular personal luxury good consumers in South Africa. The study found that the South African personal luxury good consumers perception of and motivation to purchase luxury is unchanged due to e-commerce. However, consumers are found to have a low willingness to purchase luxury online. The reasons for this are not found to be specific to luxury e-commerce but e-commerce in general.

The study adds to the literature on luxury consumer behaviour in South African and provides insight for luxury brand managers on the approach to luxury e-commerce.

**Keywords**

Luxury e-commerce, Luxury South Africa, e-commerce South Africa, Luxury purchase motivation, Luxury online

**Declaration**

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Date:

**Contents**

Declaration .....	iii
<b>List of figures .....</b>	<b>vii</b>
<b>List of tables .....</b>	<b>viii</b>
<b>1 Chapter 1: Introduction to Research Problem .....</b>	<b>1</b>
1.1 <i>Background to the research problem</i> .....	1
1.2 <i>The research problem</i> .....	3
1.3 <i>Significance of the research</i> .....	4
1.4 <i>Scope of the research</i> .....	5
1.5 <i>Conclusion</i> .....	5
<b>2 Chapter 2: Literature Review .....</b>	<b>7</b>
2.1 <i>Introduction</i> .....	7
2.2 <i>What is Luxury?</i> .....	7
2.3 <i>The Luxury Consumer</i> .....	9
2.4 <i>Luxury consumer behaviour</i> .....	10
2.4.1 <i>Motivation for luxury consumption: Consumption value theories</i> .....	11
2.4.2 <i>Motivation for Luxury consumption: Social value theories</i> .....	14
2.5 <i>Luxury brand loyalty</i> .....	19
2.6 <i>Luxury in the digital era</i> .....	20
2.6.1 <i>The paradox of luxury e-commerce</i> .....	20
2.6.2 <i>Luxury e-commerce in store versus online</i> .....	22
2.6.3 <i>Luxury e-commerce and webrooming</i> .....	24
2.7 <i>Practical evidence: online distribution of luxury goods</i> .....	24
2.8 <i>South African Consumer's purchasing behaviour</i> .....	25
2.9 <i>E-commerce in South Africa</i> .....	26
2.10 <i>Conclusion</i> .....	28
<b>3 Chapter 3: Research Questions .....</b>	<b>29</b>
3.1 <i>Introduction</i> .....	29
3.2 <i>Research question 1</i> .....	29
3.3 <i>Research question 2</i> .....	29
3.4 <i>Research question 3</i> .....	30
3.5 <i>Research question 4</i> .....	30
<b>4 Chapter 4: Research Methodology .....</b>	<b>31</b>
4.1 <i>Introduction</i> .....	31
4.2 <i>Research method and design</i> .....	31

4.2.1	Population .....	32
4.2.2	Unit of analysis .....	33
4.2.3	Sampling method and size.....	33
4.3	<i>Research Instrument</i> .....	34
4.3.1	Design of the measurement instrument .....	34
4.3.2	Ethical Considerations .....	35
4.3.3	Reliability and validity .....	36
4.4	<i>Analysis approach</i> .....	36
4.4.1	Data Preparation .....	36
4.4.2	Data analysis: Coding, categorising and identifying themes.....	37
4.5	<i>Limitations</i> .....	38
4.6	<i>Conclusion</i> .....	39
<b>5</b>	<b>Chapter 5: Results</b> .....	<b>40</b>
5.1	<i>Introduction</i> .....	40
5.2	<i>Characteristics of the sample</i> .....	40
5.3	<i>Research question 1</i> .....	43
5.3.1	Research question 1a.....	43
5.3.2	Research question 1b.....	50
5.3.3	Research question 1 conclusion .....	60
5.4	<i>Research question 2</i> .....	61
5.4.1	Research question 2a.....	61
5.4.2	Research question 2b.....	66
5.4.3	Research question 2 Conclusion .....	77
5.5	<i>Research question 3</i> .....	78
5.5.1	Perception not changed by e-commerce.....	78
5.5.2	Perception changed by ecommerce or not really .....	80
5.5.3	Research question 3 conclusion .....	81
5.6	<i>Research question 4</i> .....	82
5.6.1	Unsafe Manufacturing Processes .....	83
5.6.2	Bad Customer Experience .....	83
5.6.3	Change or Reduction in Quality .....	84
5.6.4	Unethical behaviour and moral or value conflict.....	84
5.7	<i>Research question 4 conclusion</i> .....	85
5.8	<i>Conclusion</i> .....	86
<b>6</b>	<b>Chapter 6: Discussion of results</b> .....	<b>88</b>

6.1	<i>Introduction</i> .....	88
6.2	<i>Research question 1</i> .....	88
6.2.1	Research question 1a.....	88
6.2.2	Research question 1b.....	89
6.3	<i>Research question 2</i> .....	94
6.4	<i>Research question 3</i> .....	97
6.5	<i>Research question 4</i> .....	99
6.6	<i>Limitations</i> .....	99
6.7	<i>Conclusion</i> .....	100
<b>7</b>	<b>Chapter 7: Conclusion</b> .....	<b>101</b>
7.1	<i>Introduction</i> .....	101
7.2	<i>Principal Research Findings</i> .....	101
7.2.1	SA personal luxury good consumers motivation for purchasing luxury.....	101
7.2.2	SA personal luxury good consumers' willingness to shop luxury online ...	103
7.2.3	SA personal luxury good perceptions on the online sales of luxury.....	104
7.2.4	Changes in SA personal luxury good consumers purchase motivations ..	105
7.3	<i>Implications for Theory</i> .....	106
7.4	<i>Implications for Management</i> .....	107
7.5	<i>Limitations of the research</i> .....	108
7.6	<i>Suggestions for future research</i> .....	109
7.7	<i>Conclusion</i> .....	109
<b>8</b>	<b>Reference List</b> .....	<b>110</b>
	<b>Annexure A: Sample Consent Letter</b> .....	<b>119</b>
	<b>Annexure B: Semi Structured Interview Guide</b> .....	<b>120</b>
	<b>Annexure C: Code Book</b> .....	<b>122</b>
	<b>Annexure D: Ethical clearance approval</b> .....	<b>126</b>

## List of figures

Figure 1: Saturation analysis indicating .....	38
Figure 2: SA personal luxury good consumers perception of luxury for .....	44
Figure 3: Motivation for South African consumer luxury consumption.....	51
Figure 4: Motivation for South African consumer luxury consumption.....	51
Figure 5: The sources used by SA personal luxury good consumers to gather information on luxury .....	59
Figure 6: Reasons SA personal luxury good consumers are willing to shop luxury online .....	66
Figure 7: Reasons SA personal luxury good consumers are not willing to shop luxury online .....	70
Figure 8: Reasons that will change South African personal luxury good consumers motivation to shop for a specific luxury brand .....	82



**List of tables**

Table 1: Characteristics of the sample of personal luxury good consumers interviewed .....41

Table 2: SA personal luxury good consumers perception of luxury for .....44

Table 3 :SA personal luxury consumers adoption of ecommerce .....61

Table 4: SA personal luxury good consumers' willingness to buy luxury online .....66

Table 5: Personal luxury goods that should be and should not be sold online .....71

Table 6: Reasons for the change or no change in perception of SA luxury consumers due to selling luxury online .....78

# **1 Chapter 1: Introduction to Research Problem**

## **1.1 Background to the research problem**

Luxury's globalisation entails the increasingly predominant presence of luxury amongst new consumers in new markets (Kapferer & Laurent, 2016; Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2017). At the same time, the rapid rate at which technology is evolving and the rise of the Internet, electronic devices, and digital media platforms have had a significant impact on the business models of the retail industry across sectors (Kluge & Fassnacht, 2015; Liu, Burns, & Hou, 2013; Okonkwo, 2009). Despite the growing global e-commerce market, Liu et al. (2013) observes that "the luxury industry has been slow in embracing the digital revolution" (p.885). Indeed, in 2015, less than half of the luxury manufacturers sold their products online (Kluge & Fassnacht, 2015). At the same time, according to Ko, Costello and Taylor (2017), the remarkable global growth of the luxury industry is being stimulated by an increase in demand from the new and developing markets of India, China, and also the Middle East. D'Arpizio, Levato, Kamel, and de Montgolfier (2017) estimated the value of the global luxury market in 2017 to be €1.2 trillion. Personal luxury goods including clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics, and perfumes (Brun & Castelli, 2013) are considered the core of luxury commerce and reached a record high total sale of €262 billion or 23% in 2017. Additionally, this number is expected to reach €295–€305 billion by 2020. This growth is being driven not only by the new growing and emerging fashion savvy middle-class customers (which include Chinese and others), but also by the rise of wealthier Millennial (born between 1977 and 1994) and generation Z (born post-1994) shoppers (D'Arpizio et al., 2017). It is expected that in the future, the global luxury market will be dominated by emerging market countries: Asia, Latin America, the Middle East and Africa, where combined sales are likely to exceed that of developed markets such as the United State and Europe (Deloitte, 2018).

Luxury brands have typically sold their goods in brick and mortar boutiques and stores or through partners such as department stores. According to Kluge and Fassnacht (2015), adding an online store for luxury goods comes with many paradoxical benefits and concerns for both luxury management and consumers. While most of these concerns are thought to apply to both the luxury and non-luxury market, the luxury market comes with the added concern that online sale, despite the growth it may bring, contradicts the exclusivity and inaccessibility attributes of a luxury branded good concerns (Parguel, Delécolle, & Valette-Florence, 2016; Kluge & Fassnacht, 2015; Liu et al., 2013; Okonkwo, 2009). In addition, the online sale of luxury goods also does not offer the same personal experience and carries with it added security concerns (Parguel et al., 2016; Kluge & Fassnacht, 2015; Liu et al., 2013; Okonkwo, 2009).

Despite the concerns and the slow acceptance of selling online, the past three years has seen an increase in luxury e-commerce (D'Arpizio et al., 2017; Business Monitor International, 2016). According to the D'Arpizio et al. (2017), online sales of luxury goods grew by 27% and represented 9% of the total luxury market in 2017. They are further expected to grow to approximately 25% by 2025 (D'Arpizio et al., 2017). The American market makes up approximately half of online luxury sales, with accessories, shoes, and handbags being the most popular purchases ahead of apparel, beauty, and hard luxury such as jewellery and watches (D'Arpizio et al., 2017). Also, Asia (in combination with other countries) and Europe are approximately equal contributors to luxury online sales but are almost half of the American market in value.

The growth in luxury online sales is being driven by the growing proliferation of smartphones and 4G technologies, which is changing the way consumers, especially Millennials and generation Z, shop (Mundel, Huddleston, & Vodermeier, 2017; D'Arpizio et al., 2017). According to D'Arpizio et al. (2017), these generational cohorts are responsible for 85% of the growth in the luxury market. Changing stages of life that bring an increase in wealth for these customers also bring an increase in the desire for luxury and upscale products, which can have significant influence on the luxury industry (Mundel et al., 2017). Furthermore, these consumers are thought to be: sophisticated shoppers who invest in experience and status related items; fashion and trend conscious; and digital natives where the Internet and online shopping is a critical part of their lives (Mundel et al., 2017).

Practical evidence from the success of Burberry (Hyeonsoo, Yun Jung, & Yuri, 2015) and multiband Italian online store, Yoox Net A Porter, the largest luxury brand e-tailer in the world, also demonstrates that online sales adds benefit to the luxury industry (YNAP, 2017; Shen, Qian, & Choi, 2017). Most luxury brands such as Louis Vuitton, Dolce & Gabbana, Burberry, Gucci, Prada, Saint Laurent, and Versace now have online stores serving the Americas, Europe, and parts of Asia. In contrast, these brands carry limited presence or even delivery to the African continent. However, luxury e-tailers make up a majority of reported online luxury sales. With the growing luxury market in China, luxury brands are also partnering with Chinese e-commerce sites, Alibaba and JD.com, which is thought to be a good case study for the development of luxury e-commerce in the emerging market context (Business Monitor International, 2016).

Despite the adoption of selling luxury online by some brands, the rise of luxury online e-tailers as well as the expansion of online sales in markets other than America and Europe, there is still reluctance by some brands to completely embrace the online

revolution. Brands such as Hermes, Dior, Chanel, and others who fear the loss of exclusivity and prestige through selling online either only sell limited ranges such as beauty or nothing at all. Bruno Pavlosky, president of fashion at Chanel is quoted as saying “every time I’m in China I meet clients who come and say, whatever you do don’t do e-commerce. The day you do it for us this won’t be exclusive anymore” (White & Denis, 2017, para. 14).

## **1.2 The research problem**

Luxury sales in South Africa in 2016 amassed \$2.4 billion. Although lower than the 2015 sales, this number was still higher than sales from other African countries like Kenya, Nigeria, and Angola (AfrAsia Bank, 2018). In South Africa, several luxury brands have stores in Sandton City, Hyde Park Corner, Mall of Africa, and the V&A Waterfront. Although the South African (SA) luxury market is considered to be small, it is likely to grow due to the rise of the emerging middle-class consumer (Deloitte, 2014; EuroMonitor, 2018a). According to AfrAsia Bank (2018), South Africa has over twice as many millionaires as any other African country despite the large income disparity that exists. Brands like Louis Vuitton, Gucci, Dolce & Gabbana, Prada, Burberry, Versace Salvatore Ferragamo, Jimmy Choo, Cartier, Armani and Billionaire Couture all operate with brick and mortar stores in South Africa but have no online offering like in other markets. Although Internet retailing is still in its infancy in South Africa, making up 1% of total retail sales, the e-commerce channel is growing rapidly (EuroMonitor, 2018b). This is because of an increasing penetration of the internet where almost 60% of South African households has at least one member who has internet access either at home, work or study place, or at Internet cafés (StatsSA, 2017). Additionally, the growth of e-commerce is also due to the emergence of simpler and more flexible payment methods.

The adoption of selling online has therefore become an important aspect of a luxury brand's strategy in order to sustain growth and profitability (Kluge & Fassnacht, 2015). Despite the apparent global growth in online sales of luxury as well as the launch of brand-owned luxury online stores across America, Europe, and even Asia, there are no luxury brands online stores in South Africa. Furthermore, although South Africa is home to the multi-brand store Luminance, which offers a limited selection of luxury items online, delivery by global e-tailers to South Africa are subject to shipping and delivery fees as well as customs duties. Since selling online has become an important aspect of a luxury brand's strategy in order to sustain growth and profitability (Kluge & Fassnacht, 2015), it is important to understand consumer reactions to the online sale of luxury goods.

According to Chandon, Laurent, and Valette-Florence (2016), the luxury industry is multi-dimensional and as such, local markets and local luxury consumers must be studied operationally. Research on the South African luxury market is limited. So, given the strong move into online sales, it is critical to understand South African consumers' reactions to selling luxury online. More specifically, if selling luxury goods online in South Africa is feasible from a consumer perspective and whether selling luxury online changes consumers' perception of and motivation to purchase luxury brands, because it contradicts perceived luxury attributes. The purpose of this research is to therefore qualitatively explore South African luxury goods consumers' perceptions of online sales of personal luxury goods in South Africa.

### **1.3 Significance of the research**

Available research in the luxury industry includes an understanding of the definition of luxury (Ko et al., 2017), the impact of mass luxury (affordable luxury brand extensions), counterfeiting (Wan & Anna, 2014), and luxury pricing display (Parguel et al., 2016). With changes in luxury consumption habits as a result of the rise of emerging markets and the rapidly changing digital landscape (Ko, Phau, & Aiello, 2016; Ko, et al., 2017), the importance of research with regard to the management of distribution channels (online) for growth has been emphasised (Gurzki & Woisetschläger, 2017).

Despite the emergence of luxury online stores and the positive results which came about in developed markets, there is limited research in the South African luxury sector on both luxury e-commerce and luxury in general. Research on the feasibility of luxury e-commerce in South Africa is important for luxury brands to achieve an understanding of whether an online store is a suitable distribution channel and whether the online distribution channel changes the perception consumers have of the brand and hence changes purchase motivation.

From a theoretical perspective, the structural change of the luxury market, the changing nature of luxury, the emergence of technology giving rise to new business models, and most importantly, a significantly changing consumer base all creates new opportunities for researchers in the luxury field to explore. Consumer behaviour is complex and difficult to extrapolate across consumer groups and markets. As such, the understanding of consumer behaviour in light of new conditions such as the internet must be evolved and understood from a theoretical perspective. Therefore, this research will contribute to the understanding of luxury consumer behaviour in response to internet-based technologies in a market that is understudied.

#### **1.4 Scope of the research**

The scope of this research study is limited to the study of the feasibility of selling personal luxury goods via e-commerce (online) in the South African luxury market through the perceptions of regular South African personal luxury good consumers. Researchers Chandon et al. (2016) and Shukla and Purani (2012) emphasises the differences in luxury markets across different geographic locations and cultures. Limiting the scope to South Africa will provide deeper insight into the understudied South African context, which has a growing luxury market.

#### **1.5 Conclusion**

This chapter presented the introduction to the research. It highlighted the global growth of the luxury retail market as a result of new consumers in new markets (Kapferer & Laurent, 2016; Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2017). It also presented the “Internet Dilemma.” The “Internet Dilemma” is a paradox faced by luxury brands who need, at the same time, to adapt to a changing consumer base (Baker, Ashill, Amer, & Diab, 2018; D’Arpizio et al., 2017) and rapidly changing technologies (such as the internet and e-commerce), and also to maintain the luxury status of their brand and personal connection with consumer (Parguel et al., 2016; Kluge & Fassnacht, 2015; Liu et al., 2013; Okonkwo, 2009; Baker, Ashill, Amer, & Diab, 2018). The introduction suggested that despite the incompatibility of e-commerce for luxury, the presence of luxury online stores in developed markets have generated positive results. It has also highlighted the growth of the luxury retail market in South Africa and presented that luxury research in the South African market is limited.

The introduction also stressed that luxury consumer behaviour cannot be generalised across markets (Chandon et al., 2016; Shukla & Purani, 2012). Using this argument as a basis, it follows that despite the existence of studies on luxury or luxury e-commerce and their positive results in developed markets, the same outcomes cannot be assumed in the South African market. As such, the purpose of this research is to qualitatively explore South African luxury good consumers’ perceptions on online sales of personal luxury goods in South Africa.

More specifically, this research explores if selling personal luxury goods online in South Africa is feasible from a consumer perspective and whether selling luxury online changes consumer perception of and motivation to purchase luxury brands because it contradicts perceived luxury attributes.

The research paper proceeds as follows: Chapter 2 presents an overview of the literature relating to business models; Chapter 3 presents the research questions that form the

basis of this study; Chapter 4 outlines the methodology used to collect and analyse the data in this study; Chapter 5 presents the results; Chapter 6 presents the discussion of the results; and Chapter 7 closes with the business and academic insights derived from the results, followed by suggestions for further research.

## **2 Chapter 2: Literature Review**

### **2.1 Introduction**

Overtime, the luxury industry has evolved from a niche business limited to the seriously rich to an industry whose growth is driven through targeting and reaching new consumer groups through expansion into emerging markets and the launch of new shopping channels (Dion & Borraz, 2017; Kapferer & Valette-Florence, 2018).

Despite a slump in sales after the global financial crisis of 2008, the personal luxury market, which includes clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics, and perfumes (Brun & Castelli, 2013), has on average grown at 7% and is expected to be valued at \$276–281 billion in 2018 (D'Arpizio et al., 2017; D'Arpizio & Levato, 2018). The purchasing power and tourist flow of developed markets such as America, Europe, and Japan make them important markets for luxury goods and significant contributors to sales. However, growth is being fuelled more by luxury brands responding to emerging market countries such as China and their fast-rising, more fashion savvy middle class (D'Arpizio et al., 2017; Kapferer & Valette-Florence, 2018).

However, in addition to new market growth, the rapidly changing digital and technology landscape coupled with changing consumer behaviour has also prompted luxury brand organisations to move away from their traditional business models in order to further fuel growth. With majority of brands having a strong digital presence when it comes to marketing, the online sale of products is growing but is still in its infancy. Although, there is no widely accepted definition of luxury, Kapferer and Valette-Florence (2018) question whether growth, especially into less affluent, emerging markets, comes at the expense of reducing the value of the brand for traditional customer, making luxury goods less desirable.

### **2.2 What is Luxury?**

Luxury goods are sold by luxury brands and include cars, yachts, wines and spirits, and personal goods (which is considered the core) (D'Arpizio et al., 2017). Personal luxury goods include clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics, and perfumes (Brun & Castelli, 2013). Ko et al. (2017) and Baker et al. (2018) found that despite an increase in luxury research in recent times, and the identification of some consistent characteristics of luxury, there is no generally accepted definition of what constitutes luxury or a luxury brand. The challenge that is the cause for the non-consensus comes from the idea that luxury is a relative concept that can be based on customer perception, which is highly subjective and is constantly changing as a result of macro-economic changes (Cristini, Kauppinen-Räsänen, Barthod-Prothade, &



Woodside, 2017) or management dimensions, such as marketing and product attributes (Ko et al., 2017). Vigneron and Johnson's (2004) seminal work on the matter posited that luxury is multidimensional and is a function of personal and interpersonal factors as well as customers' perceptions of luxury brands, which is strongly influenced by culture.

Ko et al. (2017) in their meta-analysis on the definition of luxury, found that although multiple different dimensions were used to define luxury, commonly cited dimensions included rarity, premium pricing, and a high level of aesthetics. After the application of three criteria: sound conceptual foundation, broadly applicability to luxury brands in general, and capability of being measured, Ko et al. (2017) went on to define a luxury branded product as:

A branded product that is perceived to be high quality, offer authentic value via functional or emotional benefits, has a prestigious image within the market built on qualities such as artisanship, craftsmanship, or service quality, is worthy of commanding a premium price; and is capable of inspiring a deep connection, or resonance, with the consumer. (p. 2)

Kapferer and Valette-Florence's (2018) research acknowledge the debate on the exact definition of luxury. However, they believe that despite inconsistent definitions, the genial concept remains the same (Kapferer & Valette-Florence, 2018). They define luxury as high quality, hedonistic, and usually hand-made products that are rich in heritage and are sold in selective environments at prices in excess of their functional utility (Kapferer & Valette-Florence, 2018; Berry, 2004). This is very similar to the definition posited by Ko et al. (2017) despite the use of less dimensions and different terms.

On a more generic level, Vigneron and Johnson (2004) add that luxury brands are distinct from other brands in that each brand represents a varying degree of luxury and that not all product categories of a brand are considered to be luxury. This product-centric view of a luxury branded product that focuses on the functional value, craftsmanship, quality, and price has been widely researched. However, this view is now being questioned and the need for more consumer-centric views covering both social and personalised meanings is becoming more prevalent (Seo & Buchanan-Oliver, 2016). Social meanings include themes such as symbolic status, perfectionism, and conspicuousness while personal meanings are focused on an individual's subjective interpretation of luxury and include experiential or hedonic values, individual meaning, experiences, and personal pleasures (Seo & Buchanan-Oliver, 2016).

Cristini et al. (2017) agree with this idea and state that luxury is no longer product-centred but more about what the luxury brand represents and fulfils for the consumer, which can include a desire to feel good, a longing to feel special, or the desire to show off. However, they argue that the increasing prevalence of luxury across new markets has democratised luxury, which no longer allows luxury to be defined by traditional characteristics of exclusivity, uniqueness, and inaccessibility. Dion and Borraz (2017) endorse the argument that luxury is less product-centred and posit that a key difference between luxury and mass market brands and products is not just its functionality but its ability to promote social stratification, as it is used by the elite to distinguish themselves and to affirm or signal their status. This is achieved through explicit signals such as brand logos or more implicit indirect signals such as iconic designs or special materials (Eckhardt, Belk, & Wilson, 2015).

Although there is agreement that the definition of luxury is based on consumer perception, there is added complexity when comparing consumer definitions across countries. In trying to understand where luxury begins from a minimum price perspective, Kapferer & Laurent (2016), found that a great deal of difference exists amongst the different countries and the price perception of consumers is quite subjective, although the immersion in luxury and financial wellbeing does offer some predictability. They found that in the United States and Japan, luxury is typically associated with rarity and expensiveness. They also conclude that luxury can no longer be solely defined by dimensions of price, quality, components, workmanship, and scarcity, but also by where consumers perceives luxury to begin on each dimension, which is different across consumers and countries (Kapferer & Laurent, 2016).

Ko et al. (2016) and Cristini et al. (2017) maintain that the massive growth in the demand for luxury from the East as a result of BRIC (Brazil, Russia, India, China) economies influences luxury consumers' perception of luxury brands. This is supported by Chandon et al. (2016), who found that diversity in the perception of luxury based on price is reflective of culture, age cohorts, and commitment levels to brands.

### **2.3 The Luxury Consumer**

According to Chandon et al. (2016), the evolution of luxury has brought on a significant shift in the purchasing behaviour of luxury consumers. They explain that for many centuries, luxury has been the privilege of royalty religious authorities, tyrants, and other important persons in the social hierarchy. However, the start of the Renaissance and the rise of capitalist societies shifted the purchase of luxury into a phase where consumers occasionally gifted themselves as an occasional source of happiness (Chandon et al.,

2016). Furthermore, modern luxury makes the inaccessible accessible and as opposed to when luxury was “reserved only for the elite, this shift is now positioned to capture the dreams of each consumer as a medium of self-expression” (Chandon et al., 2016, p. 299). According to Chandon et al. (2016), this is attributed to the significant shift away from craftsmanship to industrial scale production to meet the rising consumer demand from globalisation, larger markets, growing millionaires, and emerging aspirational consumers, who supposedly make up more than twenty-five per cent of total luxury spending. According to Kapferer (2012), this rising consumer demand also stems from the emerging economies, especially in the BRIC countries (i.e., Brazil, Russia, India, and China) and soon in the CIVETS countries (i.e., Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa). In all these countries, luxury purchases is driven by the desire of consumers with rising incomes to purchase luxury as a form of recognition and status experience. Furthermore, unlike European consumers, it is postulated that rather than saving, these consumers would rather spend their money on products that infer status as well as symbolise self-achievement and pleasure (Kapferer, 2012; Zhang & Kim, 2013).

Lee and Watkins (2016) support the notion that the historic perception of luxury has changed due to increasing wealth, which has given consumers access to luxury products that were previously exclusive to people in high society. According to Brun and Castelli (2013), the growth in middle class consumers is not limited to emerging markets but also is also in mature markets such as Europe and America. In other words, middle class households with rising incomes have started to shop for brands that were previously considered inaccessible (Brun and Castelli, 2013).

As a consequence of the growing middle class, the current market is made up of new money as well as old money; this implies a motivation value shift between visible goods and instant gratification, which varies from country to country (Chandon et al., 2016). This is supported by Christini et al. (2017), who found that luxury today is about the desire of owning and the prestige of public prominence, which is propagated by the media and supports addictive consumption.

#### **2.4 Luxury consumer behaviour**

Luxury consumer behaviour, like other consumer behaviour, is motivated by individual gratification and satisfaction according to the motivation theory (McGuire, 1974; Liu et al., 2013). However, according to Tauber (1972), shopping motivations for regular and luxury shoppers are different as consumers derive satisfaction not only from the utility of the products but also from the activity of shopping. Liu et al. (2013) agree with the

sentiment and argue that the purchasing motives of luxury goods shoppers are different and unique when compared to regular shoppers. Based on this, the problem that luxury brands face is that they are unable to predict luxury good consumers' motivation to purchase the brand once it is available online. There are a number of consumption value and social value theories in literature that explain the unique motives for purchasing luxury goods (Ko et al., 2017) and these theories which are discussed below will be used as a basis for this study.

#### **2.4.1 Motivation for luxury consumption: Consumption value theories**

Generally, consumption value theories are used to explain why consumers choose to buy or not buy certain products, where values are set of belief that guide behaviour (Sheth, Newman, & Gross, 1991; Wiedmann, Hennigs, & Siebels, 2009; Hennigs, Wiedmann, Klarmann, & Behrens, 2015). These theories posit that a consumers' motive for purchasing luxury as well as their value perception depends on the financial, functional, individual, and social value of the luxury brand (Sheth et al., 1991; Wiedmann et al., 2009; Hennigs et al., 2015). It is clear that a number of these factors are related to or are featured in Ko et al. (2017)'s definition of a luxury brand discussed above in Section 2.2. According to Wiedman et al. (2009), although these values do work individually, there is a level of interaction between them which influences purchasing motivation, which makes understanding them quite complex.

##### 2.4.1.1 Functional value

Functional value speaks to the benefits of the product and its ability to meet a certain need or function (Wiedmann et al., 2009; Seth et al., 1991). It is a function of the tangible aspects (usability, quality, and uniqueness) and also the intangible aspects that luxury brands offer.

##### 2.4.1.2 Usability

Usability refers to functionality and ease of use of the product and its ability to meet a consumer need based on physical or abstract product dimensions (Wiedmann et al., 2009)

##### 2.4.1.3 Quality

Quality, reliability, and durability is the idea that luxury brands exhibit superior performance in contrast with non-luxury brands (Wiedmann et al., 2009; Vigneron & Johnson, 2004; Quelch, 1987). According to Vigneron and Johnson (1999), price is a factor used by consumers to support perceptions of quality.

#### 2.4.1.4 Uniqueness

Uniqueness is tied to perceived exclusivity and rarity from the use of scarce materials and the limited accessibility and availability through price and controlled distribution (Hennings et al., 2015; Wiedmann et al., 2009; Lynn, 1991; Kapferer & Valette-Florence, 2016). Unlike mass market brands, the founding characteristic of luxury is limited accessibility or “not for everybody,” which captures luxury consumers’ belief that the size of clientele should remain limited (Kapferer & Valette-Florence, 2016). A key characteristic of maintaining perceived exclusivity of a luxury brand is by limiting diffusion, controlling prices, and identifying influential users (Kapferer & Valette-Florence, 2016). According to Vigneron and Johnson (2004), who looked at the relationship the other way, exclusivity is measured through perceived uniqueness and price is a factor used by consumers to support perceptions of exclusivity through uniqueness.

#### 2.4.1.5 Intangible aspects

In addition to the tangible aspects cited above that contribute to the functional value of a luxury brand, there are also some intangible aspects which must be highlighted. Kapferer & Valette-Florence (2016) argue that a luxury product is also considered superior due to its non-tangible attributes, such as the heritage the product embodies and the quality inspired by history. They also argue that product uniqueness or the ability of the brand to stay “one of kind” allows the brand to remain relevant without having to adapt to the spirit of the time and be a fashion leader. In addition, luxury brands’ intangible attributes of originality and timelessness also contribute to the perceived exclusivity and hence uniqueness value of products.

A luxury brand’s prestige in having historically carried a variety of extremely unaffordable products is also an intangible attribute that can add to uniqueness (Kapferer & Valette-Florence, 2016). Kapferer and Valette-Florence (2016)’s findings reveal that luxury desirability is strongly influenced by product superiority and uniqueness and limited accessibility. This is important in understanding purchasing motivation.

#### 2.4.1.6 Financial value

Financial value refers to the monetary aspect of price resale cost, discount, and investment (Wiedmann, et al, 2009; Sheth et al., 1991). Financial value is explained by the expensiveness of the product. Although Kapferer and Valette-Florence (2016) feel that financial value or price is more of a characteristic of a luxury product rather than a value. Researchers have shown that price is often associated with the perception of quality or even prestige for status-driven consumers (Wiedmann et al., 2009). As such,

luxury branded items are intrinsically linked with high prices as a result of their intangible characteristics such as heritage, tradition, history, country of origin, social ambassadors, and the dream lifestyle as opposed to their superior functionality or even quality. For instances, a luxury watch serves the same purpose as a mass market watch. Additionally, because a luxury watch is hand manufactured, it is unlikely to be as precise as a mass market watch (Kapferer & Valette-Florence, 2016). Furthermore, it symbolises social acceptance and distinction (Veblen, 1899), allowing one to signal status and wealth (Belk, 1988) while remaining the privilege of those who can afford it (Kapferer & Laurent, 2016). Wiedmann et al. (2009) argued that price cannot be used exclusively to define luxury since investment or sentimental value are more important for some consumers and are not a function of the price tag.

#### 2.4.1.7 Individual value

Individual values that drive luxury consumption relate to self-identity and hedonic benefits, which are linked to materialism (Kapferer & Valette-Florence, 2018; Wiedmann et al., 2009; Vigneron & Johnson, 2004). In other words purchasing luxury products is often considered a self-reward, self-pampering, or self-elevation (Kapferer & Valette-Florence, 2018; Wiedmann et al., 2009; Vigneron & Johnson, 2004). This is similar to the proposition put forward by the self-concept theory, which state that consumers purchase luxury brands to enhance feelings toward the self through owning or through gift-giving (Gil, Kwon, Good, & Johnson, 2012; Shukla & Purani, 2012).

#### 2.4.1.8 Social value

Social values are realised through conspicuousness and prestige, and is described as luxury for others where flaunting prosperity through purchasing luxury goods provides emotional pleasure (Kapferer & Valette-Florence, 2018; Vigneron & Johnson, 1999). According to Kapferer and Valette-Florence's research (2016), luxury brands have the exclusive power to ensure that buyers who consume their products are considered to be classy and viewed as possessing high status. Self-congruency theory (Sirgy, 1982) reconciles these two motivational drivers and explains that luxury brand consumers purchase luxury brands for themselves or for others to fulfil the needs of their social selves. In emerging economies, the ability for the rising class of newly rich to signal or make statements about their success is strongly tied to the individual and social drivers for luxury that are tied to their rarity, exclusivity, and their ability to signal one's status (Kapferer & Valette-Florence, 2018).

## **2.4.2 Motivation for Luxury consumption: Social value theories**

### 2.4.2.1 Conspicuous consumption theory

From an individual value perspective, the oldest and most cited social value theory in the luxury consumption literature is Veblen's (1899) conspicuous consumption theory (Ko et al., 2017; Gurzki & Woisetschläger, 2017; Wan & Anna, 2014). Conspicuous consumption theory explains that individuals consume in a visible manner to signal wealth to others who then derive inferences of status and power (Veblen, 1899; Ko et al., 2017). Later research found that conspicuous consumption is linked to irrational gift exchanges, which happened for the purposes of gaining status (Ko et al., 2017). Furthermore, the "Veblen Effect" proposes that demand increases with price and purchasing expensive products is used to demonstrate wealth (Veblen, 1899; Wan & Anna, 2016). Linked to this, Bearden and Etzel (1982) found that luxury goods used in public are likely to be conspicuous goods.

In furthering the "The Veblen Effect", Leibenstein (1950) added two interpersonal values: the snob effect and bandwagon effect (Wan & Anna, 2016). The snob effect posits that the demand for a product will increase as the number of buyers falls (Leibenstein, 1950; Wan & Anna, 2018). From a luxury perspective, the snob effect may be visible in one of two ways. Firstly, consumers with new riches who would like to differentiate themselves from others may adopt lesser known or accessible brands (Kapferer & Valette-Florence, 2018; Kastanakis & Balabanis, 2014). Secondly, as new consumers of a different class gain access to certain brands, traditional consumers demand may fall (Wan & Anna, 2016). On the contrary, bandwagon effect posits that consumers will mimic the behaviours and choices of the many and the elites, which means that as more people consume luxury, the demand for luxury products will increase (Wan & Anna, 2016; Kastanakis & Balabanis, 2014). According to Kapferer & Valette-Florence (2018), the bandwagon effect is likely to be strong in markets such as China where the need for uniqueness is not high and conformity is rewarded, or in new markets where consumers lack confidence in their own choices. This means that significant penetration would trigger the snob effect. However, in the case of another emerging market, Brazil, where the luxury market is still relatively small much like South Africa, it is unlikely that the snob effect will actualise.

An early study by Vigneron and Johnson (1999) suggests that although price is an important factor for conspicuous consumers who want to impress others, it will not always be important as consumers who shop for social acceptance are driven by their ability to replicate the stereotype and attach little importance to the price as a cue of prestige. Furthermore, a similar pattern occurs for hedonist consumers. Hwang, Ko, &

Megehee, (2014) ;in their study of women in Taiwan, support this notion as they found price to be an irrelevant factor for some consumers when purchasing a conspicuous and rare luxury item. Their findings revealed that price-sensitive customers are not likely to shop for conspicuousness and rarity whereas price-insensitive customers are (Hwang et al., 2014).

On a different note, Wan and Anna (2014) disagree that consumers purchase luxury goods to signal status based on the differentiation of consumers by Han, Nunes, and Dreze (2010) into two groups called Patricians and Parvenus. Although both groups are wealthy, Patricians have a lower need for status and use indirect and refined signals for in-group association whereas Parvenus purchase luxury goods as a need for social status (Han et al., 2010; Wan & Anna, 2014). Patricians do not need to use material items to signal their status or their wealth and do not desire to differentiate themselves from those that are less affluent (Han et al, 2010). Based on this. it is expected that Patricians are not likely to change their attitudes towards a brand if others start purchasing. However, this is not the case in Wan and Anna's (2014) research results, Patricians do exhibit an attitude change.

Parvenus are also not likely to associate with those who cannot afford luxury and tend to broadcast their consumption using conspicuous signals such as luxury brand labels and logos (Han et al., 2010; Wan & Anna, 2014). In addition, if less wealthy consumers start purchasing luxury items, Parvenus will perceive a luxury image as contaminated and as no longer suitable to signal wealth or power (Wan & Anna, 2014). According to Han et al. (2014), the signalling function of luxury goods is increasingly important and prevalent in emerging market economies with a rising class of newly rich who wish to signal their success.

Web 2.0 and social media such as Facebook, Instagram, Twitter, Snapchat, and YouTube, have evolved to become an indispensable part of people's lives (Quach & Thaichon, 2017). Based on this, it is now easier than ever to display and signal status from purchases. However, it is unclear how access afforded to online distribution and social media relates to luxury consumption, especially for Parvenus type luxury consumers.

#### 2.4.2.2 Social comparison theory

Social comparison theory is based on the inferences and perceptions of others (Festinger, 1954). Using social comparison theory as a base, research by Wiedmann, Hennigs and Siebels (2009) propose that people conform to the majority opinion of the



groups they belong to and may use luxury brands to conform to acceptable social standards. In line with this, Seo and Buchanan-Oliver (2016) state that in addition to advertising, luxury consumers are influenced by the actions of others as well as prevailing pop culture narratives. Furthermore, in addition to the ability to signal status through social media, it can be argued that social media also provides a platform for consumers to compare themselves to others and to conform to social standards. This argument is supported by Kapferer and Valette-Florence (2016). They use the term *glamour* to describe the ability of status-endowing people, who through their use and endorsement of a brand elevate the status of the brand to motivate luxury consumption. They cite the example of actress and singer Jane Birken, an icon of luxury due to her role in conferring concepts such as wealth, status, and prestige on the most sought after but extremely difficult to obtain Hermès Birkin bag. The Birkin bag has become an icon in its own right and due to the exotic materials it is manufactured with as well as its extremely limited supply that is reserved for the very wealthy or those of significant influence (Kapferer & Valette-Florence, 2016). In today's digital savvy world, it is extremely difficult for brands to manage and control their preferred customer image through selected celebrities as social media nowadays allows anyone to be an influencer.

Kamal, Chu, and Pedram (2013), using social comparison theory as a basis, found that social media (Facebook, Twitter, YouTube, and Foursquare) usage is positively linked to materialism, which is positively related with the purchase intention of luxury goods for young Arab and American consumers. They also found that the relationships are different across cultures. Specifically, Arabs were more materialistic. This indicates that luxury purchase intentions cannot be extrapolated across cultures.

#### 2.4.2.3 Theory of Uniqueness

The theory of uniqueness posits that a consumer's need for uniqueness motivates luxury consumption especially in highly similar social environments (Snyder & Fromkin, 1977; Ko et al., 2017). Research has indicated that luxury good uniqueness is ascertained through scarcity, price, and limited distribution (Ko et al., 2017). Based on this, it appears that the accessibility offered by online platform is questionable. Belk's (1988) concept of the extended self explains that consumers use luxury possessions to form and change their identities such that it fits their aspirations of not only who they are but also who they want to be (Ko et al., 2017).

Research by Gentian, Shru, and Lowrey (2016) studying French and US teens found that attitudes toward luxury brands are affected by the need for uniqueness and

susceptibility to influence. They also found that the development of attitudes is a function of personal and social profiles, which are dependent on culture. This again indicates that trends and purchasing behaviour for luxury branded goods in one culture cannot be easily extrapolated to other cultures.

Stokburger-Sauer and Teichmann (2013)'s research in a Western market also found differences between male and female attitudes and purchase motivations for luxury goods, highlighting a similar inability to extrapolate across genders. Key to their findings, however, is that women tend to have a more positive attitude toward clothes, perfumes, and wristwatches and they tend to value and care more about the hedonic values, uniqueness, and status value of the luxury brand. This is in support of earlier research by Wiedmann, Hennigs, & Siebels (2009), which found that women pay more attention to quality, uniqueness, and also the social value of luxury brands. This implies that when it comes to signalling status through luxury brands, it is possible that women would be more inclined to do so than men.

#### 2.4.2.4 Commodity theory

Finally, the psychological effects of scarcity or rarity as explained by the commodity theory (Brock, 1968), postulates that as a central requirement of economic activity, the value of a commodity is a direct function of its unavailability. To understand this, one must understand the constituent terms of commodity, value, and unavailability. Commodities must be useful, transferable, and able to be owned (Lynn, 1991). Luxury branded items do conform to all these attributes, and therefore can be considered commodities (Hwang et al., 2014; Kapferer & Valette-Florence, 2018). Value is the ability of the commodity to influence attitudes and is associated with desirability. Finally, unavailability is explained by the scarcity of the commodity as well as availability limitations due to limited supply, acquisition or provision costs, or ownership restrictions or late supply for example (Brock, 1968; Lynn, 1991). Lynn (1991)'s research on commodity theory came to the following conclusion: "scarcity enhances the value or desirability of anything that can be possessed, is useful to its possessor, and is transferable from one person to another" (p. 43). Luxury items can be considered commodities (Kluge & Fassnacht, 2015). The desirability of a luxury brand and the resulting motivation to purchase is also attributed to the concept of scarcity (Brun & Castelli, 2013; Kluge & Fassnacht, 2015; Beuckels & Hudders, 2016). Scarcity results from either a lack of supply or excess in demand with the former being relevant for luxury. Brun and Castelli (2013) explain that in the past, scarcity or a lack of supply are due to a limited supply of goods and are possibly functions of the manufacturing process. However, today, luxury scarcity is more artificial due to the modernisation of

manufacturing processes, which supports the significant growth and increasing penetration of the luxury goods market (Brun & Castelli (2013).

Kluge and Fassnacht (2015) agree that scarcity is perceived. They highlight some concepts customers associate with perceived scarcity: the use of rare materials, limited production, high prices, selective, or limited distribution. According to Kapferer and Valette-Florence (2016), selective distribution is achieved through managing the number of stores that exist, the location of stores that exist as well as the number of licensed distributors. This is key to enhancing scarcity and maintaining exclusivity of a luxury brand (Kapferer & Valette-Florence, 2016),. Furthermore, they go on to say that the physical store environment must be expressive of the prestige, sophistication, and class offered by luxury which sets it apart from traditional mass market stores.

Vigneron and Johnson's (2004) earlier research argues that the desire for perceived exclusivity and scarcity is satisfied by expensiveness (price) as higher priced items are perceived to enhance value by being exclusive and rare. In addition, Hwang et al. (2014)'s research identified that individual consumers; response to scarcity and intent to purchase luxury items are different and varies based on consumers perceptions of quality, information costs saved, risk, monetary sacrifice. In other words, consumers desire to be expressive; they shop for conspicuous reasons as well as for reasons which vary based on cultural and national difference (Hwang et al., 2014)

It is evident that there are a number of theories and theory basis used to explain why people are motivated to purchase and choose luxury. Using multiple theories, Hwang, et al. (2014) state that people consume luxury because they associate price with quality, unique features, as well as scarcity and exclusive distribution, which are aligned with social values such as conspicuousness or entitlement.

From an online or e-commerce perspective, it must be understood whether increased accessibility through online sales changes a luxury consumer's perception to meet their shopping motives, while taking into account of their geographical functional and social needs. On the other hand, it can also be argued that although an online sales platform does tend to make things more accessible, it can also be used to manage and maintain control over characteristics that make the luxury desirable and meet consumer purchasing motivations by managing the online product portfolio, offering limited edition or other exclusive offers to all or certain customer bases. This may become an untapped opportunity for luxury brands

## **2.5 Luxury brand loyalty**

Brand loyalty is defined as “the attachment that a consumer has to a brand” (Aaker, 1991, p. 39) and is considered to be critical in defining the relationship between a brand and a consumer (Liu, Wong, Tseng, Wen-Yu Chang, & Phau, 2017). Loyalty according to Oliver (1999) is developed through a four-stage process where first consumers develop positive attitudes toward the brand information, second, they like the brand, third they develop an intention to purchase the brand and finally (4) they convert the intentions into a behaviour whereby they purchase the brand. Consequently, loyal customers are more likely to be willing to pay more for the brand, but they are also more likely to select the brand as a primary choice and also make repeat purchases on a routine basis (Liu et al., 2017). Furthermore, according to Yoo and Park (2016), when customers are loyal to a brand they find it a lot easier to choose between alternative channels: in store or online.

According to Bryson, Atwal, & Hultén (2013), change in consumer attitudes and negative emotions specifically towards luxury brands can influence purchase decisions and loyalty. They found that in the luxury sector, “brand hate” or an extreme negative emotional response to a brand is caused by service dissatisfaction, negative stereotypes of brand users and associated advertising, and even unethical behaviour (Bryson et al., 2013). Phau, Teah & Chuah (2015) found that consumers are becoming increasingly concerned over time with the ethical impact on people and the environment of their purchase decisions. Their research found that luxury consumers’ attitude and willingness to pay more for a luxury is influenced by whether the item was manufactured in a sweatshop and the consumers’ moral attitude towards sweatshops (Phau et al., 2015). This implies that consumer attitudes and loyalty toward luxury brands is dependent on their moral standing.

Finally, according to Shukla, Banerjee, & Singh (2016), brand loyalty is associated with commitment. Commitment can be influenced by social appropriateness of the brand as well as friendship and personal relationships such that of the customer and the employee (Shukla et al., 2016).

This is an important consideration for luxury brands in understanding the drivers of loyalty to the brand: certain moral and ethical perspectives will remain irrespective of the distribution channel. However, the introduction of online sales channel on consumers attitudes and willingness to pay for the brand influences their purchasing motivation and consequently, their loyalty to the brand. This is understudied in the luxury sector although one might expect that increasing accessibility through online vending may change

attitudes and also reduce loyalty, especially for consumers such as Patricians and Parvenus.

## **2.6 Luxury in the digital era**

The key to business success and sustainability is growth. However unlike fast moving consumer fashion, who constantly seek to grow sales and increased penetration, luxury should also seek to grow but remain limited while maintaining their sense of exclusivity and rarity (Kapferer & Valette-Florence, 2018). According to Gurzki and Woisetschläger (2017), it is important to research luxury distribution channels to enable growth without damaging exclusivity. This is required due to changing luxury consumption habits resulting from a changing global economy, the rise of emerging markets, and the rapidly changing digital landscape (Ko, et al., 2016; Ko et al., 2017). The internet in general has been crucial in providing consumers with increased information on product price, specifications, and availability (Basak, Basu, Avittathur, & Sikdar, 2017). In addition to brick and mortar stores, e-commerce or online stores remove the spatio-temporal barriers to shopping and also offers flexibility and choice to shoppers in the where, how, and when they shop irrespective of time and space (Verhoef, Kannan, & Inman, 2015; Beuckels & Hudders, 2016).

Despite the benefits of instant access, there are also challenges associated with e-commerce in general. Although not specific to luxury, Oghazia, Karlsson, Hellström, & Hjort (2018) identify the challenges of e-commerce as: the ability to fully assess the quality and feel of the item, increased risk due to time lapse between making the purchase and receiving the item, uncertainty despite item descriptions, images, virtual reality tools, reviews and word of mouth, trust, and ease of returns. It is safe to assume that these challenges apply to luxury e-commerce as well.

### **2.6.1 The paradox of luxury e-commerce**

Luxury e-commerce has been argued to be both a blessing and threat by Kapferer and Valette-Florence (2016), who state that while e-commerce does allow access to those luxury shoppers who are unable to find a store, it is also open to anyone unselectively, which contradicts the definition of luxury. It is this unselectively that makes luxury brands hesitant to sell online. They believe that increasing accessibility dilutes the rarity aspect of the brand and is also incompatible with the experience offered. In addition to this, Kluge, Königfeld, Fassnacht, & Mitschke (2013) assume that the internet is attractive to price-conscious consumers rather than those that are prestige-seeking. Since luxury is often defined as highly price and somewhat prestigious, it would be incompatible with online sales. Given that a significant part of luxury is the physical store and the shopping

experience, Kluge et al. (2013) question whether the internet is able to create the multisensory experience. However, Beuckels and Hudders (2016) think that the progress in technology is making it possible to conceptualise and replicate the multi-sensory luxury experience virtually. With tools like virtual and augmented reality, this is definitely more feasible in present day than it was before.

As early as 2009, Okonkwo (2009) argued that it is not clear why an industry (luxury goods) that is renowned for being innovative, creative, and avant-garde was thought to be incompatible with digital technology. Despite the initial reluctance, the luxury goods industry has adopted the use of digital marketing tools such as websites and social media as a means of information sharing, communication, and branding strategy (Kluge et al., 2013; Hyeonsoo et al., 2015; Shen, Vel, & Khalifa, 2016). Beuckels and Hudders (2016) also find that the online presence of luxury brands plays an important role during all four stages of a consumer's decision-making process.

This has led to what is termed the "Internet Dilemma," which describes the challenge luxury brands face in maintaining their brand image, exclusivity, and personal connection while adapting to new technology and technology savvy consumers (Baker et al., 2018). As a result, there has been hesitance in extending sales beyond the brick and mortar store and adopting the Internet as a distribution channel (Kluge & Fassnacht, 2015). Research in this area is also still in its infancy (Baker et al., 2018; Quach & Thaichon, 2017; Ko et al., 2016; Liu et al., 2013).

According to Kluge and Fassnacht (2015), managerial benefits of selling online include sales growth, improved profitability, and access to larger markets (greater penetration). Additionally, consumer benefits include convenience, availability, and intimacy. Despite the cited benefits, a concern with selling luxury online is that the ubiquitous access entailed by online sale is incompatible with: the luxury brand attributes of scarcity, exclusivity, and uniqueness and also the symbolic and emotional or hedonic values obtained from personalised shopping experiences and interaction with products (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). Further managerial concerns include the added cost, transparency as well as conflict and cannibalisation between channels (Kluge & Fassnacht, 2015). As a consequence, it is not clear whether online sales do in fact contradict some of the motivational factors for purchasing luxury therefore making it less desirable.

In their research, Kapferer & Valette-Florence (2018) found that increased brand penetrations do tend to negatively affect the status of a luxury brand, specifically in that the brand no longer serves as way to signal the status or superiority.

Despite this, they found that across markets the impact of brand penetration and accessibility differed. In the United States of America, where luxury tends to be promoted as more accessible (e-commerce, outlets, lower price points) the negative impact is low. Whereas in France and other mature countries such as Japan, distinctiveness is lost once penetration reaches some tipping point (Kapferer & Valette-Florence, 2018). However, in emerging countries such as China and Brazil where luxury markets are more recent and bandwagon effects prevail, there is only a slight negative impact on existing customer to brand increasing penetration (Kapferer & Valette-Florence, 2018). Given that South Africa is an emerging market economy like China and Brazil where the Luxury Market is in its infancy, it is expected that South African consumers would exhibit similar behaviour to that of them.

Furthermore, when considering the rarity aspect of a luxury Dubois and Paternault's (1995) "rarity principle" states that with increasing distribution, they tend to lose their luxury attributes. Again, and similar and possibly linked to that of the bandwagon effects and cultural differences, significant differences were found between Western (USA and France) and Eastern consumers (Singapore and Hong Kong), where eastern consumers are not as prone to the rarity principle effects as Western consumers (Wu, Chaney, Chen, Nguyen, & Melewar, 2015; Dubois & Paternault, 1995; Kapferer & Valette-Florence, 2018).

Research by Wan & Anna (2014) found that increased access of luxury good brands through mass luxury (affordably luxury brand extensions) and counterfeiting has negatively affected luxury good consumer's attitude on exclusivity of their favourite brands. It can be argued that ubiquitous access through online selling could have the same effect consumers however there is limited literature about the impacts of online selling on luxury good brands.

### **2.6.2 Luxury e-commerce in store versus online**

A key question and core to "The internet dilemma" is the ability of the luxury brands to maintain the personal connection with consumers (Baker et al., 2018). The personalised service and memorable retail experience that a luxury brand offers adds to luxury brand desirability and the motivation to purchase a luxury brand and is an inherent quality that a luxury brand is expected to offer (Wu et al., 2015; Liu et al., 2013). In addition to the

pleasant experience and Dion and Borraz (2017) found that the physical surroundings (architecture, interior design, atmospherics, product offerings, and merchandising) and service provided by luxury sales associates is also able to establish and enhance status as it allows consumers to enact a superior position in the social hierarchy. This visiting the store experience, can be argued to be a part and parcel for what makes desirable especially for consumers that may be motivated to shop for conspicuous reasons.

Looking at the store form a different perspective, Beuckals and Hudders (2016) found that in a physical store, consumers get to experience a products shape, texture, and examine its perceived function through their senses in an environment that is used to increase the likelihood of sale. Kluge et al., (2013) also find that the experience offered in a luxury store is multisensory. As an attempt to replicate the in-store shopping experience online, research by Baker et al. (2016) and Beuckels and Hudders (2016) found that virtual reality, image interactivity and omni-channel approaches can be considered. These actions however, do not address the loss of exclusivity and uniqueness brought by ease of access through online availability.

Research by Liu et al. (2013), one of the first that studies on luxury online shopping found there to be contrasting motivational factors that influence online and in-store luxury shopping behaviour. Online shoppers are motivated by price and availability, whereas in-store shoppers value product interaction and shopping experiences. Kluge and Fassnacht (2015) who studied the effects of online accessibility and price display found that online accessibility does not negatively influence perceived scarcity and hence does not dilute brand desirability. Limitations of Kluge and Fassnacht's (2015) research are that they conducted exploratory and experimental research on high-income earners who may not be luxury good consumers. Furthermore, the focus on Germany and the USA may also not be generalisable across national contexts as the influence of luxury value perceptions differ across national contexts (Shukla, 2010). Parguel et al. (2016) studied the influence of price display on non-personal orientated perceptions of luxury brands: quality, uniqueness and conspicuousness in brick and mortar stores. They found that contrary to what is expected, price display positively influences luxury perceptions of brand uniqueness and conspicuousness and also transfer to brand attitude and desirability (Parguel et al., 2016). Although this implies that online price display may not affect brand desirability and motivation to purchase online, it cannot be extrapolated to personal perceptions: hedonism and the extended self.

In the emerging market India, Jain and Schultz (2016) found that Indian consumers do use digital media both in the pre-purchase phase for luxury goods to explore, compare



and study the brands and the post purchase phase to receive reaction and validation from various social groups. However, Indian luxury consumers still prefer visiting a brick and mortar store for purchasing due to the experience and pleasurable environment which is not replicable online (Jain & Schultz, 2016). Since India is an emerging luxury market, it is unclear whether these trends maybe similar in an emerging market like South Africa given that luxury consumption patterns vary across cultures (Shukla, 2010).

### **2.6.3 Luxury e-commerce and webrooming**

Finally, e-commerce has led to webrooming where consumers do research online and then shop in store to receive the best deals and showrooming where consumers who still have a need to touch and feel of the product visit brick and mortar stores to experience products but complete the purchase online because they can either get better prices or it offers convenience (Basak, Basu, Avittathur, & Sikdar, 2017; Verhoef et al., 2015). Basak et al. (2017) who studied the phenomenon of showrooming through game theory models, not specifically for luxury retail, found that increasing levels of “showrooming” actually negatively impacts the profit of the traditional and online retailer. Their model focussed on non-retailer owned online channels. However, this is an important consideration for luxury retailers who choose to sell as it may either cannibalise in store sales or negatively affect profitability if they choose to sell online through a 3<sup>rd</sup> part e-tailer such as Net-A-Porter. Although not studied in the context of luxury, webrooming and showrooming is also something that must be considered from an e-commerce perspective for luxury retail.

## **2.7 Practical evidence: online distribution of luxury goods**

Yoox Net A Porter is a luxury e-tailer that partners with multiple luxury brands: Alexander McQueen, Balenciaga, Bottega Veneta, Saint Laurent, Sergio Rossi, and Stella McCartney and others to serve as their digital distribution channel (Shen et al., 2017). Although Yoox Net A Porter, has been successful in being able to capture the luxury brand online (website design, luxury packaging and personal delivery service) but performance wise, they struggled over 2016 (YNAP, 2017; Shen et al., 2017). This is because the competition in the online sales of luxury goods is increasing with an increase in the number of British and European luxury e-tailers including Farfetch, Matches Fashion, My Theresa, online department stores and luxury companies own websites (Business Monitor International, 2016). Despite the rise of the e-tailer, luxury brands concerns on the ubiquity of selling online means that they remain strategic in their partners neglecting the like of mass market store Amazon. The world’s largest luxury group LVMH (Moët Hennessy, Louis Vuitton) who owns Louis Vuitton, Dior, Marc Jacobs and Bulgari amongst other brands for example stated that Amazon does not fit with its

business model (Dalton & Stevens, 2017). Consequently, in 2017 LVMH launched their own e-commerce site and mobile IOS application called 24 Sèvres in 70 markets worldwide, offering products from more than 150 luxury brands including Louis Vuitton, Christian Dior and Chloé and Valentino (LVMH, 2017).

## **2.8 South African Consumer's purchasing behaviour**

South Africa is considered an emerging market economy and has seen a rising middle class or black middle class with increasing spending power, which has become an increasingly important and attractive segment for retailers (Mashaba & Wiese, 2015). This rising middle class has been depicted as ambitious and aspirational spenders in much of the research conducted (Burger, Louw, de Oliveira Pegado, & van der Berg, 2015). The ambitious and aspirational spending patterns are explained by their increasing investment in education, the ability to spend more due to the increasing access to credit and most importantly rising incomes driven by increased job market activity (Burger et al., 2015)

According to Burger et al. (2015) the emerging consumers are often been stereotyped to be poor creditors and conspicuous consumers who tend to signal their social status through their visible consumption of luxury labels, expensive cars and massive homes. Their research found that as consumers join the emerging social membership group, they will display conspicuous behaviour based on real or perceived income vulnerability and inequality within the group. They also found that as asset ownership increases, conspicuous behaviour is likely to decrease. Although conspicuous consumption is not a function of race as found by studies in South Africa and the USA, it is likely to be more prevalent amongst the black middle class in South African where higher economic status is new due to South Africans history (Burger et al., 2015)

In addition to this, is the shifting post-Apartheid generational cohort which now constitutes the emerging middle class and a growing proportion of the South African consumer base (Struwig, 2015). Post-apartheid specifically generation Y consumers, in addition to the emerging characteristics discussed above are also more confident and optimistic about their future and desire greater transparency and pragmatism from brands (Struwig, 2015).

From a luxury perspective this is an interesting to consider as the emerging and generational characteristics of south African consumers may or may not play a role in their purchasing motivation, their choice of brands and choice of shopping channels and

whether they can be considered Parvenus or Patricians as discussed above (Han et al., 2010; Wan & Anna, 2014).

According to Wan and Anna (2014), evidence indicates that when compared to developed or European countries, consumer in emerging market countries such Brazil, Russia, India and China, Malaysia, South Korea are more likely to be Parvenus and purchase conspicuous luxury products to signal social status (Shukla, 2012). Although they don't mention South Africa, South Africa is considered to be an emerging market and similar to the other countries does have a rising middle class. It can be argued based on the characteristic of emerging South African middle-class consumers who are considered to be more affluent than others in their social group, may be more Parvenus than Patricians. However, irrespective of whether they are Patricians or Parvenus, based on Wan and Anna's (2014) findings on the influence of less affluent consumers in the hospitality industry, it is possible that the online sale of luxury items which increases accessibility to a wider and potentially different market may negatively affect South African luxury consumers attitudes towards the luxury brand. For Parvenu's because it no longer differentiates them on social level and Patricians on a personal level.

## **2.9 E-commerce in South Africa**

In 2017, the global total e-commerce spend was estimated to be \$1,9 trillion annually, or 11% of the total global retail spend (Qwerty Digital, 2017; Hoogduijn, 2018). According Izogo and Jayawardhena (2018) and Mkhosi (2018), the growth rate has outpaced traditional retail channels but in South Africa, e-commerce is still in its nascent stage. South Africa's e-commerce market in 2017 was valued to at \$2–3 Billion annually or approximately 1% of total retail sales (Statista, 2018; We Are Social and Hootsuite, 2018; Qwerty Digital, 2017; Hoogduijn, 2018). This is relatively small when compared emerging countries like China where e-commerce is in excess of 20 % of total retail or developed countries like the UK and Germany which e-commerce are estimated to be 18% and 20% of retail sales respectively (Hoogduijn, 2018).

The growth in ecommerce in South Africa is being accelerated by the increasing rate of mobile penetration which is closing the connectivity gap for many as well as the removal of barriers such as a variety of payment options and a lack of trust in delivery and payment through technology and greater comfort with digital and most importantly and increasing number of retailers going online (Bratt, 2018; Hoogduijn, 2018). According to StatsSA's (2018) General Household Survey, internet access through mobile devices including mobile phones or mobile 3G (~57%) is significantly higher than internet access at home (~11%), work (~16,9%) or elsewhere (~12%). In addition, more than half, ~62%

of South African Households had at least one household member who had internet access either at home, work, study place or Internet cafés (StatsSA, 2018). When it comes to payment methods, traditionally one would require a credit card for online purchase. In South Africa despite the fact that close to 70% of the population (aged 15+) are banked, only 13% have a credit card (We Are Social and Hootsuite, 2018). As a result, Qwerty Digital (2017) reported that in 2017, 31% of the total population or approximately 17 million South Africans shopped online which is a significant proportion of the population.

In South Africa, the most popular categories of items purchased online as measured by sales value from a retail perspective are electronics and physical media, followed by furniture and appliances; toys, DIY, and hobbies; and then fashion and beauty (We Are Social and Hootsuite, 2018; Statista, 2018). Furthermore, fashion and beauty make up approximately half the value of electronics and physical media but only saw the biggest growth in 2017 (We Are Social and Hootsuite, 2018). South Africans consumers tend to search for products online and compare prices. However, they would mostly still go in store to complete the purchase, which Kempen, Kasambala, & Toerien (2015) attribute to a lack of confidence in using the internet as a retail channel.

According to Mkhosi (2017), online Shoppers in South Africa tend to be driven by price, fast and cost-effective delivery, and the ability to return items. Kempen et al. (2015) studied the attitudinal and perceived behavioural control elements of the theory of planned behaviour to understand online shopping intent. They found that hedonic, convenience and online variety to have a positive impact on intent while disconcertedness, isolation, and personal and functional constraints were negatively impactful (Kempen et al., 2015). In addition, from a perceived behavioural control perspective, they found that consumers feel like they have control over functional risks such as realistic presentation, stylistic clarity, brand familiarity, but not the visual limitation of the ability to interact with the item and obtain an accurate view of the item on themselves as well as quality assessment. When it came to returns policy, their results were mixed. Some were concerned about the ability and ease of return whilst others were not concerned. Research by Hung and Tung (2017) found that all information quality factors: personalisation, completeness, relevance, secureness, and ease of understanding of a website influenced online shopping, but that secureness was the most significant.

What this indicates is that there are multitude of factors that influence a consumer when shopping online. Based on South African studies, these can be summarised as the ability

to experience and assess the quality of the item, the secureness of the website from a payment and data perspective, especially in an environment where fraud and theft is prevalent, and lastly, the ability to return items.

## **2.10 Conclusion**

Despite the available research on the definition of luxury, perceptions of luxury which motivates luxury consumption as well as comparative studies on luxury consumption behaviour across cultures, limited research exists regarding consumers perceptions of online vending of luxury goods. Notwithstanding the advent into luxury e-commerce and the apparent sales success in the Western and even in some Eastern markets, the questions of which markets to serve online and how to maintain the aura of exclusivity and uniqueness as well as the personal relationships with customers in an online environment remains (Baker, et al., 2018).

Furthermore, following the rise of democracy, South Africa as an emerging market country is considered to have a growing and emerging middle-class consumer base who are drawn to conspicuous consumption. At the same time, South Africa's luxury market is growing and has seen an influx of luxury brands. Unlike other countries, these luxury brands are sold through brick and mortar stores and not online. South African consumers in general have been late adopters when it comes to e-commerce. As a result, limited research could be found in this regard. However, e-commerce sales are expected to grow in the future.

Therefore, from a luxury perspective it is important to understand the personal luxury good purchasing behaviour of South African luxury consumers, the reasons they shop, and whether their shopping motivations play a role in the use and acceptance of luxury e-commerce. In addition, it is important to understand whether the introduction of luxury e-commerce will change the purchase motivations and perceptions of the luxury brands. The next chapter introduces the research questions for the study.

### **3 Chapter 3: Research Questions**

#### **3.1 Introduction**

This Chapter presents the research questions that underpin this research study. Based on the literature surveyed in the previous Chapter (Chapter 2), it is evident that the nature of luxury is complex and context-dependent (Shukla, 2010; Shukla & Purani, 2012; Chandon et al., 2016). This implies that luxury brands and distributors cannot adopt a single standard approach to servicing consumers in different markets or extrapolate successes and learnings across markets. There is also a strong argument that luxury is not feasible as it contradicts some of the characteristics that motivate luxury consumption.

As it presently stands, luxury is growing market in South Africa. However, luxury brands do not yet have online stores as a distribution channel. Along with limited research in luxury e-commerce in general, this yields an opportunity to conduct research on the feasibility of the internet as a distribution channel for personal luxury goods in the growing South African luxury good market. In order to conduct the study. The four research questions that were developed are presented below.

#### **3.2 Research question 1**

##### **What motivates South African consumers to purchase personal luxury products?**

The literature indicates that in addition to the general shopping motives to pursue individual gratification and satisfaction (McGuire, 1974; Liu et al., 2013), luxury consumers have added unique motives. This question therefore aims to uncover South African consumers' motives for purchasing personal luxury goods and to investigate whether they are consumption value-related or social value-related. This is important as it may play a role in changing consumers' shopping due to the introduction of online sales for personal luxury goods. The question will be answered by two sub questions presented below:

- **Research question 1a:** what do South African consumers perceive luxury to be?
- **Research Question 1b:** what values drive's the purchasing behaviour of South African personal luxury goods luxury?

#### **3.3 Research question 2**

##### **Will South African luxury consumers purchase personal luxury goods online?**

As it presently stands, luxury brands do not yet have online stores as a distribution channel in South Africa. As such, this question aims to understand South African consumers' acceptance of online as a distribution channel for personal luxury goods by understanding their general acceptance and usage of technology as well as their willingness to purchase luxury online. It is important to understand existing use e-

commerce in order to understand whether consumer behaviour with regard to luxury e-commerce is related to their general e-commerce adoption or is related to their luxury purchasing motives alone, or both. In order to address the question, two sub-questions were used:

- **Research question 2a:** do South African personal luxury good consumers use ecommerce?
- **Research question 2b:** what factors motivate South African personal luxury good consumers to purchase and not purchase personal luxury goods online?

### **3.4 Research question 3**

**Does the online sale of personal luxury goods online, change South African consumers' perception of luxury brands?**

It is widely contested in literature that the introduction of an online sales channel for luxury goods contradicts the motives consumers have for purchasing luxury. This question aims to determine whether the sale of personal luxury goods online change South African personal luxury good consumers; perception of the brand, given the concerns that online selling brings with its increasing accessibility.

### **3.5 Research question 4**

**Does the online sale of personal luxury goods online change South African consumers' motivation to purchase luxury brands?**

Again, based on the online paradox, this question aims to uncover whether the increasing accessibility through online sales change South African personal luxury good consumers' motive to purchase luxury brands.

- **Research question 4:** what changes South African personal luxury good consumers' motivation to shop for specific luxury brands?

## **4 Chapter 4: Research Methodology**

### **4.1 Introduction**

The research questions presented in Chapter 3 aim to contribute to the field of personal luxury consumer behaviour. The formulation of the research questions in Chapter 3 provided guidance for the researcher to make informed decisions and select the most appropriate research methodology to answer the research questions and achieve the research objectives. This selected methodology is outlined in this Chapter. The study used a qualitative approach in order to explore the feasibility of luxury e-commerce from a South African luxury consumers perspective. The sample was selected to ensure that consumer were luxury good consumers, and data was collected through semi-structured interviews that were conducted face-to-face or through the telephone. The interview process was believed to provide rich insight into luxury consumers' behaviour and attitudes toward luxury e-commerce. Through a coding and categorisation process, themes emerged were then discussed in the context of the literature review. During the course of the data collection and analysis process, the researcher ensured that ethical considerations were met in regard to participants and also paid attention to concerns of reliability, validity, and credibility. The chapter concludes with a discussion on the identified limitations of the study.

### **4.2 Research method and design**

Based on the literature surveyed, there exists a paucity of research on both the online sales of luxury goods globally as well as on South African consumers' experiences with luxury goods. As such, the research adopted an interpretive and inductive approach that is exploratory and qualitative in nature. Given the limited time frame provided for the research, the research was cross-sectional in nature (Saunders & Lewis, 2012).

With the lack of information on luxury consumption in South Africa and the inability to understand feelings empirically through a positivistic approach, the interpretive philosophy was selected to be most suitable for uncovering the underlying motivations and meanings consumers attach to luxury good consumption and the changes in these due to online sales. According to Saunders, Lewis, and Thornhill (2009), "research philosophy relates to the development of knowledge as well the nature of that knowledge in relation to research" (p. 107). Interpretivism is a philosophy, which is based on the idea that humans are social beings and that social behaviour is a product of variable human action (Saunders & Lewis, 2012; Riley, Wood, Clark, Wilkie, & Szivas, 2000). Furthermore, with interpretivism, human action is value-based (Riley et al., 2000). As such, researchers attempt to understand phenomena based on meanings that people assign within the context and was therefore suitable for this study (Myers, 2011)



Although many theoretical undertakings contribute to the understanding of luxury, they are not generalisable across cultures or geographies (Chandon et al., 2016; Shukla & Purani, 2012). Research is thus required to understand South African consumers' perceptions of luxury e-commerce. This required an in-depth investigation and understanding of the South African luxury consumer, which based on the literature, may be very different to other countries due to cultural differences. Therefore, an inductive approach, which begins with the cases and then proceeds to a general theory or generalisability based on the data collected (Welman & Kruger, 2000), was selected to be most suitable for the study. This was supported by the fact that the deep understanding of the luxury consumers' interviewed was not testable against any theoretical proposition or models and neither was quantifying measures, which are more attributes of deductive research (Saunders & Lewis, 2012).

In line with the research objective to develop new insights and identify and understand consumer's perceptions, feelings, and reactions on an e-commerce and a new emerging phenomenon without quantifying relationships, an exploratory research design (Kluge & Fassnacht, 2015; Liu et al., 2013, Myers, 2011) with semi structured interviews was used. The exploratory research, which used a single method (semi-structured interviews) to collect data allowed for in-depth exploration of the consumer's perceptions and for gaining rich data and insight into consumer's reactions to luxury e-commerce. Semi-structured interviews are able to generate the required and in-depth understanding into participant responses and yield rich insight on feelings, ideas, opinions, and experiences required to understand consumers' perceptions of luxury online sales (Jain & Schultz, 2016). This allowed the respondents to talk freely and share their views and feelings. In addition, the semi-structured nature of the questionnaire assisted in providing some structure to the conversation, which minimised the risk of interviewees sharing irrelevant information (Kluge & Fassnacht, 2015; Myers, 2011). It also enabled the researcher to improvise, changing order of questions and probing for clarity as insights arose (Saunders et al., 2009; Myers, 2011). The insight from the interview was not used to generate a new theory but to add to existing theories through theory building, which aims to make sense of the studied environment by conceptualising, categorising, and ordering relationships amongst elements while also allowing for the use of pre-existing theory to provide inspiration to the theorising efforts (Andersen & Kragh, 2010).

#### **4.2.1 Population**

In addition to being the geographical location of the researcher and an emerging luxury good market where e-commerce is still in its infancy and limited research exists in the

luxury space, South Africa was seen to be a prime location to conduct the research. The population is the “complete set of group members” (Saunders & Lewis, 2012, p. 132) or the set from which the sample is drawn. The population of this study was therefore selected as the complete set of South African consumers’, not limited by age or gender, who have purchased more than one personal luxury good (regular consumer).

The selected population were familiar with luxury brands irrespective of how they were purchased, and their lived reactions and thoughts on online luxury sales enabled the research questions to be answered. Given that it was difficult to define and identify the entire population and that there is a fine line between the definition of a luxury and premium brand, qualifying question were used to ensure that the participant from the defined population was included in the sample selection, which will be discussed in the next subsection.

#### **4.2.2 Unit of analysis**

The unit of analysis is the most basic element and is defined as the subject (who or what) of the study (Lewis-Beck, Bryman, & Futing Liao, 2004). Identifying the unit of analysis is a critical component of the research design as it forms the basis of the study. For this study, the personal luxury good consumer’s perceptions and attitudes was therefore the unit of analysis also the subject (Lewis-Beck, Bryman, & Futing Liao, 2004).

#### **4.2.3 Sampling method and size**

Since it was not possible to collect data from the entire population due to time constraints, budget constraints, and practicality, a sample of the population was drawn (Saunders et al., 2009). To select sample members, the non-probability (non-random) sampling techniques of snowball sampling was used as it was difficult define a sampling frame and also identify members of the desired population (Wegner, 2016; Saunders et al., 2009; Riley et al., 2000). The researcher is aware of potential bias associated with non-probability sampling as it may be unrepresentative of the target population and may skew findings (Saunders & Lewis, 2012). However, according to Wegner (2004), non-probability sampling can provide early insights and profiles for variables under study in exploratory research such as this study. In order to identify sample participants, the researcher requested recommendations from social circles to start with. Thereafter, the researcher asked interviewees to recommend additional sample members. Sample member were contacted via email, telephone or social networking sites.

Although the population was not restricted by gender, it was very difficult to identify male sample members or male sample members who were willing to share their luxury

experiences. In total, 32 requests were made (10 male and 23 females). Of the 32 requests, 1 male and 4 females acknowledged the request but did not respond to scheduling an interview. Furthermore, 5 males and 5 females did not respond at all while 2 males' work and travel commitments did not permit for the scheduling of the interview. Research by Stokburger-Sauer and Teichmann's (2013) found that luxury attitudes and purchase motivation across genders are not the same. They found that women tend to have more positive attitudes to clothes, perfumes, and wristwatches and that they tend to value and care more about the hedonic values, uniqueness, and status value of the luxury brand. Earlier research by Wiedmann et al. (2009) found that women pay more attention to quality, uniqueness, and also the social value of luxury brands. This implies that women may be more willing to talk about and display their luxury items than men, which could explain the difficulty experienced with finding willing male personal luxury good consumers to be interviewed.

The size of the sample was not fixed at the outset but was determined by data saturation (Boddy, 2016), which is the point in the research where very little new or additional insight is obtained from each consequent sample participant interview (Saunders et al., 2009) as indicated by new codes that were generated. In total, 14 interviews were conducted with 13 females and 1 male. The participants varied in how frequently they purchased luxury goods and also in the number of luxury goods they owned. Of the 14 interviews, the one male interview had to be removed from the sample as despite desirably answering the initial qualifying question issued with the request, the interviewee only reported to owning one personal luxury good as the interview progressed.

A saturation analysis presented in detail in Section 4.4.2 indicates that saturation was reached after the twelfth interview as expected by Boddy (2016) for a homogenous population. Therefore, the sample size of thirteen following the removal of the one interview was determined and no further interviews were conducted.

### **4.3 Research Instrument**

Data was collected using qualitative semi-structured interviews. This section covers the design of the research instrument as well as the data collection process.

#### **4.3.1 Design of the measurement instrument**

The researcher collected primary data through interviews with participants from August to September 2018, to allow for purposeful discussion to provide an understanding into consumer's reactions, feelings, and perceptions (Saunders & Lewis, 2012). The interviews were conducted by the researcher either face-to-face or through the telephone

and allowed for rich data to be gathered from the subject's world and the researcher to identify and examine what was not visible (Myers, 2011)

Since research in online luxury retail is in its infancy and there was no surety in the type of responses respondents will give, a semi-structured measurement instrument in the form of a semi-structured interview guide was selected. The instrument contained the preamble confirming consent to the interview as well as consent to having the interview recorded.

The interview guide was developed based on the research questions and the key themes to be explored as determined by the literature review, experience, common sense, and discussions with others (Saunders et al., 2009). The first part of the interview guide contained a confirmation of the qualifying questions. This was followed by demographic questions. The third part of the interview guide contained the interview questions which were ordered based on the research. The demographic questions were close-ended whilst the interview questions contained a mixture of open- and close-ended questions. The questions were selected so that they maintained focus, could be shifted around based on the conversation and also enabled participants to share their feelings and opinions openly as well as conversationally, which would provide rich qualitative data (Myers, 2011). The language used was comprehensible and the researcher was able to follow-up with probing questions where required (Saunders et al., 2009). The interview guide can be found in Annexure B.

In order to test the semi-structured interview guide, it was shared with an expert in the luxury industry for review and tested on one participant of the population as a pilot. The pilot test was done to ensure that firstly, that the questions were understandable and were not leading and secondly, that the questions were relevant for the purposes of providing the data needed to answer the research question and meet the research objective (Saunders & Lewis, 2012; Riley et al., 2000). The pilot test also provided an indication of the time required to conduct the interviews. Following the pilot test, it was found that the questions were understood, flowed well, and could be linked to themes in the literature, which meant that they did not alter the schedule.

#### **4.3.2 Ethical Considerations**

Before conducting the interview, sample participants signed the provided consent form (Annexure C), which covered the scope of the research and ethical issues. Confirmation of the signature as well as consent to recording the interview was also obtained before proceeding with the interview. No names were used during the data collection process

and participants were referred to by an identifier number only. In line of ethical considerations where participants used or referenced names in the interview that could lead to identification, the names were anonymised during transcription.

### **4.3.3 Reliability and validity**

With qualitative research, the role and applicability of reliability, validity, and generalisability is unclear. Instead, credibility or trustworthiness must be established (Sinkovics, Penz, & Ghauri, 2009). It is argued that qualitative research using non-standardised methods are reflective of reality at a point in time and are valuable because of the flexibility to explore dynamic or complex topic. Hence, these types of research are not intended to be repeatable. To establish credibility or trustworthiness, the research design, research strategy, and reasons, research methods and data obtained are detailed carefully such that that other researchers can refer it to (Saunders et al, 2009). In order to maintain credibility of the research, the researcher selected a data preparation and analysis approach that revealed the experiences and reality of the sample interviewed, which according to Saunders et al. (2009), is important in establishing credibility and demonstrating trustworthiness. In addition, the researcher made an effort to limit bias during the analysis process, which is discussed in the following section.

To ensure credibility, the interview preparation steps described by Saunders et al. (2009) were practiced, which included having the right level of knowledge by studying the literature, providing the right level of information to interviewee before and during the interview, selecting an appropriate location for the face-to-face interviews that was not prone to noise or distraction and requesting a low-noise environment for the telephone interviews, adopting a suitable approach to questioning which avoided jargon, and demonstrating attentive listening.

Most importantly, the researcher used member checking, taking data and interpretations back to sample participants for confirmation, which was also used to test, probe, and confirm understanding (Creswell & Miller, 2000). In practicing member checking during the interview, participants were queried on the researcher's interpretations of what was said.

## **4.4 Analysis approach**

### **4.4.1 Data Preparation**

Data analysis and data collection in qualitative research is expected to be iterative continuous and not clearly distinct from quantitative research (Myers, 2011). The interview process generated primary data in the form of audio recordings. All audio

recordings were saved and identified by a code number in order to maintain anonymity (Saunders et al., 2009). In order to prepare the data for analysis, a verbatim transcription of the audio interview data was produced in Microsoft Word using an external transcription service. The transcribed interviews were again saved with corresponding audio recording code number to ensure anonymity of the interviewee (Saunders et al., 2009). The interviews were stored electronically and backed up to ensure that nothing was lost.

Since assistance was obtained with the transcription process, the researcher played back each transcribed interview when received to check for accuracy. Once the accuracy of the transcription was confirmed, an inductive approach to analyse the data was used. Inductive analysis is suited for exploratory research as it identifies themes to concentrate on and does not use a theoretical framework to guide analysis as the deductive approach does (Saunders et al., 2009). All transcribed interviews were also stored electronically and backed up to ensure nothing was lost. In addition, all participant demographic information was captured in Excel for ease of reference and comparison. Once the data was ready, the process as adapted from Saldhana (2015), Myers (2011), and Saunders et al. (2009) was then followed to inductively analyse the data by unitising or coding and categorising the data to identify themes. The data preparation step, excluding the initial transcription, took 20 hours.

#### **4.4.2 Data analysis: Coding, categorising and identifying themes**

Supported with Excel, the analysis tool Atlas.ti was used to code and analyse the data. Once the transcripts were uploaded into Atlas.ti, the analysis process proceeded with the first step, coding. According to Saldhana (2015), a code is “summative, salient, essence-capturing, and/or evocative attribute for a portion of language based or visual data” (p. 6) that is assigned to words, phrases, or paragraphs of data in order to facilitate in the identification of patterns and meanings that represent the reality of the participants. As the researcher read through the transcripts in Atlas.ti, codes were identified and attached to chunks of data of varying size. Some chunks of data consisted of words while others consisted of sentences or paragraphs. The researcher proceeded to review each interview and the codes generated three times over to ensure that nothing was missed. The interviews were coded in the order that they were conducted. Then, a saturation analysis was conducted in Excel following the completion of coding for each transcript in order to identify the emergence of new themes. This was used confirm the requirement for additional interviews. Figure 1 below saturation was reached after the twelfth interview and 125 final codes were generated (Annexure C)

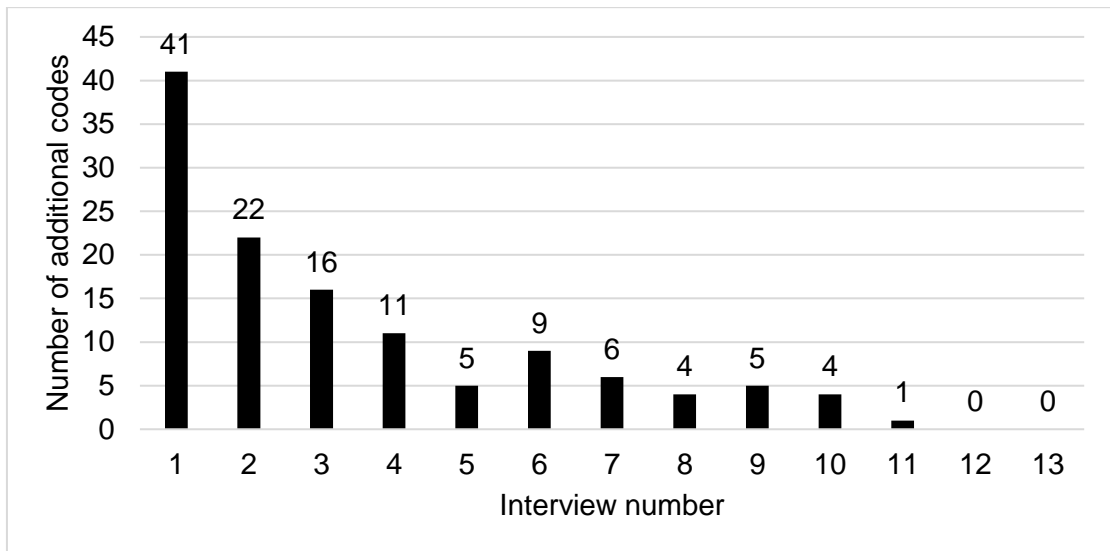


Figure 1: Saturation analysis indicating

Once the codes were identified, they were grouped into categories. Code categories are groups of codes that share similar characteristics (Saldhana, 2015). Once the code categories were created, the researcher was able to derive insight and identify patterns and themes based on differences and similarities between the categories (Saldhana, 2015). Through this process, duplicate codes and code categories were eliminated and the code book refined as the process to identify themes and patterns proceeded. Once pattern or themes were identified, they were tested by looking for alternative explanations and negative examples in the data that did not conform to the pattern or relationship. The final code book (Annexure C) consisted of 125 codes and 12 categorical themes. This was then related to each research question and contrasted with the literature surveyed in order to draw conclusions. The data analysis took in excess of 70 hours to complete.

#### 4.5 Limitations

While this research has provided useful insight into the feasibility of online sales for luxury retail in consumers through studying the attitudes and perception of consumers, there are some limitations associated with methodology which includes:

Firstly, the population was limited to South Africa and therefore may not be generalisable across national cultures as was found by Shukla (2010) and Shukla and Purani (2012).

Second, the use of judgement and snowball sampling provided a homogenous sample of only female participants. The exclusion of males who could not be identified from the sample may have resulted in a sample that was unrepresentative of the target population. This may introduce bias and skew the findings (Saunders & Lewis, 2012).

Third, the outcome of the research is highly dependent on the information provided by the sample participants. It is possible that during the interviews, participants may have responded to questions based on socially accepted norms and not in a truthful manner. In addition, they may have not been able to easily articulate their feelings, emotions, perceptions, and attitudes given the limited exposure to online luxury retail. This risk can be mitigated by conducting follow up more in-depth interviews with luxury good shoppers and also adopting a different methodology such as observational or experimental for additional studies.

Fourth, the use of the qualitative data collection method in the form of the semi-structured interview may be subject to issues such as a lack of trust, interviewer bias, and interviewee bias, which may skew the findings as an inaccurate reflection of the interviewee's thoughts may have been provided (Myers, 2011). Although every attempt was made to minimise this during the interview the process, it must be highlighted as a potential risk.

Finally, although designed to be rigorous, the data analysis process is based on the interpretation of the researcher and hence may not be exhaustive.

Despite the highlighted limitations, the study provides useful insight and information on the feasibility of luxury e-commerce in South Africa, which can be used by luxury brands looking to launch e-commerce platforms.

#### **4.6 Conclusion**

This chapter outlined the methodology which was selected with the intentions that it will meet the objectives of this research study. The chapter summarised and motivated the decisions on the selected research method and design, unit of analysis, sampling method, research instrument and data collection, and analysis methods. It also covered the approach to credibility and ethical issues and highlighted limitations. A discussion of the findings achieved with the outlined methodology follows in the next chapter.



## **5 Chapter 5: Results**

### **5.1 Introduction**

The following section presents the findings from interviews conducted with thirteen luxury good consumers in South Africa for this research. In the context of the research questions in Chapter 3, the findings from the inductive analysis of the qualitative interview data discussed in Chapter 4 together with the identified themes from the qualitative data are presented. The findings provide a great level of insight into South African personal luxury good consumers luxury purchase motivations, attitudes to online shopping, and reactions to the online sale of luxury personal goods. It highlights the purchase motivations for South African luxury good consumers, the potential challenges with the acceptance of e-commerce both general and luxury retail, the change in purchase motivation for luxury brands once they go online as well as the items that they would be most willing to buy online. The chapter first provides a description of the demographic characteristics of the 13 personal luxury good consumers as well as some general observations that were made. This is then followed by the detailed results presented per research question.

### **5.2 Characteristics of the sample**

Table 1 summarises the characteristics of the sample of personal luxury good consumers interviewed for this research during August 2018 and September 2018. As discussed in Chapter 4 no names were used and participants were referenced by a code number identifier.

Although a total of 14 interviews were conducted, 1 interview had to be removed as it was revealed during the interview process that the participant only owned one personal luxury good and hence did not fit the desired population. Of the remaining thirteen interviews, three interviews were conducted through the phone while 10 were conducted face-to-face. Face-to-face interviews were conducted in private either at the participant or the researcher's offices. Telephone interviews were conducted in a personal, private, and quiet area at the researcher's home or offices. Participants were asked the qualifying questions to confirm that they are indeed authentic personal luxury good consumers at the time of the interview request and again during the interview process to confirm.

Table 1: Characteristics of the sample of personal luxury good consumers interviewed

No.	Gender	Age group	Education	Profession	Gross monthly Income (R)	Frequency of purchase & No. of items	Observations
1	F	51 to 61	Tertiary	Unemployed	Husband provides	Quite a bit Once or twice a year	Face to Face: Sophisticated and stylish appearance. Had on a pair of luxury sunglasses
2	F	18 to 28	Secondary	Unemployed- Completing tertiary	Allowance	12 counted plus other items Two to three times a year	
3	F	51 to 61	Tertiary	CEO	Greater than 50000	A few times a year 80% of the time	Had a 27-year-old vintage Louis Vuitton stored in what looked like a specific storage area for the handbag
4	F	40 to 50	Tertiary	Process Scientist	Greater than 50000	Once 2 to 3 years 6 items	
5	F	29 to 39	Tertiary	Exec Head Marketing	Greater than 50000	Once every three-four months 14 Items	
6	F	29 to 39	Tertiary	Consultant	Greater than 50000	Three to four times a year 25–30+ items	Had a Louis Vuitton bag that was being used as a work bag and this was pointed out. Also had as a Louis Vuitton cell phone cover on the phone
7	F	29 to 39	Post-Grad Tertiary	CEO	Greater than 50000	Once a month Can't count	Had a Louis Vuitton handbag and also some luxury jewellery that was identifiable.

							Participant pointed out the handbag. Descriptions of the experience were almost like the participant was reliving the moment
8	F	29 to 39	Tertiary	Mammographer	21000 to 30000	Once every 18 m 3 Bags	Louis Vuitton handbag easily identifiable and pointed out during the interview.
9	F	18 to 28	Tertiary	Neuro Psychologist/ Project manager	41000 to 50000	Purchase frequently 50+ items	Was dressed in Gucci shoes and a Gucci phone cover.
10	F	29 to 39	Post Grad Tertiary	Service Design Lead	Greater than 50000	Once or twice a year 10–20	
11	F	40 to 50	Tertiary	CA	Greater than 50000	Frequent Over 100 items	
12	F	29 to 39	Post-Grad Tertiary	Marketing	41000 to 50000	Frequent Large number	Participant had on luxury shoes and also had a Louis Vuitton handbag.
14	F	18 to 28	Tertiary	L&D consultant	21000 to 30000	14 Items counted	

It is evident that all of the 13 participants were female as challenges were experienced with identifying and securing male participants or finding male participants to engage in the research. This was discussed in Chapter 4 and is possibly attributed to the notion that males' attitudes toward luxury are different to that of females (Stokburger-Sauer & Teichmann, 2013; Wiedmann et al., 2009)

However, there seems to be variation in the female sample with regard to age, profession, earnings, and most importantly, frequency of purchase and number of items owned. The majority of the sample, 6 participants were between the ages of the 29 to 39, and there were at least two participants across the other age groups as well. It is evident that majority of the participants were employed and earning an income and large portion earned a gross income of greater than R50 000. Two participants did not earn an income, one received an allowance while the other was taken care of by her husband. Finally, the participants' frequency of purchase varied between once a year to multiple times a year, and the number of items owned varied wildly from 3 or 4 items to 100's of items.

Other observations made during the interview process are also presented in Table 1. These findings tend to reveal that most participants interviewed face-to-face were in possession of at least one visible luxury item, which in some instances was deliberately pointed out. Furthermore, in all cases where it was pointed out, the item was by the luxury brand Louis Vuitton. It was also interesting to notice that the participants interviewed face-to-face most definitely did take pride in their appearance as they were all dressed well, and each had a unique sense of style.

### **5.3 Research question 1**

#### **What motivates South African consumers to purchase personal luxury products?**

This question aimed to understand South African consumers' motives for purchasing personal luxury goods and whether they are consumption value related or social value related. This is important as it may play a role in changing consumers' motivation for shopping luxury due to the introduction of online sales for personal luxury goods. The question will be answered by two sub-questions presented below.

#### **5.3.1 Research question 1a**

##### **What do South African consumers perceive luxury to be?**

South African consumers' perception of luxury is determined by product attributes as well as social attributes. This was determined by asking participants what they defined luxury to be. The findings for research question 1a indicate that South African personal luxury

consumers' perception of luxury is constituted of a product centred, social centred and experience centred concepts as summarised by Figure 2 below. Figure 1Table 2 below details each of the defining attributes of luxury together with the number the theme was mentioned as well as number of respondents that spoke about the theme. It is evident, that for South African personal luxury consumers, product centred attributes tend to form the basis on whether they perceive something to be luxury or not. Only the attributes that were found to be the most popular are presented and discussed following Table 2.

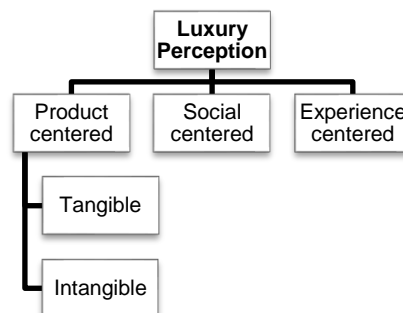


Figure 2: SA personal luxury good consumers perception of luxury for

Table 2: SA personal luxury good consumers perception of luxury for

		Count	No of
<b>Product centred: Tangible</b>		<b>frequency</b>	<b>participants</b>
<b>Product: Tangible</b>	High price as an attribute	26	10
	High price controls accessibility	23	10
	Limited availability (scarcity)	13	7
	High quality	13	9
	Limited accessibility	8	4
	Unique	6	4
	Enduring	5	3
	Aftersales manufacturer guarantees	4	3
	Not purchased frequently	4	2
	Made with special materials	4	3
	Design	2	2
Craftsmanship	3	3	
<b>Product Centred: Intangible</b>			
Product:	Recognised superior brand image	6	3
Intangible	Heritage and History	4	2
<b>Social Centred</b>			
<b>Social</b>	Special marketing	4	3
	Signifies success in life	4	2

	An Investment	3	2
	Signifies social status	2	2
	Allows relation with certain groups	2	2
<b>Experiential Centre</b>			
	Superior customer treatment	3	
	Something you earn	2	2
	Luxury is a material item	2	

### 5.3.1.1 Product Centred

#### 5.3.1.1.1 Price

Although participants provided a number of attributes that define luxury for them, for majority of the respondents the high price attached to luxury makes expensiveness the most significant defining attribute. This is a product attribute which is commonly associated with luxury due to the materials that are used to manufacture luxury, the craftsmanship, the brand name (heritage) and most importantly the superior quality. Furthermore, in order for something to be luxury it could be defined by a certain minimum price point. Given that price could be a function of intangible characteristics such as the history or heritage, often the price is also not reflective of the physical value of the item. Responses that refer to price as a key defining attribute are presented below.

Participant 1: *“A luxury brand would probably be very expensive”*

Participant 6: *“Luxury for me is something that, it is expensive”.*

Participant 14: *“And also things that are, not cheap. So, things that are a bit expensive”*

In addition to citing expensiveness as an attribute, for Participant 2 expensiveness was defined by a minimum price point. This implies that not anything expensive can be viewed as luxury and for something to be considered luxury from a monetary value perspective it must be above a certain value. This value, however is extremely subjective and it is unlikely that there will be a consensus on the minimum price point for luxury as it could be dependent on income, affordability and other personal characteristics.

Participant 2: *“obviously very expensive, by expensive I’m talking anything, I want to say R10 000 upwards, generally”*

The analysis showed the price and value of luxury is irreconcilable for some consumers, such that they don’t consider the price to be a fair representation of the value or worth of the item. This may be determined by a number of factors and is also likely to be quite subjective across different consumers. Participants 5 reflected the sentiment on luxury being expensive but acknowledged that often the cost is in excess of the actual worth or

value. It can be inferred that price could reflect intangible characteristics and is also used to luxury brands to maintain exclusivity. Therefore, by inflating the price it could limit the demand and hence minimise accessibility. It could also be related to the intangible characteristics such as heritage or brand name as stated above which may not be accounted for.

Participant 5: *“sometimes it costs, it costs more than it should you know so I think that’s my definition of a luxury brand”*.

Price also seems to be used as a measure of quality. It is expected that the price of luxury is reflective of the quality and therefore when purchasing luxury, one is paying for the superior quality that luxury awards. This quality again could be in the form of the tangible physical nature of the item and how it is made. Participant 8 felt that the high price is an indication of the high quality that luxury affords.

Participant 4: *“Cost because you have to pay for quality so the higher quality you have obviously it is going to cost more”*.

When referring to quality it could be the quality of the materials used and the quality of the manufacturing process (craftsmanship) where many luxury brands still handmade products. A high-quality item is also expected to last long and hence you could be paying for the enduring nature and longtime worth of a luxury item which you won’t need to replace.

#### 5.3.1.1.2 Limited accessibility

The ability to access luxury, although not considered a strong attribute in the perception of luxury, it must be presented as a basis for the price and accessibility attribute. Accessibility is used to explain one aspect of exclusivity such that something is exclusive because it can only be accessed by a limited few. Accessibility is a key attribute of luxury and is what makes it different to mass market or commodity items. Accessibility for luxury was found to be determined by the defining attribute of price. Price limits who can afford luxury and therefore who can access luxury. Once luxury is made accessible to a wider audience through lowering the price. it will not be considered a luxury anymore. In response to the question on what defines a luxury brand, only participants 7, 10, 14 and 12 mentioned accessibility of luxury on its own.

Participant 4: *“For me it would be something that is highly exclusive, not easily accessible.”*

Participant 10 supported this statement

Participant 10: *“For me the luxury goes about the accessibility of thing and the more people that have access to it, it probably would not be viewed as luxury anymore.”*

#### 5.3.1.1.3 Price and accessibility

Despite accessibility not being widely cited, the relationship between price and accessibility was stronger in consumers’ perception of luxury as indicated in Table 2. As discussed above under accessibility, many of the respondents explained that the defining attribute of price that is what makes it difficult to attain or access by mass society. This is because not everyone has an income level or lifestyle that is able to support luxury purchases. This indicates that due to the high prices, luxury is seen to be reserved for those who have a high income. However, when looking at findings in context of the participant characteristics it is identified that the measure of income is subjective. Majority of the participants earned reasonably high incomes but still had to save up for luxury purchases. What this reveals is that the perception of exclusivity and accessibility can be controlled by manipulating the prices and that income level can alone not be used as a measure for affordability. Furthermore, it cannot be assumed that only high-income earners afford luxury as others can also access luxury if they save over a period of time.

Participant 7: *“It’s something that most people would not be able to afford”*

Participant 11: *“I mean obviously a luxury brand; the price item of a luxury brand is not affordable to your mass society. So obviously it’s just, it’s more something that your higher income bracket can afford.”*

Participant 4: *“You have to save up to get the item it’s not something, it depends on your earnings but if you are middle class it’s an item that you would have to save to get.”*

Income is required to obtain the money to buy luxury and in general income is associated with some form of occupation that requires hard work. Therefore, one would need to work hard to earn an income that allows one to purchase luxury or perhaps even make an extra effort to save up the money required to afford luxury.

Participant 12: *“You would have to work super hard to be able to afford something like that, so that’s what mean by attainability. Not everyone can afford it, so, it’s affordability... it’s almost like to you have to qualify, and by qualifying, here it’s usually that your wallet must qualify.”*

Finally, participant 6 did not directly refer to income or earnings but did go on to use the psychological needs-based concept to explain where luxury fits. Although not directly



stated it is suggested that taking care of necessities is monetary and income related and therefore affording luxury requires an income that is greater than what is required to take care of basic needs. What this means is that luxury is not something you buy every day and is only feasible to purchase once basic needs and more are taken care off.

Participant 6: *“You can afford to buy after you’ve taken care of more than just basic needs. That’s what luxury for me would be, so something you can afford after you’ve taken care of both basic necessities, as well as a little bit more.”*

This is interesting as it implies that luxury is reserved for those with superior incomes, however as indicated in **Error! Reference source not found.** again, a large proportion of the sample did have an income in excess of R50 000, however based on their needs not all of them could afford luxury and some had to save up for it. This indicates that the views on affordability as a function of income varies and this is probably based on the other needs that come first.

In conclusion, it can be said that for South African personal luxury good consumers, the high price of luxury is what is perceived to limit accessibility and therefore maintains exclusivity of luxury. Luxury is therefore only available to those that can afford it where the income required to afford luxury is subjective.

Participant 2: *“the certain level of exclusivity, is just that not every single person can afford it.”*

#### 5.3.1.1.4 Limited availability

The second most popular luxury perception from a product perspective (third overall) for South African personal luxury consumers is that of limited availability. Limited availability refers to quantity that is available to purchase as well as the distribution channels where it can be purchased. It can be explained by the limited manufacture of luxury branded products, controlled distribution by limiting where it is sold as well as ease of access. Limited availability was also explained by the fact that it is not something you can find everywhere which is what is thought to maintain the perceived exclusivity of luxury.

Participant 3: *“There's not a lot of that sort of let's say handbags been made, it's not like there's thousands floating around there is like a few.”*

Furthermore, it is obvious that if less of an item is made and less of item is distributed than less people can access it or have it. This is the basic law of supply and demand. In addition, limited distribution within a geographical boundary also makes it a lot more difficult to access even for those that can afford it and also serves to maintain exclusivity of the brand. There also appears to a difference in the type of products brands sell and distribute in different markets. This could be linked to the general income level of the

market or could it be linked to limiting distribution to only a specific few which again by law of supply and demands enhances the prestige and exclusivity of the item.

Participant 11: *“A Luxury brand would be something that is not mass produced, there’s certain items that’s only meant for certain markets. So, their top of the range stuff is not meant for the South African market”.*

Participant 12 explains the meaning of exclusive

Participant 12: *“Exclusive means it’s not available in many places. So, it’s selective distribution, or selective availability, it’s not available in every mall, it’s not also available in every country because not every country has stores such as them.”*

Again, as with accessibility Participant 7 related exclusivity (limited ownership) to the limited distribution or availability which makes it difficult to access.

Participant 7: *“LV is one of them and Hèrmes is one of them. They’re very exclusive brands. Their brands are not available. They don’t on-sell their brands to others.”*

#### 5.3.1.1.5 High Quality

Superior quality is another attribute that South African consumers perceive luxury to be. As discussed above price is used as a measure of quality of luxury and it is accepted that by paying a high price, the quality is higher. Quality is tangible attribute of luxury and is an outcome of the materials used and the quality of the manufacturing process (craftsmanship). A high-quality item therefore, is also expected to be enduring last and not break or fail and this is a key difference between a mass market brand and a luxury brand.

In response to the question on the difference between luxury and premium as well as the definition of a luxury brand Participant 14, 1 and 9 shared their views on quality.

Participant 14: *“There is a certain amount of quality and work that has gone into it.”*

Participant 1: *“quality wise superior.”*

Participant 8: *“it’s just basically the quality of the brand that determines if its luxury.”*

Participant 7: *“So, it’s not something that I’m just going to buy and you know throw away. It’s you know, it’s about quality. That’s what usually defines it from an item that you would buy in, I’m not going to class it like an H&M but usually if you buy*

*an H&M bag you can usually be able to define the difference between an LV bag and an H&M bag, it's the quality in how it's made."*

The two quality attributes: enduring and craftsmanship as indicated in Table 2 are what ensures that luxury is differentiated from mass market brands and is commonly held perception amongst South African personal luxury goods consumers.

### **5.3.2 Research question 1b**

#### **What values drive's the purchasing behaviour of South African personal luxury goods luxury?**

To answer this question, participants were asked what benefits or characteristics they look for in luxury brands, why they purchase luxury brands and what influences their purchasing decisions. It is evident that some are related to the attributes defined in the perceptions of luxury, however as participants spoke they provided much richer insight on what motivates luxury consumption from a value perspective. Although this varied was across the participants, the following themes were identified as the main consumption value drivers amongst South African personal luxury good consumers. Figure 3 and Figure 4 summarises the findings based on the key themes identified through the codes and the number of times they presented themselves in the data.

It is clear from Figure 3 and Figure 4 that South African luxury consumer's motivation to purchase luxury is a function of the financial, functional, social and individual value that luxury offers. Looking at Figure 4 motivation for luxury seems to be driven by the individual values related to the enjoyment of the personal experience and superior customer treatment, the financial value related to the affordability of the luxury, the functional value in the form of aesthetic, superior quality and usability are also key drivers. Finally, from a social perspective, uniqueness or the need to purchase items that differentiate from others also seem to be a significant motivator. There also appeared to be a strong relationship between the financial value and functional value and some contradiction between the reported individual value and social value.

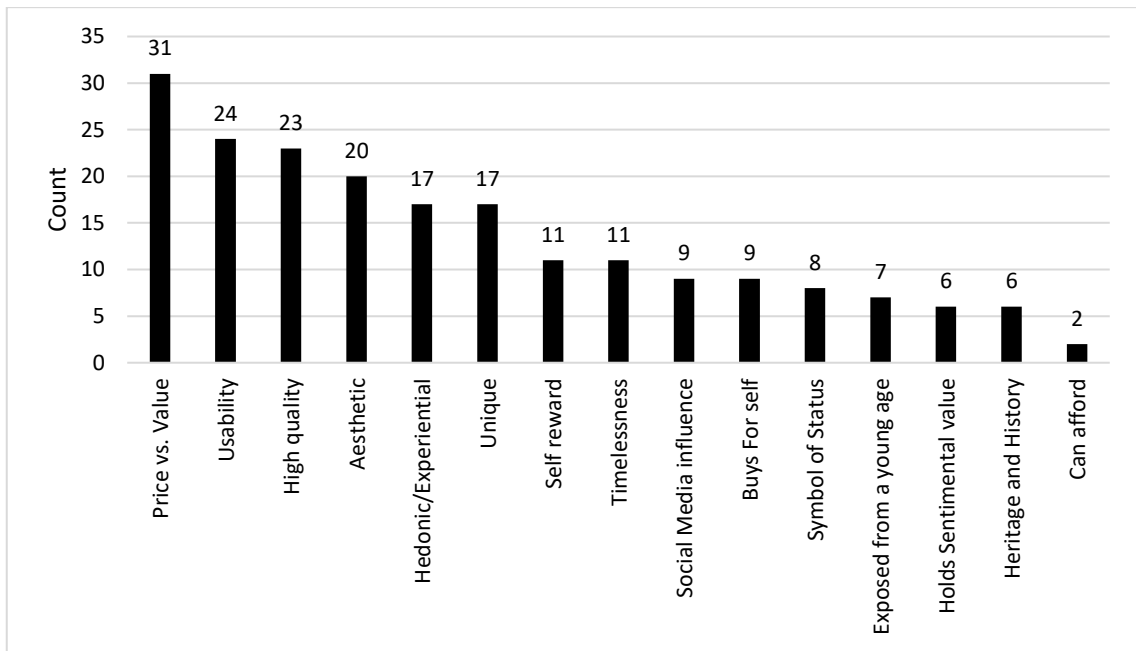


Figure 3: Motivation for South African consumer luxury consumption

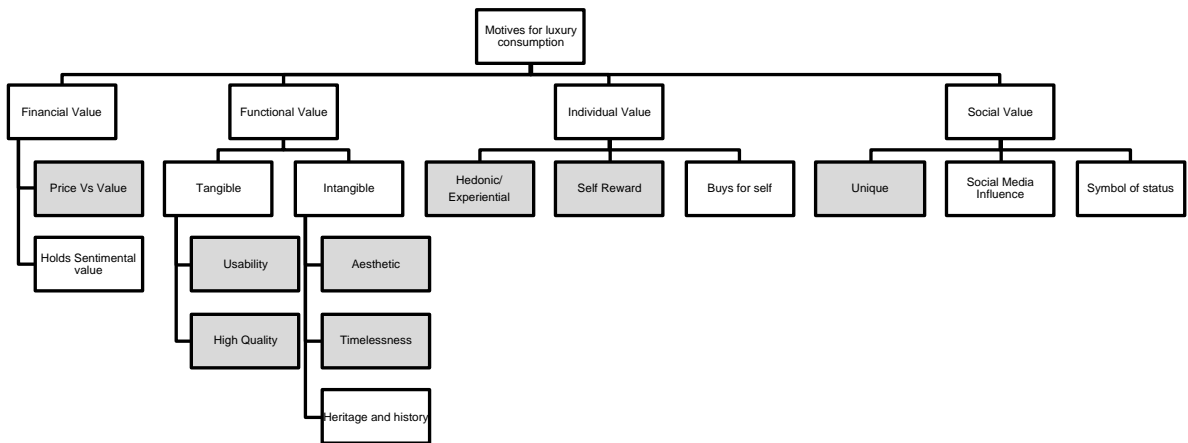


Figure 4: Motivation for South African consumer luxury consumption

### 5.3.2.1 Financial value Price versus value and Functional values: Quality and Timelessness

As per the defining attributes in question 1a, quality was again found to be one of the main motives for purchasing luxury. Luxury consumers expect that luxury items will be enduring and will also remain timeless meaning the style and design will never date or go out of fashion. This is what makes luxury worth the price. Luxury's financial value lies in the fact that it can be used for many years without breaking or failing and it is seen and treated as an investment. This raises a concern on the value of seasonal or trendy

items that maybe superior quality but are not timeless as they have a limited fashion timeframe. They also command a high price and some consumers may not be willing to spend money on a seasonal item given that it does not provide the desired value. Furthermore, the financial value and associated quality and timeless attributes is also considered to be an investment that can provide sentimental value. This means that a luxury item can be handed down from generation to generation for years to come. The financial value is therefore perceived through the price and quality and in combination they motivate South African personal luxury good consumption.

Participant 1: *“I spend years thinking about this item, then buy it and then I’ve got to wear it or use it for another twenty years it’s got to be classic. Otherwise, so I don’t spend money on luxury items like some other people. They would buy a luxury item like I would buy a premium item on a whim. So, for me a luxury item is an investment, so it’s got to be classic even within the brand the style needs to be classic because within a brand they also have their seasonal things.”*

Participant 2: *“I like to invest in classic pieces so again because they are quite expensive. I don’t want to, I don’t feel the need to invest in something that’s going to date very quickly or that something that’s just in fashion for one season.”*

Participant 7: *“I look for items that are timeless. I usually steer clear away from items that you know are, I’m going to get bored with over time. So, when I look at spending a large amount of money it’s going to be something that I can hand over to my daughter. Something that’s going to give me long term usage.”*

Participant 14: *“I know if I am investing a certain amount of money in an item, even when I am older, or 50 or 60, I can still wear that item, it will still be intact. And, I could also pass it onto someone because for me, it is an investment. I think because I like quality over quantity, and I think in terms of premium bags when I compare my premium bags and my luxury bags, I can really see the worth in the luxury bags.”*

In addition to seasonality, the financial value is also considered in relation to the usability of the item. There is some distinction between the price and the value it provides not only based on its quality and how long it last but also on how much one can use it and how often. Items such as clothing are seen to be less valuable and not worth the price from a financial value perspective.

Participant 6: *"I cannot justify paying 20,000 for a jacket, but I would pay 20,000 for a bag. A bag you're going to get more daily use out of it etc. whereas you can't really wear a jacket every day if that makes sense".*

Finally, as discussed in the previous section, many people who do not have superior incomes are still able to buy luxury by saving up and therefore luxury is not only reserved for the super-rich or wealthy anymore. Consumers were found to be price sensitive and reported shopping on sale, looking for cheaper items or travelling internationally where prices were found to be cheaper. This from a financial value perspective illustrates three things: 1) consumers may not see the price as an indication of value and 2) there is no need for instant gratification and 3) increased accessibility through discounted prices does not change the perception of luxury.

Finally, the fact that brands have discount sales is also testament to the fact that either the prices are significantly higher than the value of the goods or that they don't see it affecting exclusivity through lowering the price and making it more accessible.

Participant 2: *"I know some years like Dolce and Gabbana would have a sale then that at that stage you would buy more or like and even sunglasses but it's having a sale, so it would really just depend on, on what is available, the sales that's happening".*

On international travel, participant 10 added

Participant 10: *"No so the bag so the one, the one bag I purchased in Prague because it was a lot cheaper in Prague the other bag I purchased in London because it was a lot cheaper in London."*

On prices being significantly higher than the perceived value:

Participant 6: *"I like Chanel, although I don't own a Chanel bag because I find them to be really ridiculously priced."*

Participant 3: *"I would love to have a Chanel bag it's just I can't believe the prices now."*

This indicates that neither Participant 6 nor 3 see the worth in the bag for the price it commands. It is possible that the price of the bag today is just a function of the price increments that luxury goods undergo twice yearly. Although it may be linked to inflation, it is thought to be a deliberate strategy by brands to enhance the exclusivity by making them more inaccessible and keeping them aspirational. This is something that Participant

2 was not very happy about, as it hampers the savings plan and schedule and makes it even more difficult to attain.

Participant 2: “if possible you obviously like to buy more than one item from a certain brand because they have escalations annually so the escalations are like quite ridiculous so like a couple of thousands, so this is just something like I think I found out along the way when I made my first purchase like a couple of years ago when they had the annual increase and after finding that out, I try and plan my purchase around those times just so that you don’t unnecessarily pay like a really like a ton more”.

It can be concluded that South African personal luxury good consumers are not just driven by price when it comes to financial value. They are interested in the price in relation to the quality, timelessness, usability and the actual perceived worth of the item. It is also apparent, that luxury brands deliberately alter the financial value that motivates consumption by altering the price.

#### 5.3.2.2 Functional values Quality, Usability, Aesthetic, and Timelessness

The three functional values that were reported as a common consumption value driver for luxury purchases was the intangible characteristic of aesthetic and little less frequently cited timelessness (discussed above), as well as the tangible characteristics of quality and usability. Aesthetic refers to the design, style and personal appeal of luxury to the consumer. It is linked to quality and is the way the item is manufactured. Usability is the functionality of the product from a features perspective and its ability to meet the needs of the consumer. Participants cited either one or a combination of values as a reason for purchasing luxury.

Usability was found to be linked to functionality and the ability of the item to meet the need of the consumer. Comfort was an important usability attribute that motivates consumer to purchase luxury. Spending a lot of money to purchase something that is uncomfortable or that is not functional or usable is considered a waste. Participant 9 for instance considers functionality and quality as reason for choosing an item that is both functional and of good quality.

Participant 9: *“Look I want a bag that I can stuff my sons stuff in me, my stuff if my husband needs to put something in, something that is practical not to big not too small, quality I don't want to bag that is going to break immediately.”*

Participant 14 explained the importance of the usability of luxury and Participant 5 referred to comfort.

Participant 14: *"I think if it is not functional, meaning like, if my phone can't fit in it, or if I wear a jean with a certain type of material and it is going to rub onto that material and stain the bag then I wouldn't."*

Participant 5: *"It's usually based on what I like I mean a bag will hold whatever you know so, on shoes though I'm very functional like and for example I don't own Loub's because they just uncomfortable you know so I just I can't imagine myself walking in shoes and my feet being pinched and like having paid R12000 for them -no."*

Linked to the timelessness (discussed above) than is the aesthetic (design/style) of the item and the appeal that it has. In order, to be timeless/ classic as referred to by participant 1, it must be appealing to the purchaser and must remain appealing to the purchaser over time. This seems to be key motivator for purchasing luxury, the fact that it is timeless and appealing.

Both these attributes are dependent on the perceptions of the consumers and drives brand loyalty as not all consumers have the same preference.

Participant 7 discussed the importance of the aesthetic quality.

Participant 7: *"I like the brand and what it stands for, the quality and just it's what, it what generally appeals to me. So that's what I like and it's just my personal style preference."*

Participant 6: *"Gucci for some of their stuff, but now everything is too animal print for me, So, it's also little bit out there, so for me it's just a connection to the type of looks."*

Quality was discussed under the financial value section and will not be discussed again.

### 5.3.2.3 Individual values Hedonic and Self-Reward

Based on the analysis, it is found that the individual values hedonic or experiential which explains the sensory emotions evoked by using luxury as well as the self-reward values (Seo and Buchanan-Oliver, 2016) are a prevalent motivational value for purchasing luxury.

#### 5.3.2.3.1 Hedonic

Hedonic values are explained by the feeling that wearing a luxury item provides and it was evident for South African personal luxury consumers as motivation for purchasing luxury. Hedonic values are related to the individual self and therefore indicate that one of the reasons consumers purchase luxury is for themselves and not others. It provides



happy and pleasurable thoughts, feelings and emotions for consumers which in turns drives them to purchase luxury. The fact that luxury makes you feel some type of way of was shared by Participant 10 and 11 in response to the question of why do you buy luxury?

Participant 11: *"Why, because it makes you feel good!."*

Participant 10: *"It sounds so like sappy but you kind of get like a once you've got this luxury brand you feel really good inside about what you wearing and feel proud you've earned this you have this and I see this as a luxury brand."*

Hedonic meaning can also come from the memory or feelings of purchasing the item, every time it is worn. Participant 1 explains this by telling a story of when she bought a limited-edition watch. It is all about the feeling that that the watch provides. In addition to invoking the emotion related to when the item was purchased, a thrill-excitement and happiness as called by Participant 1, wearing the item also invokes feelings of privilege, and appreciation.

Participant 1: *"I wanted the original, the classic. I still have it. I've had it for 30 years now. I still wear. It still gives me the same thrill when I wear it. I don't buy these luxury items to impress anybody. I buy it for me. It gives me a thrill and it's not feeling special or anything like that. It just makes me feel, I actually feel privileged to be able to wear it, be able to afford it and it's about appreciation as well."*

The hedonic value of luxury that is delivered through the shopping experience is also shared by Participant 8's recollection of the first ever luxury purchase. Even through the description one can feel the excitement and emotion attached. It is also obvious that this hedonic value can be quite enticing in making people return to purchase more luxury.

Participant 1: *"I think that was the moment in which I sold my soul to Louis Vuitton because if anybody has to wear gloves to take out my bag then I think you're worth the price so that is luxury to me. Luxury is the feeling when you walk into the store, it's the kind of service that they give you, it's the way in which they deal with the customer, so it was the personal touches of having you seated. Yes when I look at it now Louis Vuitton bags go up to about R50 000 to R60 000 and some bags are up to R120 000 and this bag is there entry-level, it's the Eva clutch and it can be worn in three ways, but it's an entry-level bag and that's how they treated the handbag then I will return to you because at an entry-level this is the customer service and this is you, you and enticed me, you wanted me to come. I honestly felt like I was on a date with this girl and she was woo-wing me to buy more Louis*

*Vuitton and I sold my soul on that day, that that was the day I fell in love. It's the manner in which they sell the goods. Like if you sell anything to me like that, I'm going to buy it, I think I am going to buy."*

#### 5.3.2.3.2 Self-reward

The last significant individual value that serves as a motive for luxury consumption is that of self-reward. Many of the participants described their reason for purchasing luxury as being related to the celebration of achieving personal success or meeting personal goals or merely a thank you to yourself for working so hard to earn the money you made. This is very interesting as it indicates that the participants interviewed seem to have strong ambition therefore for them luxury is not about the social status it brings or symbolises to others. It is about the individual self and the meaning luxury provides for the self with regard to self-achievement and self-success and for sentimental value. Participant 6 felt quite strongly on the motives for purchasing luxury not being status driven but self-success driven.

*Participant 6: "so for me, for me it's never about the status of stuff, its, I don't quite link it to a status thing. I do link it to a success thing, though. So the ability of being able to buy something because you know you have achieved, or you know you've grown past a certain point. And then, what also informs my decision is like if I accomplish something in life, or I meet a target, or I achieve some goal and I'll think, I want to buy something to remember this."*

It was also apparent that the value or motivation for purchasing luxury can change and is not consistent over a lifetime. This therefore makes it difficult to understand luxury consumer behaviour. Following a personal hardship, participant 12 evolved from buying luxury for social reasons as a signal of wealth and success, implied by the statement "you have arrived" to more an individual self-reward reason. It could be thought that perhaps this is linked to a rise in luxury consumption which makes signaling meaningless. However, participant 12 also shared that a personal challenge was the reason for the shift.

*Participant 12: "It's sort of, it's helped me change my perspective on material things and that's why I don't equate it to success. I just I buy it because I like it and sometimes, I feel like I deserve it because I work hard. But I think my frame of mind, I just I don't see it the way I may be used to in the past, where you know walking around with a Chanel bag or you know flashing x or y meant you'd arrived or whatever it is, I Just, I'm so over that now."*

Finally, although many consumers may refer to the self-reward value of luxury as the driving motive, the fact that it may not be just individual value driven must be considered.

Participant 11 made an interesting comment on this. Although, the participant purchases luxury as a reward for working hard, it does not seem that the reasoning is purely motivated by the individual value. It appears that there is in fact an element of luxury providing a distinction of success or to distinguish between those who can and can't afford luxury. Therefore, luxury purchase motivation can be thought to a combination of values working together and consumers might not recognize their own motivations for purchasing luxury.

Participant 11: *"You work hard, and I mean the whole year you make money and buying yourself something of that standard that nobody else can have makes you, makes you feel good, makes you work harder the next time for the next item that you want. So that's how you set your goals."*

#### 5.3.2.4 Social values: Uniqueness and Social Media Influence

##### 5.3.2.4.1 Uniqueness

The strongest social motivator for luxury consumption in amongst the personal luxury good consumers interviewed is that of uniqueness. Uniqueness explains that the reason consumers purchase luxury is so that they can be seen as different from others and most importantly not like everyone else. This refers to the choice's consumers make about the type of products and style of products they purchase: limited edition, limited accessibility or limited availability items that others are not likely to have. It also relates to ability to personalise or customise items which means that the likelihood of someone have something similar is small to none. This suggests that there is a degree of symbolism in what luxury means for the consumer and more importantly what it symbolises about the consumer to others. It indicates a strong desire to be different and to be differentiated rather than to be seen as similar and conformed to group norms. Furthermore, it also suggests that consumers are not likely to buy popular, trendy products or fashionable products that can be easily replicated as this would not provide any distinction or social discrimination from others.

Participant 9: *"It is appealing, it's also because I think it's very expensive it's also rare for people to wear so I like that I don't like where I must like go and other person around me has the same thing as me it's very awkward"*

Participant 11: *"It's 1 of a kind item, so when you go somewhere you not going to have 10 people wearing the same item."*

Participant 5: *"Look they can, people can easily replicate the styles but I feel like with some of the, well the handbags I, I usually try and go for it's the ones that are very unique to them so it's not easily replicable it's not the Louis Vuitton"*

*shopper or something that's very easily replicated, so I try and go for ones that I know it's, it's a classic look but it's also unlimited kind of edition so not everybody will have it but also it's not easy to replicate."*

Participant 10: *"Uniqueness so when I say uniqueness like from a jewelry perspective I don't like purchasing pieces that everyone has like there has to be something unique about it that I can relate to it I can tell a story and only I will be able to know that story."*

#### 5.3.2.4.2 Social Media Influence

There was also an emerging theme around social media being used to influence purchasing decisions on luxury. This was emerged as a key theme from the interviews as indicated on Figure 5.

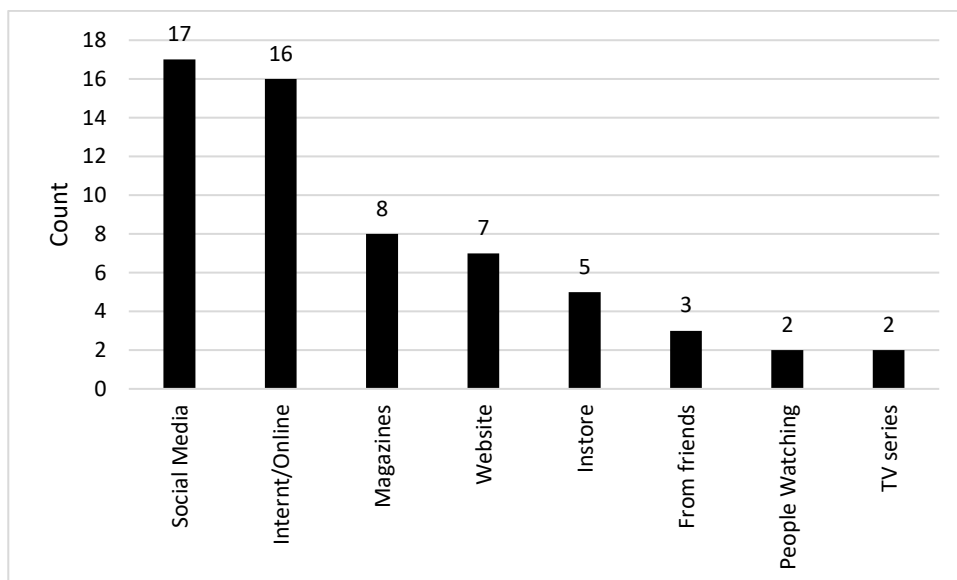


Figure 5: The sources used by SA personal luxury good consumers to gather information on luxury

This implies that for some participants the ability for social relatedness or acceptance by purchasing items that others have does exist. However, there was also some contradiction in the statements. This could indicate that consumers may not recognise the influence that social media plays in driving decisions on what is considered to be cool and what is accepted or not. It is implied that bloggers and icons are thought to be cool and accepted and hence by using style advice from them there is some desire for social acceptance or relatedness to groups that are important or relevant in a social setting, even though consumers may not acknowledge it. Participants provided contradictory views on this.

Participant 2: *"I always loved fashion items and I think that I just became more involved in the social media and the blogging scene and I was exposed to the bigger brands and international bloggers who wore these items frequently."*

Later, in the interview the participant contradicted this by stating that luxury is purchased for the self.

Participant 2: *"I mean everybody wears things like that for themselves and stuff so I'm not going to not buy something because my friend has it or my aunt."*

Participant 12 indicated a similar reaction

Participant 12: *"For me it's not a status symbol at all"*

Later, participant 12 admitted to using social media icons for style ideas.

Participant 12: *"it's just social media, or some style icons where you know you see certain things that might work for you and you try and incorporate it into your style, so again it's not about copying, but if there is something that's quite nice, that's worked quite nicely for her, maybe I'll try and you know incorporate it into my style and see if it works."*

Participant 14 was quite upfront in admitting she does tend to purchase items worn by a certain type of people.

Participant 14: *"I think also it depends on who's wearing it. So, I know if I see a certain bag that a celeb is wearing or a certain blogger that I follow on Instagram, then I'd also go purchase that item. So, something that is worn by a certain type of people."*

### **5.3.3 Research question 1 conclusion**

In summary, the analysis and findings from the interviews for research Question 1a and Question 1b indicate that South African consumers' perception of luxury as well as motivations for purchasing luxury are quite similar.

It was found that the functional tangible attributes of price, quality and limited accessibility are how South African personal luxury good consumers define luxury. Very similarly, the motive to purchase from a value perspective is also driven by the financial value (Price versus Value), functional value (quality, usability, aesthetic and timelessness). The social value of uniqueness can be linked to limited accessibility and finally added to this is the individual values (self-reward and hedonism). Overall it appears that the financial and functional values are key in both defining and motivating luxury purchases for personal luxury good consumers in South Africa with some social uniqueness value also playing a role.

## 5.4 Research question 2

### Will South African luxury consumers purchase personal luxury goods online?

The aim of this question was to understand South African personal luxury consumers' usage of internet and current adoption of e-commerce. Understanding technology adoption is important as it provides an indication of whether consumers may or may not be late adopters to just luxury e-commerce or e-commerce in general. To answer this question, participants were asked why or why they don't shop online, would they purchase luxury online as well as what type of goods would they purchase online.

#### 5.4.1 Research question 2a

##### Do South African personal luxury good consumers use e-commerce?

In response to the question on ecommerce, it was found that very few of the respondents actually did shop online and only two respondents did not shop online at all as indicated in Table 3 below. The key themes identified for not shopping online are also presented. It is evident from Table 3 that even that those that do shop online have certain concerns or hesitations.

Table 3 :SA personal luxury consumers adoption of ecommerce

Adoption of ecommerce	No Respondents	Themes Identified for and not for shopping online
Does not use ecommerce	2	No personal experience and feeling of shopping Inability to experience (touch, feel fit) items Age versus technology acceptance
Does not use ecommerce frequently	5	Age versus technology acceptance No personal experience and feeling of shopping Past Bad experience Hesitant for items that require fitting on
Does use ecommerce frequently	6	Convenient Limited to commodity items Inconvenience of returns Hesitant for items that require fitting on Can buy familiar brands or items Access to wider variety
Does/has used ecommerce for luxury	3	Access to limited editions Access to wider variety Convenient Must know what want Hesitant for items that require fitting on

#### 5.4.1.1 Does not use ecommerce

There were two participants that did not do any online shopping. The one used to online shop but now finds it to be unappealing. This indicates that for some the physical shopping experience where one experiences items physically is important and cannot be replicated online. It also indicates that shopping motives are fluid and can change.

Participant 7: "Never. Okay so I used to shop online but I find the appeal, I don't find the appeal as satisfying as walking into a store and purchasing an item, I think it's more satisfying to go into a store and physically look at an item and feel an item and engage with you know a personnel and then purchase the item. When it's online it's so, I don't know, impersonal."

In addition to enjoying the feeling of shopping and engaging with items in person, there was also a reluctance to use e-commerce because of a) age and b) not having grown up around technology. This is a challenge that is faced by many of the older generation who are not as technology savvy as today's generation. However, this when compared to participant 1 above does imply that the feeling of shopping and need to engage with items may be a bigger e-commerce adoption concern.

Participant 3: *"I'd never buy online I even stopped the online from our offices at one stage" and later added "I think part of my journey is I work so hard so if I can escape and just go browse a bit and get my head of something that's nice for me I'm mean so many people do buy online but I've never -not even groceries I will buy online... I don't know I mean we didn't grow up with technology and things like that, it's a new thing but, but still it's because I want to feel and touch and see, I'm a visual person and that's, that's maybe the difference I don't know, you get older people that buy things online but I just don't, I prefer not to do that."*

#### 5.4.1.2 Does use e-commerce but not regularly

The reasons that ecommerce is not used frequently are found to vary from age, to lack of availability of online stores in South Africa to the desire to feel and touch and item due to a previous bad experience as well as concerns with the delivery of items. This indicates that there are some common themes across those who don't use at e-commerce to those that use e-commerce infrequently. Participant 1 who was in the older age category, like Participant 3 attributed the non-use of technology to age and later added that there was no need for online.

Participant 1: *"I just haven't done much of it yet. But I think it's got a lot to do with my generation. I think I'm just, I haven't gotten into the online thing. I know my kids buy online all their stuff..I don't have the lifestyle, that I really need to buy online. I've got time because I don't work. I've got time to go to the grocery store."*

*I've got time to go to Builder's Warehouse. I've got Time, time is not a problem for me"*

Concerns with delivery are related to the lack of trust in the delivery services to deliver the item. In addition to citing delivery as a concern, Participant 6 found there to be limited online stores in South Africa that make online appealing and tended to shop more internationally.

Participant 6: *"Not often, so I only shop online for normal stuff if I'm travelling to the US, or if I know someone is travelling to the US and The reason why I don't do it in South Africa is because firstly, we don't have enough online that makes you want to shop online ,and just for me, in South Africa, I prefer to just walk into the store and do it" and later added "because in South Africa to be really honest, I don't find a sense of comfort with our delivery system."*

Bad experience using e-commerce can be related to actual delivery or to the quality and specification of the items purchased meeting the need of the customer. A single bad experience shopping online damages the trust of the process and leaves people reluctant to take the risk again.

Participant 5: *"Rarely I think in this full year I bought one thing online" and when probed for the reason explained "Because I sometimes I want to see the quality I don't trust the quality, there was a time I've bought a few I mean I've bought a couple of times but like I said because of that experience that I had I literally just stopped buying online it was a while back I bought some clothes online and even though you choose your size and you give them the centimetres and your match the centimetres, the thing came and it was like for a child you know."*

#### 5.4.1.3 Frequent online shoppers

For the shoppers that bought items online frequently the reasons provided include convenience and accessibility to a wider variety of items. However, even for frequent online shoppers there are still concerns risks with shopping online. Even for regular online shoppers, there is an unwillingness to purchase everything online as some items need to be experienced (touched, felt, fitted on) in person similar to the non-frequent and non-shoppers. Furthermore, the reluctance to shop online was also attributed to the difficulty and inefficiency of returning incorrect or unsatisfactory items. Regular shoppers tend to purchase groceries and commodity items that do not require a personal experience or purchase familiar items where the risk is reduced.

Participant 10: *"All the time I hate going into shopping centres I hate going to actually get stuff if I can get online so much easier" and items purchased include*



*“Woolies I have my Woolies favourite shopping list setup that kinda gets ordered and goes once a week, Take a Lot, Amazon, Amazon is amazing.”*

Participant 11 supported participant 10's sentiment on online being convenient and reported shopping “once a week”. However, participant 11 also added the caveat that it is only suitable for commodity type items such as groceries or personal items that you are familiar with in sizes. In addition, it is implied that international online stores offer a greater variety of stock than would be available locally and this is appealing.

*Participant 11: “I do my monthly, I do grocery shopping online, items which I don't have to, well basically online shopping I do it because I don't have time to run from store to store looking for an item” and later added “I won't buy clothing online because, clothing you need to fit on. It may look nice in a picture but when you wear it, it may not fit you. So, clothing I won't purchase online and normal shoes I don't purchase. But like tekkies, sneakers I will purchase online and that's because if I purchase, it's normally bought from international stores like Nike international, if you go to the South African stores they've got very limited stock and very old items.”*

Successful online shopping is also dependent on the quality and degree of information provided on the website to make the purchasing process seamless and to minimise the risk of consumers being uncertain of what to purchase. In addition, the type of items consumers is willing to buy, varies on an individual level which makes it difficult for firms to cater for all customer needs. For Participant 8 who shops online “every second month”, like participant 11, online shopping provided accessibility to items to not readily available in the geographic location but also limited to items that are easy to purchase base on the information (size charts) provided.

*Participant 8: “so simple things like Beena loungewear is a brand that's not here so if the brand is not located here and it's an online store but it is more premium, and you can't get it here, they have excellent sizing charts, their sizing charts are accurate, I would buy from brands like that.”*

Participant 8 also added being reluctant to buy shoes online because that requires a fitting and in addition, the process of returning which although allowed is quite tedious.

*Participant 8: “I have always been hesitant to buy the wool, shoes. Like Witchery and stuff like that 'coz I need to try on the shoe. I don't know why, I don't know what it is because I buy the clothes, but I don't buy, and I don't know why. I don't know I think it's this fear that I've always going to end up with, you can't return shoes, so you can return them however it's a schlep.”*

#### 5.4.1.4 Does or has used ecommerce for personal luxury purchases

Only three participants responded yes to having purchased luxury online. The reasons luxury is purchased online include: greater accessibility to a wider variety of items and sometimes even limited-edition items, is more convenient and offers the ability to order online and pick up in store (click and collect) eliminating worries on delivery. However. Despite this, like the other shoppers, there was a hesitancy to shop online for brands/items that have not been tested, tried or used before and more importantly where the need for trying on items in person is strong (clothes).

Participant 11: *“Last week I bought my husband a Rolex online, because it's not available in your stores. It's a one off, it was a limited-edition watch that's not available in your store.”*

Participant 6 who has had positive experiences with shopping luxury on international stores stated that it is convenient to shop online while travelling and the benefit is that some store offer a click and collect service which makes the process efficient and easy to plan. However, it does appear that there is only comfort in shopping online for familiar items and when there is a clear indication and idea of what is needed,

Participant 6: *“So I've bought in the UK, and then I've also bought here no sorry not here in the US, I've used Saks to buy online, I've used the Jimmy Choo website to buy online...its that I know what I want, I know, so if it's a brand that I'm comfortable with, then I know what my shoe size is. So, if I see something I like, and I know I'm only going to be there for a short period of time but I want that and I don't really want to go and look for it than I'll just order.”*

Participant 6 also added that click and collect is a benefit and limits the delivery risk of purchasing expensive items.

Participant 6: *“What I've also used like twice, what I found really useful, I've used Saks, so they were having a sale, and you can order online and you say keep it at the store, and I'll go and pick it up there, so, so for me that sort of stuff works really well especially if you buying like expensive stuff, I don't mind walking into the store to pick it up” and later added.”*

Finally, an efficient delivery service and easy return service play an important role in building customer trust for online shopping.

Participant 12: *“Net-a-porter for example...I prefer their site, because they are very efficient. They get stuff to you usually within 2 days and their return policy, they make it very easy for you to return the item if it doesn't fit you or if you don't*

*just don't like it, whatever the reason may be, and because for me it's got variety, and I can trust it, it's a reputable brand."*

In conclusion South African personal luxury good consumers display mixed reactions to online shopping.

#### 5.4.2 Research question 2b

##### What factors motivate South African personal luxury good consumers to purchase and not purchase personal luxury goods online?

As found in the analysis from question 2a, only 3 consumers had experienced purchasing luxury online. Through probing questions on why or why not they would purchase luxury, key themes emerged about the positives and negatives of what drives the choices for online luxury purchases as illustrated in Table 4 and Figure 6 below.

##### 5.4.2.1 Willingness to purchase luxury online

Table 4: SA personal luxury good consumers' willingness to buy luxury online

	No Respondents
Will buy luxury online	5
Will not buy luxury online	6
Will maybe buy luxury online	2

Figure 6 below illustrates the reasons given for being willing to purchase luxury items online based on the content analysis.

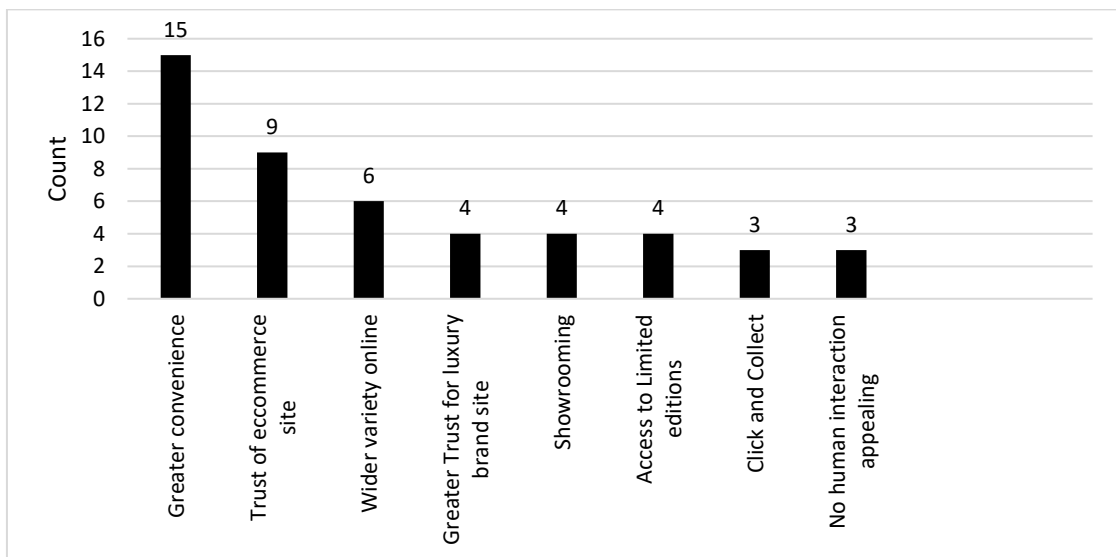


Figure 6: Reasons SA personal luxury good consumers are willing to shop luxury online

#### 5.4.2.1.1 Greater convenience

As illustrated on Figure 6 the main reason South African consumers would be willing to adopt or buy luxury online is because of the greater convenience that it could offer. This was followed by the increasing trust in shopping online as well as increased variety. There was also an indication that by having both the brick and mortar store and online store showrooming could become prevalent. There also seemed to be an increased sense of trust with shopping on the luxury store branded site rather than other sites. However, convenience seemed to be the key determinant in willingness to purchase luxury online as indicated by the relatively high count. On addition to the benefits to consumers, luxury e-commerce is also thought to be beneficial to brands as it could increase their sale by targeting those that desire the convenience to shop online.

*Participant 6: "I think they could get a lot more sales if they just have things online because the ease of going onto a website and ordering something and having it delivered to your house, not all of us have time to go shopping, especially when you have kids, trust me. I would think that they lose a lot of sales by not putting stuff online."*

For participant 6, and people who are parents it appears that online would provide much needed convenience as being a parent amongst other things is time consuming. The need for convenience was supported by participant 5 and participant 8. Added to this there is an expectation of how one should look when walking into a luxury store. This indicates that luxury is associated with a level of prestige for entering the store front. However, sometimes one does not feeling like dressing up to go shopping making online shopping appealing as it is a lot more convenient. This also implies that online makes it more accessible to those that don't fit the traditional luxury consumer look and profile and are not comfortable entering a luxury store.

*Participant 5: "Will be more convenient and easier online."*

*Participant 8: "Like you can shop in your Pyjamas, 'coz there is a certain expectancy when you walk into a Louis Vuitton store they have the right to refuse your admission and they close the door. If each sales assistant is busy they close the door."*

Finally, luxury stores tend to be limited in certain areas and often require significant travel. This scenario makes online appealing as it offers a great time saving for consumers who need to travel far distances it also provides a monetary incentive although small when compared to the purchase value.

Participant 4: *“Time wise it is easier I can buy something in 30 minutes, but I may drive 2 hours to Johannesburg and back and spend another hour shopping in the mall not to mention parking and toll fees.”*

#### 5.4.2.2 Greater variety online

There was a definite indication that an online store would be able to sell a greater variety of items in comparison to a traditional retail store. The reason for this being that the cost of running the operation is lower, and there is no restriction on the supply and distribution and stock management, as there is no requirement to meet customer needs instantly as is the case with a brick and mortar store.

Participant 11: *“Also with online shopping you can take the, you can have a bigger range online, you don’t need to keep all items in stock, you can order from supplier as a customer places an order because people are willing to wait for delivery.”*

Participant 2 further supported.

Participant 2: *“shops are limited in their variety and online could alleviate this: “you are a bit limited going into a shop because you only have x amount of items. Whereas on the website it would be like 10’s or 100’s more.”*

#### 5.4.2.2.1 Trust of ecommerce site

As consumers have or hear of positive experiences about shopping online, their comfort with shopping online also increases and trust with site increases. It also appears that there seems to be a perception that the luxury owned site would be more trustworthy or trusted by consumers than a third-party site. It is expected that a luxury owned site would be as luxurious and sophisticated as the products and services it offers from a safety and security perspective.

Participant 12, 1 and 14 support this finding.

Participant 12: *“I knew a bit about the brand before, and I had seen people purchase, so for me it was trusted, and I had seen packages delivered, so I knew I could definitely trust them, and that it was verified.”*

Participant 1: *“the more I see other people successfully buying online the more I, and what I’ll buy online is what I buy in stores now. I mean I won’t change my, what I buy. I would probably change how I buy.”*

Participant 14: *“I’d feel more comfortable on the actual store’s website than a secondary like seller...I think because it’s luxury brand, they would invest more*

*in the security of the website, because they know they type of clientele that they are dealing with. And, also the costs of their products.”*

#### 5.4.2.2.2 Showrooming

Something that emerged in the context of having a brick and mortar and online store is the concept of showrooming. Showrooming is when a consumer visits a brick and mortar store to experience an item but then purchases in an online environment either when it is more convenient or in the instance of luxury when they can get a better price or have saved up enough and are ready to buy it. Showrooming could be a useful way for consumers to experience items in person and removes the risk of not having fitted on or seen the item. They can then make the final purchase in store when ready. This creates a challenge for brands as customers maybe not be driven to shop on the brand site alone.

*Participant 14: “So, I think I would go into the South African store, go and see the bag there are fit it on my body, you know see if my phone fits in it...my car keys that type of thing...and then I would purchase it online, meaning if I’m purchasing it on like a Net-A-Porter and they have a discount there, then I’d get it cheaper there, so I’d buy it online on Net-A-Porter but I would go to the Gucci store in Diamond walk and see the bag there.”*

#### 5.4.2.3 Access to Limited Edition Items

Online provides the ability and the platform to access limited edition items that may not be available in local stores. Online is therefore an opportunity for luxury brands to reach a wider market with the minimal risk of having to secure the limited-edition items in store.

*Participant 8: “I think it is nice that everything is available online sometimes you want a limited-edition item and unfortunately you can't take a flight to New York to the store to get it.”*

Finally, 5 participants stated that they would only shop online if it was for a limited addition item that was difficult to access. This again indicates the desire for consumers need for uniqueness in that they are willing to shift shopping behaviour to get hold of something extremely rare.

*Participant 5: “if I cannot get it anywhere at all and it's only a limited edition and they selling it online and there is only 10 of them or something like that and I really want it.”*

#### 5.4.2.4 Reasons for the unwillingness to shop online

Figure 7 below illustrates the reasons given for being unwilling to purchase luxury items online. These responses include responses from both those that were willing and those that were unwilling to purchase luxury online. Even for those that were willing to purchase online, they had many of the same concerns with online shopping as those that are not willing to shop online.

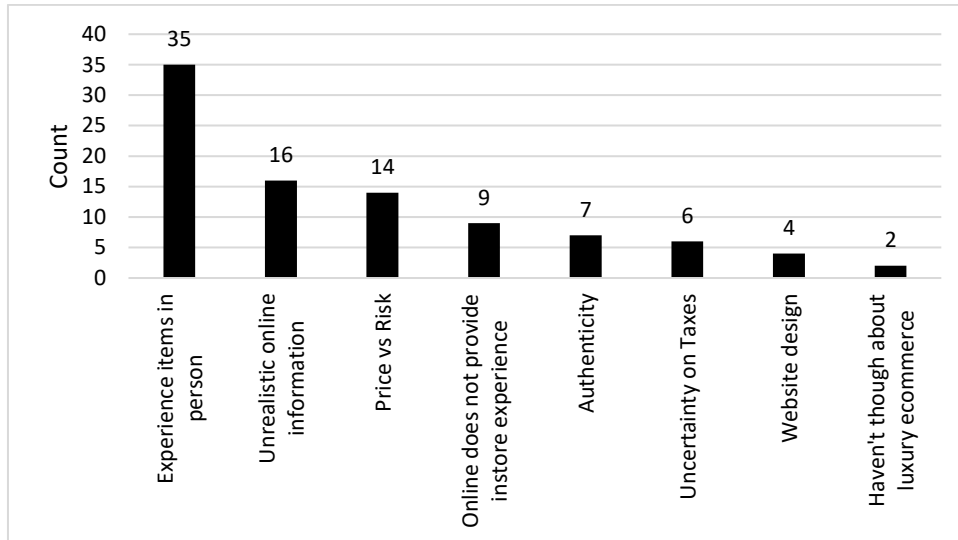


Figure 7: Reasons SA personal luxury good consumers are not willing to shop luxury online

As illustrated on Figure 7 the main reason South African consumers, not be willing to adopt or buy luxury online is because they cannot experience the item in person online. This includes touching, feeling, and fitting or trying on the item. This is followed by unrealistic information online, the risk of the investment, and the inability of online to provide the in-store experience. Some participants raised the concern of taxes as a key inhibitor for shopping on international e-commerce sites. However, since this paper is envisaged to be for local based sites, taxes will not be a concern. In addition, although website design was mentioned it was not a strong theme that emerged.

##### 5.4.2.4.1 Desire to experience the item in person

This was the most significant inhibitor to luxury online shopping for the participants as indicated by the Figure 7. For some this is related to the type of goods they would be willing to buy online whereas for others it was a general sentiment. Table 5 summarises the key themes that emerged in response to the question what type of luxury goods should be sold online?

Table 5: Personal luxury goods that should be and should not be sold online

Items Online	Count	Items not online	Count
Leather Goods online	21	Leather Goods not online	3
Clothing online	2	Clothing not online	12
Shoes online	5	Shoes not online	10
Accessories online	6	Accessories not online	3
Jewellery online	2	Jewellery not online	6
Watches online	2	Watches not online	3
Everything online	7	Cosmetics not online	4
		Fragrances not online	3
		Limited edition items not online	5

The only thing that consumers are willing to purchase online, or think is feasible to sell online are leather goods which includes handbags, wallets, laptop bags and belts and maybe accessories. It was also found that selling everything online was in acknowledgement of the thought that not all consumers are the same and consumer shopping preferences, especially when it comes to ecommerce are quite different.

Participant 12: *“So I would encourage that they sold everything online, especially for those who maybe have tried it, and are just seeking convenience and are looking to stock up or repurchase or replenish or you know whatever it is.”*

Participant 11 also supported

Participant 11: *“Online you can sell basically anything. It turns out be, everybody’s preference of whether they will purchase certain things online are different. I know certain people that don’t have, they don’t mind purchasing clothing online. Okay, it’s not something I would do but I suppose it’s, I don’t think, you can’t in today’s day and age everyone doesn’t have the time to go do shopping.”*

What is also apparent from Figure 7 and a contributing factor as the leading reason for not willing to purchase personal luxury items online is desire to experience items, see touch, feel and fit on, in person before purchasing. For items that are size based (clothes, belts, accessories), it pertains to consumers desire to fit on an item and for makeup and fragrances the need to test the item in person. This is a challenge for online platforms where they need to provide sufficient accurate and realistic information for consumers in a way that allows them to experience the items. This would play a major role in driving in e-commerce adoption. Furthermore, not all consumers’ preferences for what they



would buy online and what not are the same which is challenging. Support on this finding is listed below.

Participant 3: *“Because I like to see, I would like to see the article I am buying and I would like to try it on and see how it looks on me because sometimes it's just the deceiving the pictures there and maybe it is a thinner lady or a fatter lady or whatever, I would like to see what the handbag will look on me I mean even the sunglasses it's, does it fit nicely, you know that sort of thing.”*

Participant 10: *“the process of picking that item out is very personal so you going to spend quite a lot of money on this luxury brand you want the experience to be able to tangibly touch it and feel it also purchasing when you purchase that thing.”*

Participant 4: *“Because you don't need to try on a handbag for an item of clothing or shoes you have to try it on first and you have to see how it fits on you but if it is a handbag, you know then, you know the style that you are looking for and what appeals to you and you know the trade name the supplier so it's very easy to get a handbag online.”*

#### 5.4.2.4.2 Unrealistic information online

Although related to the theme of not being able to experience an item online, it was found that consumers did not trust the information that is provided on online sites and find these to be deceiving, unrealistic and inaccurate depiction of reality. This means that consumers could be select a size that does not fit or could choose an item that looks appealing online but is not in person. In addition to sizing and fit, the information online does not provide for an opportunity to evaluate the functionality of an item either. Support is shared below.

Participant 9: *“You don't see the should we call them like imperfections, like the dresses when the models are taking a picture with the dresses they are going to Photoshop that they don't want you to see the imperfections, if its bulging or if its tight wherever you need it to be tight.”*

Participant 11: *“Because it may look nice in the picture but getting could be a total disappointment.”*

Participant 5: *“Though they show you pictures online you want to open and see how many compartments are in their the zip and all of those little details that I don't think you can always get online.”*

#### 5.4.2.4.3 Price versus risk

Many consumers are not willing to take the risk of purchasing luxury items online because they cannot justify the cost of:

1. Loss of money (poor site security)
2. Not receiving the item (delivery concern)
3. Receiving an item that is not up to expectation (Return/Refund concern)
4. Receiving an item that is fake (authenticity)

Some of the participant responses are summarised below.

Participant 1 on safety: *“You see the problem with luxury items is it’s very expensive, so safety would be a huge thing for me.”*

Participant 14 on security: *“I definitely would have concerns around payment of my card or using my card online because I have been a victim of card fraud when I shopped online previously. So, I think because of that experience I am very hesitant, especially if it’s a luxury item, to swipe a big amount online.”*

Participant 9 on delivery and returns: *“The fact that you can like you can’t return it so quickly like you can’t go back physically to a shop you have to use whatever travelling systems they use and the courier. To get it back so that becomes an issue, okay for luxury items I mean I will trust it and also I mean I can always take it back you know so that is not my fear there my fear is firstly will it arrive with our postal system even know they have trackers they have insurance on it but I’m always worried will it arrive and that is too much stress for me.”*

Participant 2 on authenticity: *“I do feel like unless you buy from the actual website there’s an authenticity issue, so I wouldn’t do it for that.”*

As discussed above, click and collect although only referenced by participant who had used it may be a good mechanism which allows consumers concerned with delivery and return of items to still use online for convenience but that also have an in-store experience.

#### 5.4.2.4.4 Online does not provide the in-store experience

As the figure indicates, although the superior and personalised experience was found to be extremely important for majority of the consumers and many of them provided detail in describing the experience as something enjoyable, it did not seem to be a deal breaker when asked if they would shop luxury online. Only the 6 participants called out experience as the reason they would not shop online. It is well known that, a significant

part of the experience of shopping luxury is linked to the personalised service and superior treatment that is provided in store. Shopping online obviously does not provide the same experience, and this is what may hinder consumers, who desire the experience, from shopping luxury online. The main reason for participant 2 and 5 and 7's unwillingness to shop online is the in-store experience which is described below.

Participant 2: *"okay so the thing when you buy luxury goods it's the whole process and it's just it's the whole experience that goes along with it. So, the minute you walk into the store, I mean the service, the SA, you know the sales assistant and the you just get treated absolutely amazingly, you offered coffee, you offered like something to you know drink while you doing this whole experience. They take you through this amazing experience in store, so whether you not sure what you want to purchase, they'll bring out the catalogues and you know all of their latest stuff and they'll do like a show for you, they'll show you all the latest items, they'll show you the pro's and cons of each item, it's just the actual experience is very very nice so whether you know exactly what you want to buy or you a bit undecided, the whole experience is really nice."*

Participant 7: *"So firstly, I actually enjoy the experience of purchasing luxury items from the store. You know it's, it's such a unique experience you just, I don't know how to explain it. You've got to go through it to understand. So, when you walk into let's say an LV store it's an experience. You get to sit down, you get to enjoy the experience of going through the bag ranges that you want. You get to get a feel of the bags that you want to buy. You get to feel the bag you're buying. Something that you not going to get to see online."*

Participant 5: *"So for me I would to be honest I think for luxury good it must always be bought in store because the experience is important."*

Furthermore, a key benefit or challenge that was identified with regard to the removal of the personalised experience and store assistant online is that consumers are likely to spend a lot less per visit. A big part of the in-store experience is the personalised service and it is this personalised service by the staff that is designed to make people feel good. It is also designed so that staff can up sell and cross sell by showing clients a variety of items that may or may not have been requested and by being complimentary, it makes people feel good and willing to spend more impulsively. Participant 12, and participant 4 provide evidence for this.

Participant 12: *"Although I think what you miss with the online that you might gain with the in-store customer experience is that you aren't able to maybe optimise*

*on certain sales. So you can't link sell or you can't, so for example, if I was in store and I saw a really nice pair of shoes, she could easily say to me, "oh my god, this would look stunning with this belt or with this dress," and then you know you end up buying so much more. That for me is the limiting factor".*

Participant 4: *"I think sales people in you know in a up market store where they give you world class treatment can be very persuasive, and you end up buying something after being convinced that you need it"*

Although this is consumer benefit, it is a challenge and something that luxury brands will need to think about. How can the online experience be designed to ensure that consumers are still enticed to spend as much as they would in store?

#### 5.4.2.4.5 Can the experience be replicated online

In relation to the experience question, all consumers were asked if the experience received in store could be replicated online and the theme that emerged was quite mixed but surprising. Some participants posited that technology could be used to replicate or attempt to replicate the in-store experience online while others said nothing could replicate the personalised shopping experience online. Given new technology such as extended reality better imaging tools, online chat bots or personal assistance, it is possible that part of the in-store experience could be replicated online but not all of it. Extended reality will allow consumers to feel like they in store, while the personal assistant can provide service in the same way the sales staff do. The support for this was quite mixed. Participants 10, 4 and even Participant 1 who self-claimed not to technology savvy all felt that, technology could be used to personalise the online shopping experience and consumers would be open to it. This is interesting and really is important for luxury brands going into an e-commerce space.

Participant 10: *"So I'm interested in like the whole internet of things stuff and technology you know and how you could leverage that so imagine you've got like it's different so you can do like the concierge thing which is cool that's fine imagine doing it like drones or something that separates your brand from the norm so utilizing technology that you like I just thinking if I could put VR goggles on or use my phone to visually experience that product that I would possibly be really open to that because then I'm going to experiencing it maybe not like physically holding it but I can visually see it get an imagination around it then possibly".*

Participant 1: *"If what their clients want is that whole experience not just the item but the buying the item, the treatment that they give you, all of that, they will somehow have to replace that in a way. In a new futuristic way with the robots or*

*the whatever and make the person still feels special because they paying a lot of money for this item.”*

Participant 4: *“So if there was somebody for example, if I was purchasing something online and there was online support and somebody come online, skyped me or video called me and took me through the item and all the accessories and you know supported me online while I was buying the item online that could be a good a good replacement from the in store experience.”*

On the contrary not all would be or are convinced that the in-store experience could be replicated. online. Participant 12 and participant 2 did not agree with the idea the in-store experience could be replicated. If luxury brands could get replication the experience online right, it be major differentiator for them.

Participant 12: *“Definitely not. You miss the entire sensory experience, so you miss walking into the store, absorbing the ambiance, the atmosphere, the people...you know you miss so much more than being online, and it's that personal touch, where you're made to feel important or feel special, which you don't get online.”*

Participant 2: *“Not at all, like I said the minute that you walk into the store someone instantly comes up to you and offers you the first thing is something to drink whether it is hot or cold. it's just, it's a very personalised experience which I don't think that could be replicated online. I'm mean I'm not, I don't just mean the beverage or edible part of it, I just feel like the attention to detail and the whole experience I don't think that would be able to be replicated online, I just don't think it would be.”*

Related to the in-store shopping experience is the packaging. Although it was found that packaging was important, it was not found to be a key theme in choosing whether to shop online. Packaging is important not because it is nice to look at but because it serves a functional purpose to store the special items in as indicated by participant 2.

Participant 2: *“The other thing is, like I said I really, I like to keep my packaging because that's how I store my luxury items because they, so I guess delicate and expensive, I like to store them properly, so they constantly kept in their dust bags in their boxes.”. Participant 9 said their packaging is nice yes I still use the boxes from my shoes the gift bags are nice in terms of the design.”*

However, packaging did not emerge as an inhibitor or enabler for shopping online and no concerns were raised about the inability to replicate packaging for online deliveries. This is probably because it is expected from the luxury brand that it would be delivered in the superior and special packaging. Participant 6 with Louis Vuitton and 12 with Net-A-Porter who have experience online packaging found the packaging from the online store to be consistent of what is provided in store.

Participant 6: *“So if I think about my sister's experience of her thing, they gave her a shoe, in the box, with the dust bags, exactly how you would buy it in the store.”*

Participant 12: *“They'll package your box beautifully, so there're two packages. It's a beautiful black and white, or the black box with the black and white ribbon, and then they put another package on top of that.”*

#### **5.4.3 Research question 2 Conclusion**

In answering the research question on the willingness of South African personal luxury good consumers to shop online, it is evident that the willingness of to shop luxury online is low even. This can be attributed to the fact that not many are regular e-commerce shoppers. For those that are willing to purchase luxury online, convenience and trust of the website was cited as key reasons. However, across the board, both those that were willing and those that were unwilling to shop luxury online had concerns with needing to experience items in person and this is found to be the main inhibitor to luxury e-commerce adoption.

Related to this is the lack of realistic information online that enables an informed purchase decision as well the risk of the transaction were also strongly themes that emerged. Although some of these are no different for regular online shopping, with luxury there is added risk in that it is quite expensive and hence the decision to purchase must be certain.

Therefore, if luxury brands can address these concerns for consumers than it is likely that it would increase adoption. As participants themselves suggested technology could be used to enhance and make the experience of shopping an item online special including the need to try on and experience item and replicating part of the personalised service. Furthermore, given that consumers are not willing to shop everything online it would make sense to start with items that they are most comfortable with.

### 5.5 Research question 3

#### Does the online sale of personal luxury goods online, change South African consumers' perception of luxury brands?

This question aimed to determine whether the sale of personal luxury goods online will change South African personal luxury good consumers perception of the brand given the concerns that online bring with increasing accessibility. The results in Table 6 below indicate that there is no change in the perception of luxury for South African personal luxury consumers.

Table 6: Reasons for the change or no change in perception of SA luxury consumers due to selling luxury online

Theme	Count
Perception Not changed by ecommerce	23
New Business model with changing tech	13
Different shopping preferences	5
Can Maintain exclusivity	5
More accessible	4
Quality is the same	3
More convenient	2
Perception changed by ecommerce	5
Increase availability if price lowered	6

#### 5.5.1 Perception not changed by e-commerce

As presented above it is evident that the perception of luxury for South African personal luxury consumers is largely unchanged as a result of online sales, irrespective of whether they were willing to buy or not. The main reason provided by consumers is that technology is changing rapidly, and luxury brands would need to adapt or risk losing out on a massive market opportunity. In addition, online does not change the quality (a main motivator for purchasing luxury) and again consumers online shopping preferences and behaviours are different. This is interesting as it goes against what has been argued and stated as concerning for luxury brands for a while. Given that it is related to the perception and motivation for purchasing luxury, it would be very subjective and different if the consumers' motivations were different. There are benefits for the brand in that they can optimise on cost and improve sales. Support through participant responses are presented below.

Participant 9: *"No I don't think it will I think its them moving with technology everyone is going to change and they."*

Participant 11: *“So to have an online store is always beneficial maybe, everybody won’t use it but even if you attract 50% of the market it’s still something, and If you don’t have an online store then 50% of the market you losing because those that are not willing to go looking at your store... your cost involved is getting your website designed and getting it working, but the running costs is up and down and is not as much as compared to running a retail store, So it is always beneficial to have an online store.”*

Participant 1: *“The speed at which things are changing is fast moving and a luxury item will become like any other thing that people buy online.”*

In addition, online can be used by brands as a method for maintaining exclusivity and attracting a larger target market or even growing adoption for luxury ecommerce by offering or selling online exclusive items (online only).

Participant 12: *“I think you can expand your online consumer base by making certain things exclusive, so you can only get this online therefore you know shop online with us, you're not going to get it in Sandton or in Hyde Park or where ever it is.”*

There was also a strong theme that by going online nothing is changing with the luxury brand and are still able to maintain their quality by selling online. Quality is a key defining attribute and motivator for purchasing luxury and therefore by not changing quality it would be expected that the online sales of luxury will not change the perceptions.

Participant 5: *“Because I know the brand from the in-store experience and I know the product quality from purchasing the product so even if they moved to a virtual shop and they didn’t have an online shop I know I know the product that they manufacture so it will not change my loyalty.”*

Participant 3 who was although very against shopping online acknowledged the fact that brands are business and businesses need to grow and therefore has no concerns with which channels they use if the quality remains constant.

Participant 3: *“No, not at all if that is another way of them to I mean to promote their product and I mean I don’t have a problem with that. I don’t think it has an effect on the quality or anything of the product it still stays the same then it’s just then more of a convenient sort of thing but I don’t think the product as such is of a lesser quality you know what I am trying to say -I would hope so.”*



### 5.5.2 Perception changed by ecommerce or not really

Initially Participant 10 and Participant 11 reported that the online sale of luxury goods would change their perception. This because online would make it more available to others. However, as the interview progressed their viewpoints changes indicating that initial perceptions can be based on logically thinking through the implications. The change in perspective was identified based on the idea that just because brands sell online it does not mean that they are less exclusive (more accessible) as price is which was found to be a key determinant in the perception of luxury does still limit accessibility. What this means is that just because it's online, it doesn't mean that more people can suddenly afford to buy it. Participant 10 initially said:

*Participant 10: "You can even look at Le Mont Blanc pens like the price point separates it's not as accessible for everyone so if now for instance Louis opened up an online store and they started driving people on to that store they play around with the price point and more people had the product I don't, I wouldn't view it as luxury anymore so I then would seek out something else"*

However, participant 10 later in the interview, came to the following conclusion when asked if online sales changed the perception of luxury:

*Participant 10: "No because I don't think so, if you think about it I don't know if it's commonly visited site or you visited it because you are aspiring to get to it, I think the price point separates it I mean things that they could do, so maybe it is the perception of creating an online store you commoditising a product but it actually might not be that it might just be that perception I have around it."*

Participant 11 had a similar reaction to participant 10 and changed the viewpoint as the interview progresses.

*Participant 11: "Because if you selling online to every person, any, everybody around the world, why do I need to fly all the way to New York or and that in order to buy that specific item because when I purchase it there, I know when I go somewhere in South Africa, I'm not going to have 10 people having the same item. So now if it's available online to everybody, then there's no uniqueness in the product any more.*

*But later, came to the same conclusion as participant 10 that it is indeed price dependent and controlled:*

*Participant 11: "Oh No, I just think that, I suppose if it's, because than also even though it is available online, the price puts it out of the hands of everybody else- a luxury brand. Although it may be made available to everyone around the world*

*by the mere fact of what it would cost, it already puts it out of the hands of a lot of people.”*

Therefore, it is perceived that by selling online, something is more accessible and less exclusive. This is an important point raised as it is not actually reality but a perception. However, luxury too is a perception and hence it would be very difficult to manage consumers' expectations and brands would have to take extra effort in ensuring their so-called exclusivity is marketed and communicated.

Related to the perception of luxury and a need to uniqueness/ differentiation the perception of luxury is only changed if it is made more available through increased production (not only sale) and lower price meaning more people of lower income groups can afford it. This is seen in participant 7's response to the question whether online changes perception and it is clear it is related to the way the brand markets their exclusivity.

*Participant 7: “It's the way that they market themselves and like I explained they spend a lot of time in marketing themselves and maintaining their exclusivity and until they start changing that about themselves than possibly that would dampen my image about their brand but otherwise no.”*

### **5.5.3 Research question 3 conclusion**

The online sale of personal luxury goods does not change the perception that South African personal luxury good consumers have of the brand. As discussed in research question 1, South African personal luxury good consumers' perception of luxury is based on the expensiveness and related inaccessibility and unavailability. This was found to be the basis of the reason why South African personal luxury good consumers' perceptions are not changed. For them, the fact that online maintains a high price point (expensive) means that it is still inaccessible based of affordability. Furthermore, selling luxury goods online does not change the quality of luxury which is also a key motivator for purchasing luxury and hence the maintenance of quality online do not change perceptions of luxury. What was found to be important is that brands should maintain their exclusivity through their marketing and communication strategies. Finally, many consumers saw online sales as beneficial for luxury brands as they acknowledged that consumers may have different shopping preferences and therefore online would be appealing to segment of the market that are comfortable with shopping online.

## 5.6 Research question 4

### Does the online sale of personal luxury goods online change South African consumers' motivation to purchase luxury brands?

This question aimed to uncover whether the increasing accessibility through online sales does change South African personal luxury good consumers attitudes and therefore motives to shop for the luxury brands they purchase. Rather than asking them the question directly, consumers were asked what would change their motivation and loyalty to shop for a specific luxury brand.

When answering the questions, consumers did not distinguish between motivation and loyalty and in most cases gave the same reasons for both. Given that loyalty is determined by motivation to purchase, the results were combined. For most consumers it is a combination of factors however the key themes were identified based on the analysis indicate that unsafe manufacturing processes, bad customer experience, a change in quality and unethical behaviour seem to be the most significant.

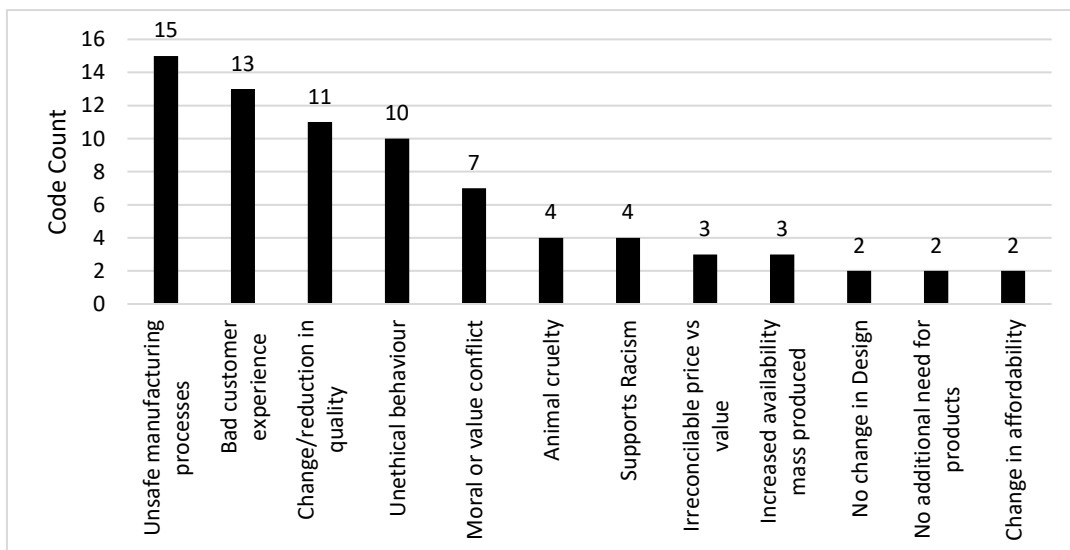


Figure 8: Reasons that will change South African personal luxury good consumers motivation to shop for a specific luxury brand

The findings presented on Figure 8 indicate that, South African personal luxury good consumers' motive to shop for a specific brand is not changed by the online sale of luxury brands. The top reasons for a change in motivation, which was a common theme across all participants the consumers attitude towards the on the use of unsafe manufacturing processes, bad customer experience, a change in quality and unethical behaviour and to a lesser extent a moral or value conflict. It evident that a large part of what changes a consumer's motivation to purchase luxury is based on the consumers personal moral standing.

### 5.6.1 Unsafe Manufacturing Processes

South African personal luxury good consumers are found to be concerned about the way in which the items they buy are manufactured. They will not be motivated to purchase items that are manufactured in an unsafe environment such as sweatshops and some do also raise concerns on the environmental impact of the manufacturing processes. Consumers are not willing to support this and will stop spending their money at these brands if they found out anything negative about manufacturing. Given the strong focus on environmental sustainability it seems that even luxury consumers are becoming more conscious on sustainable fashion. In addition, with the increasing use of online and social media it is no longer possible for brands to hide from such inhumane behaviour and hence must ensure manufacturing processes are above board to maintain customers. Participant responses that support this are listed below. Participant 14, participant 2 and participant 5 made reference to the manufacturing processes

Participant 14: *“They have people in like factories working, underpaid or you know those type of things, then I would be put off the brand.”*

Participant 2: *“Brands that were like manufacturing with you know under aged kids in like a sweat shop somewhere that would definitely be top of my list.”*

Participant 2 also later added that she does do research on this when making purchases.

Participant 2: *“it’s mainly been LV and Chanel, that’s something I definitely look into especially because like I said it’s not a cheap item, so when you spending so much money I want to know where my bags been made, who is making it, how is it being made, I definitely did look further into that brand when purchasing something from them.”*

Participant 4: *“Their environmental approach you know how safe are they in manufacturing the items are they not tested on animals are they is if free from any animal cruelty that for me is a very big issue because I love animals so I don’t want any testing to done on any animals for to develop a product like a perfume or something so for me that’s those are the real issues and obviously the safety rating for how the products made you don’t buy a blood diamond for example.”*

### 5.6.2 Bad Customer Experience

Customer experience was the second strongest theme that emerged. An unsatisfactory customer experience will change customers’ motivation for purchasing a specific brand. Given that customers are spending a lot of money in the store and they desire to be

treated a certain way and expect a high level of superior service and if this expectation is not met, they will not be willing to purchase from the brand again. Participant 8, 7 and 12 support this view. Although this is presented based on in store experience it can be implied that if the experience online was found to be unsatisfactory, then that would be change the motivation for purchasing a brand.

Participant 8: *“Bad service, that is the only thing that changes my mind.”*

Participant 7: *“Any day I find that when you walk in to an outlet and someone treats you otherwise and you have a bad customer experience. Usually that is what turns people off it’s a bad customer experience that usually makes someone so turned off that they just do not want to go and purchase the item again. And that’s what would be a turn off for me from purchasing an item again. It’s a bad customer experience. So, when I get that that would put me, probably put me off.”*

Participant 12: *“A very bad experience. It could be service; it could be quality of the item.”*

### **5.6.3 Change or Reduction in Quality**

Quality seems to be a consistent theme from the perception of luxury to the motivation to purchase luxury. Therefore, it was found that a change in the level of quality would be a major turn off for majority of the consumers and will hamper motivation to purchase. Many participants do not expect changes in quality as it is a defining attribute for luxury but a change from expected quality would mean that consumers are no longer willing to pay the high price for items that are not long lasting(enduring) and fail or break.

Participant 1: *“It’s the only reason why I won’t buy things anymore. If I can’t afford it anymore or if I don’t have a life for it but yes also if there’s a quality change but I mean that doesn’t really, that doesn’t really change with luxury goods. The quality is what they stand for. They would never, you don’t go back.”*

Participant 5 supported this and went on detail what a change in quality would mean.

Participant 5: *“Right now it’s just quality, you’re paying because you’re expecting quality so that’s, that’s really the most important for me...if they started making crappie bags that are breaking or whatever then I will have a problem with them.”*

### **5.6.4 Unethical behaviour and moral or value conflict**

Based on the findings, South African personal luxury good consumers are not willing to buy from brands that are unethical on a societal level or that support causes or act in a way that does not align to their own value. This too is becoming increasingly important

and given the significant access to information that is now available through online and social media channels it is no longer easy for brands to hide from such controversies. By not behaving ethically brands could lose customers and customers like Participant 10 may even be willing to pay more or see value in the price if the brand was ethical. Unethical behaviour was presented as behaviour that makes the press and created controversy. There is also an expectation of transparency about the quality they promise and being deceitful on this is also something that would change purchasing motivation. Responses from participant 10, 9 and 14 are provided as support below.

Participant 10: *“I would pay more for you to be ethical in your brand like sure just to cut dollars no that's not okay”.*

Participant 9: *“I mean if it becomes a brand that is like in the press and its really bad in terms of a humane way they doing something bad I will not buy from there if it is racist I will not buy from there.”*

Participant 14: *“I think if it comes to like the brand is doing something unethical, meaning they have people in like factories working, underpaid or you know those type of things, then I would be put off the brand. Or they saying that their products are of a specific quality or material and its actually not, then I would be put off it. So, I think also if they not as transparent.”*

In terms of moral or personal misalignment, customers would not purchase from brands that support causes or take part in activities that consumers are against or do not stand for on a personal level. Supporting human tragedy crimes was presented as an example by participant 2.

Participant 2: *“the other thing is certain brands we do know fund a lot of stuff like the whole conflict with like Gaza and Syria and Palestine then I would not have bought that luxury item.”*

## **5.7 Research question 4 conclusion**

Based on the factors that change consumer motivation or loyalty toward luxury brands it is clear that the online sale of luxury goods or increasing accessibility or availability was not highly featured. The main demotivating factors for purchasing luxury are attributed to the ethical behaviour of the luxury brand with regard to how they manufacture and act publicly. Furthermore, bad customer experience and deteriorating quality were also found to be key motivator changes. Quality again is key to how South African consumers define and also key to the reason they buy luxury and it would make sense that a change in quality would put them off.

## 5.8 Conclusion

This chapter presented the research findings of the four research questions presented in Chapter 3. In gaining an understanding into the motivation to purchase luxury as posited by research question 1, it was found that South African consumers define luxury based on product attributes including price, availability and quality. It was also indicated that price and affordability play a significant role in maintaining exclusivity as it limits accessibility.

In terms of the reasons that South African personal luxury consumers purchase luxury (research question 1), the findings revealed that it was driven by a combination the financial, functional, individual and social values that luxury offered. From a financial perspective consumer consider the high price paid for a luxury an investment as by its superior quality and timelessness (functional values) it is something that will last a long time and never go out of fashion or date. In addition, the investment value is also linked to sentimental value which luxury affords as it can be handed down to others. On the contrary it was revealed that sometimes luxury consumers due see a misalignment between the price and value where they don't see the worth based on functional characteristics. Consumers were also willing to shop on sale further indicating that some consumers were found to be price sensitive and may not be motivated by instant gratification as they shopped on sale or internationally where things are cheaper.

From a functional value perspective usability relating to comfort and functionality of the item, enduring quality and aesthetic relating to the style and design and timelessness of luxury also played a significant role in motivating luxury consumption. It was found that some consumers are motivated by the social values with either the desire to be unique and different from others or through social media influence where the desire is to be socially accepted. On the contrary consumers motivated by individual values were motivated to purchase luxury as a self-reward.

The findings of research question 2 revealed that South African personal luxury consumers are not very willing to shop luxury online (less than half of the participants). This can be attributed to the low adoption rate of e-commerce in general. Although e-commerce does provide benefits of increased convenience and access to a wider of variety of items participants, even those that are willing to shop online have concerns on the ability to experience items especially those that are size dependent and require a fit on. It is thought that information provided online is not sufficient or accurate and therefore consumers are not willing to shop across the spectrum of personal luxury goods and would consider buying items that are less risky such as handbags.

Concerns were also raised on the risk of delivery, returns and payment security in relation to the price. Although these were the same non-luxury e-commerce the risk was elevated for luxury due to the high purchase price. Furthermore, the inability to have the in-store experience online was also highlighted but was not as significant and many thoughts this could be replicated in an online environment.

Based on the perception and purchase motivation of luxury it was also found by research question 3 and research question 4 that South African personal luxury good consumers perception and motivation to purchase luxury online is unchanged if luxury brands sell online. This is attributed to the fact that although selling online increases availability, high price and affordability still ensures that it is inaccessible. Bearing in mind that limited accessibility was found to be one of attributes that South African personal luxury good consumers perceived luxury to be.

Even though majority were not willing to shop online, it was recognised that selling online is a must to adapt to technology. It is also appealing to the market who prefer e-commerce.

Finally, the only factors that changed motivation to purchase a luxury brand, were based on brand attributes: deteriorating quality which was found to be a key motivator from a functional value perspective and unsatisfactory customer service. The rest were based on consumers' attitudes toward brand actions based on their own personal moral standing. This included attitude towards manufacturing processes, as well as unethical behaviour. This includes items such as misleading consumers on quality and or a moral or value misalignment where brands support causes that are perceived to clash with individual personal values.

In conclusion it appears that selling luxury online is feasible as it does not change the perception of or motivation to purchase luxury from a consumer perspective. However, in South Africa, the market size might be limited given the concerns that consumers have with not just luxury e-commerce but e-commerce in general. The following chapter provides a more detailed discussion of these findings.



## **6 Chapter 6: Discussion of results**

### **6.1 Introduction**

This chapter discusses the findings of this research study that were obtained through semi-structured interviews with South African personal luxury good consumers as presented in the preceding Chapter 5. The discussion is laid out in the order of the research questions presented in Chapter 3. The chapter presents the findings on South African personal luxury good consumers' perceptions and motivations for purchasing luxury, the implications of selling luxury online both from an adoption and potential perception change and contrasts them to the available literature. The process of contrasting aims to add to the literature on personal behaviour of luxury good consumers and the feasibility of online as a distribution channel.

### **6.2 Research question 1**

#### **What motivates South African consumers to purchase personal luxury products?**

##### **6.2.1 Research question 1a**

What do South African consumers perceive luxury to be?

Personal luxury goods include clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics and perfumes (Brun & Castelli, 2013). There has been much research into the definition of luxury and this concept is argued to be fluid with no clear characteristics consensus as it is based on the perception of consumers (Ko et al., 2017; Baker et al., 2018)

The research findings support this notion and showed that despite a few common themes, the definition of luxury generated 22 individual codes across the sample who were quite different in their age groups, professions and income levels. This supports Vigneron and Johnson's (2004) very early finding which indicated that luxury is multidimensional and a function of personal and interpersonal factors and culture.

Despite it being multidimensional, it was found South African personal luxury good consumers perception of luxury is dominated by product centred attributes rather than social or experiential attributes. This is in contrast to the view held by Seo and Buchanan-Oliver (2016) and Cristini et al. (2017) who argued that in present times the perception of luxury is no longer

product centred but rather more focussed on the personal meanings that luxury provides and fulfils for the consumer, such as status and conspicuousness. Given that luxury is an emerging and very new market in South Africa and the general lack of availability and access in South Africa does not provide a need for South African personal luxury good consumer to perceive luxury as something that signals status or conspicuousness. This maybe be a limitation of the number of participants that made up the sample as South

African consumers, especially the black middle class are thought to be found to behave conspicuously (Burger et al., 2015).

Finally, the product centred attributes of price including the use of price to limit accessibility, superior quality and limited availability (rarity) were found to be the key attributes that consumers use to perceive something as luxury or not. With regards to quality, the attributes of enduring and craftsmanship were found to be prevalent. Therefore, luxury is perceived to be expensive and hence not accessible by everyone, not easily available and is well recognised for offering superior quality. These attributes are consistent with the commonly cited dimensions of luxury as presented in the overarching definitions of luxury by Ko et al. (2017) and Kapferer and Valette-Florence (2018) who mention high quality, worthy of commanding a premium price in excess of functional utility and sold in selective environments.

Finally, in support of Kapferer and Laurent (2016) study it was also found that the perception of luxury from a perspective of pricing also varies. Given that this was not the objective of the study this was not explored in detail but did seem to exist where consumers placed a minimum price point to determine what luxury is and is not. These findings add to the understanding of South African personal luxury good consumers perception of luxury from a theoretical perspective.

### **6.2.2 Research question 1b**

What values drives the purchasing behaviour of South African personal luxury goods luxury?

Given the definition of luxury, the motivation or reasons for purchasing luxury was also explored to surface the reasons that consumers purchase luxury. There is an exodus of literature on the motivations for purchasing luxury however they are found to be culture and market dependent (Gentian et al., 2016; Chandon et al., 2016; Shukla & Purani, 2012; Kapferer, 2012; Shukla, 2010) and the findings of the research provided insight into South African personal luxury good consumers purchase motivations.

Based on the results it appears that South African consumers' motivation to purchase luxury was varied across the sample. However, key themes were identified across the consumption value theories, that guide the purchasing behaviour of luxury products and hence are used to understand consumer motivation for purchasing luxury (Sheth, 1991; Wiedmann, 2009; Hennigs, 2015). The findings indicate that South African personal luxury good consumers' motivation to purchase luxury was related to a combination of the financial value, functional value, individual value and social value. This is in support

of research by Wiedman et al. (2009), who indicate that the purchase motivations can be expected to be constituted by multiple values.

Similar to the definition of luxury, the findings indicate that South African personal luxury good consumers motives to purchase luxury are dominated by the tangible and intangible functional value. This is followed by financial value and also a mix of individual and social value. With South Africa being an emerging market country with an emerging middle class (Mashaba & Wiese, 2015; Burger et al., 2015), it was expected that the social value explained by Veblen's (1899) conspicuous consumption theory would be the predominant value based on Kapferer (2012) who indicated that in emerging market countries luxury consumption is driven by the desire for consumers with rising incomes to purchase luxury as a form of recognition and status. However, this was not the case and is possibly attributed to limitations with sample. The sample was not limited to social classes and hence it is possible that participants interviewed did not fall into the merging or merging black middle class. A detailed discussion of each individual value will be presented below.

#### 6.2.2.1 Financial value

Financial value refers to the monetary aspect of price resale cost, discount and investment usually measured based on the high price that defines luxury. (Wiedmann et al., 2009; Sheth et al., 1991). The findings showed that for South African personal luxury consumers, the motivation to purchase from a monetary perspective was not just a function of the price. It was more a relationship between the price and the value of the item as perceived through the functional attributes of quality (enduring), aesthetic and timelessness. As a result, majority of the participants did not purchase seasonal items because of their ability to go out of fashion. This provides luxury the ability to provide sentimental value as it never dates and could like an investment be treated as some form of inheritance on hand me down. This indicates that when considering price of an item, and the willingness to spend will be determined by the quality (this is a given) as well as the aesthetic style which must be timeless so that the item can be used for a long time without becoming outdated. This is in contradiction to Wiedman et al. (2009) who found that high prices are perceived to be a result of build by intangibles such as heritage, tradition, history, country of origin, and the dream lifestyle and not by offering a superior functionality or even quality. None of these were found to be prevalent for South African personal luxury good consumers.

It was also found that consumers don't always see an alignment between the value of the item and the price and perhaps it can be postulated that it is because they don't place

significant value on the intangible attributes as suggested by Wiedman et al. (2009) or that the intangible attributes are more subjective and could vary from consumer to consumer. For instance, some branded items were thought to be ridiculously price while for some categories within the range such as clothing the high price was not justified based on the value or usability item.

Consumers also tended to be price sensitive where they waited for sales or waited to travel internationally where luxury was thought to be cheaper and for majority the ability to afford luxury was dependent on the level and rate of savings. This indicates that luxury is no longer reserved for the super-rich or people of high society (Lee & Watkins, 2016) and is now more accessible to others even though they may not be able to purchase it or consume it frequently. This is found to be consistent with the literature which indicates that in modern times rising incomes, luxury is more accessible due to growing availability, and growing demand by emerging aspirational consumers in both emerging and mature markets (Chandon et al., 2016; Brun and Castelli, 2013).

However, the findings contradict the literature that South African personal luxury good consumers shop for conspicuous or signalling reasons as many of them were found to plan and save up for purchases, buy at a discount or wait to travel and therefore are not driven by the need for instant gratification (Chandon et al., 2016) but rather satisfaction as explained by motivation theory (McGuire, 1974; Liu et al., 2013). It also does not find conspicuous behaviour amongst SA personal luxury good consumers where that price is used an attribute to signal wealth (Veblen, 1899; Belk, 1988). Rather it supports Wiedmann et al. (2009) findings that the price alone is not a value driver but investment value, or sentimental value that the item offers do play a role as well. Therefore, for South African personal luxury good consumers, price alone is not a driver but must be considered in relation to the functional value as well as investment and sentimental value that luxury offers.

#### 6.2.2.2 Functional value

From a functional value perspective, it was found that when purchasing luxury consumers do require the item to be usable and it must meet their needs based on the actual physical attributes of size and design. Furthermore, South African personal luxury good consumers shop luxury because of the superior and enduring quality that luxury provides. This indicates that consumers choose to buy luxury because of the superior quality and performance that is different to non-luxury brands (Wiedmann et al., 2009; Vigneron & Johnson, 2004; Quelch, 1987).

Strongly linked to the functional value was the finding that the aesthetic value, understood the style and look of luxury is unique and timeless, meaning it can never go out of fashion. This core attribute of a luxury brand from an intangible perspective which makes it appealing to consumers according to Kapferer & Valette-Florence (2016). They say that ability of a luxury brand to stay “one of kind” and be a fashion leader rather than a fashion follower is what makes it desirable (Kapferer & Valette-Florence, 2016). As discussed above, there exists a strong relationship between the functional value that luxury provides as well as the financial value of price and these two in combination are key motivators for luxury consumption amongst South African personal luxury good consumers.

### **6.2.2.3 Individual value and Social value**

There was a contrast identified in the motivation to purchase luxury from an individual and social value perspective and both were identified as value motivations for luxury purchases amongst the personal luxury good consumers interviewed.

The findings revealed that, South African personal luxury good consumers, tended to purchase luxury for the hedonic value and personal meaning and pleasure that luxury provides. According to Seo and Buchanan-Oliver (2016), personal meanings are focused on an individual’s subjective interpretation of luxury and include experiential/hedonic values, individual meaning, experiences and personal pleasures. The motivation to purchase luxury in this case is as a form of self-reward or self-gift for personal recognition of success which can be tied to working hard or reaching personal or work-related goals. This indicates that luxury consumption is tied to the personal meaning and hedonic benefits that the material luxury item provides. This is referred to as luxury for the self and is explained by Kapferer & Valette-Florence (2018); Wiedmann et al. (2009) and Vigneron & Johnson (2004) where purchasing of luxury products is done to satisfy their private self as a self-reward, self-pampering or self-elevation. This is often linked to materialism, however the findings contradict this aspect as consumers purchased the luxury items more for the sentimental value of the memory it holds and as a value to continue to work harder to achieve goals.

In addition to the individual value, the social value of luxury also motivates purchasing luxury either through the desire to be unique and differentiate oneself from others or through the desire to adopt luxury influenced by social media. Some of the consumers interviewed preferred to purchase unique, rare or limited-edition items that were not widely available, accessible or even easily replicable. This indicates that they would not invest in items that were likely to be used or owned by many people. Personalisation

and customisation was also found to be used to make items unique. This adds to Ko et al. (2017) who discussed the way in which uniqueness is maintained through scarcity (limited availability/limited editions), limited accessibility through price and limited distribution.

South African personal luxury good consumers need for uniqueness and differentiation from others could also serve as symbol of status or success for the consumer and as symbol to others about the consumer. This is found to be congruent with Kapferer and Valette-Florence (2016) who articulated that luxury brands have the ability and power to remain a leader in ensuring that buyers who consume it are considered to be classy and viewed in high status. It is also explained by the theory of uniqueness which posits that a consumer's need for uniqueness motivates luxury consumption as they develop the need to be different and stand out especially in highly similar social environments (Snyder & Fromkin, 1977; Ko et al., 2017).

In addition to the desire to be unique it was also found that if brands were to change their price points so that they were more accessible to different types of market or if they increased availability through mass production than it would contaminate perception of luxury and hence change the motivation to purchase. This indicates that some of consumers interviewed are likely to portray the characteristics of Parvenus type of consumers rather than Patrician consumers (Han, Nunes & Dreze, 2010). Although both groups are wealthy, Patricians have a low need for status and use indirect and refined signals for in-group association whereas Parvenus purchase luxury goods as a need for social status (Han et al., 2010; Wan & Anna, 2014). In addition, Patricians have no need to use material items to signal their status or their wealth and do not desire to differentiate themselves from those that are less affluent whereas Parvenus do. Parvenus are also not likely to associate with those who cannot afford luxury and if less wealthy consumers start purchasing luxury items, Parvenus will perceive the luxury image to be contaminated and no longer suitable to signal wealth or power which was found to be the case (Han et al., 2010; Wan & Anna, 2014). It was found that if less affluent consumers have access to products because they are made cheaper, than the luxury is no longer able to signal superior social status which may or may not be linked to wealth and hence consumers would no longer be willing to purchase it,

Given the characteristics of the South African emerging middle class (Mashaba & Wiese, 2015; Burger et al., 2015), it was not possible to identify based on income level alone where the consumers were placed with regard to social class. It is therefore difficult to conclude that Parvenus type behaviour is an attribute of the emerging middle class.

However, it does support the findings of Wan and Anna, (2014) and Shukla, (2012) that some consumers in emerging market countries such as Brazil, Russia, India and China, Malaysia, and South Korea are more likely to be Parvenus. However, a difference was identified in that for South African consumers Parvenus behaviour was only found to be the case if the price point was changed to attract less affluent consumers.

Finally, there were also some consumers that were motivated to purchase luxury based on their exposure to online advertising and on social media through bloggers and other persons such as friends. This desire to purchase luxury as something that would be considered cool or acceptable by others and can be explained by social comparison theory (Festinger, 1954). This is explained by Wiedmann et al. (2009) who propose that people conform to the majority opinion of the groups they belong to and may use luxury brands to conform to acceptable social standards. More importantly and more relevantly, Seo and Buchanan-Oliver (2016) state that in addition to advertising, luxury consumers are influenced by the actions of others as well as prevailing pop culture narratives which was found to be the case with majority of South African personal luxury consumers. This finding may be limited by sample size and the homogenous nature in that all participants were female, and majority were high to middle income earners who were also professionals.

### **6.3 Research question 2**

#### **Will South African luxury consumers purchase personal luxury goods online?**

As it presently stands, luxury brands do not have online stores as a distribution channel in South Africa yet. The findings of the research show that the willingness to purchase luxury online is low as only less than half of the participants would be willing to purchase luxury online. This could be explained by the fact South Africa in general does not have massive e-commerce market when compared emerging countries like China, UK and Germany (Hoogduijn, 2018). This is related to the fact that many of the participants interviewed were not regular online shoppers while only 3 had purchased luxury online. The lack of adoption of e-commerce was attributed to age, lack of appeal of online shopping, and the desire to experience items in person and the consumer needs and shopping preferences. Consumers that were willing to purchase luxury online are motivated to do so because of the superior convenience that e-commerce offers, the access to a wider variety of items that may be available as well as the fact that they are able to trust an e-commerce sites through positive experiences by themselves or others. This in line with Kempen et al. (2015) who studied online shopping intent of South African consumers where convenience and online variety were found to have a positive impact on intent to shop online.

However, the findings also revealed that irrespective of whether consumers were willing or were not willing to shop online they held similar concerns which inhibited the need and desire to shop online. A major concern was related to the inability to experience items online and this was especially strong for items that were size dependent. Related to these consumers don't always trust that the information provided online is accurate or realistic enough. This appears to be a concern for South African online shoppers in general, as fashion and beauty products which generally need to be fitted on only make up a small percentage of total online retail (We Are Social and Hootsuite, 2018; Statista, 2018). It is also aligned to Kempen et al. (2015) research which found that consumers feel like they have control over functional risks such as realistic presentation, stylistic clarity but the visual limitation of the ability to interact with the item and obtain an accurate view of the item on themselves as well as ability to assess quality is not something, they have control over. The findings therefore showed that the willingness to shop leather goods which includes handbags, wallets and items that do not require a personal fit on is the highest while for the others it is much lower and also individual consumer shopping preference dependent. In addition to Kempen et al. (2015) research this finding indicates that e-commerce concerns for luxury and normal shopping appear to be similar.

Furthermore, consumers perceived shopping luxury online to be risky given that the items are expensive the risk associated with delivery, returns and payment security are perceived to be high. Although these risks are also prevalent with regular online shopping, (Kempen et al., 2015; Mkhosi 201, Oghazia, 2018), these risks are thought to be elevated when compared to normal online shopping due to the higher price that is paid. All these factors are supported by research on general online shopping as reported by (Mkhosi, 2017; Hung & Tung, 2017). Mkhosi (2017), reported that online shoppers in South African were driven by price, fast and cost-effective delivery and the ability to return items while Hung and Tung (2017) found that website quality factors: personalisation, completeness, relevance, secureness and ease of understanding influenced online shopping, but secureness was the most significant. This research contradicts that and found that inability to touch, feel, see and fit on items online is the most significant.

Although not as big as the other factors but commonly used in the argument against luxury was the unwillingness to shop online due to the inability of online to offer the superior personalised service. As reported by Baker et al. (2018), this is a key concern and core to "The internet dilemma" given that the personalised service and memorable



retail experience that a luxury brand offers adds to the luxury brands desirability (Wu, Chaney, Chen, Nguyen, & Melewar, 2015; Liu et al., 2013; Kluge et al.,(2013) and does not match the findings on Indian consumers who prefer in store shopping because of the experience offered (Jain and Schultz, 2016). Although consumers did find the experience to be important it was not top of list when considering shopping luxury online even though this type of service is expected in store. In addition, it was recognised that show rooming could be adopted to maintain the desire to experience the item in store but then shop online to obtain it at a cheaper price (Baker et al., 2018). Basak et al. (2017) who studied the phenomenon of showrooming through game theory models, not specifically for luxury retail, found that increasing levels of “show rooming” negatively impacts the profit of the traditional and online retailer and therefore this is a challenge that must be considered for luxury brands choosing online channels.

Furthermore, a large proportion did think that the online experience could be replicated using technology such as extended reality and robots to personalise the online experience and perhaps this is why it was not raised as a significant concern. As found by Baker et al. (2016) and Beuckels and Hudders (2016) technology such as virtual reality, image interactivity and omni-channel approaches can be considered to replicate the experience.

Finally, a concern was raised on the inability of online to maximise sales due to lack of personal interaction and experience. Beuckals and Hudders (2016) findings show that in a physical store, consumers get to experience a products shape, texture, and examine its perceived function through their senses in an environment that is used to increase the likelihood of sale. Although that is true and must be considered this research also adds the finding not having a personal assistant online to offer superior service and make recommendations to customers by upselling and cross selling may limit the spend per customer online. This is beneficial for consumers but a challenge for brands in an online environment and brands must think about how to replicate this service online.

In summary not, many consumers are willing to shop luxury online and this is not related to the lack of personal experience that online offers but is more related to the general concerns related to e-commerce: inability to experience items, security, delivery and returns policy for which the risks are perceived to be higher given the price. Again, this may be limited based on the characteristic of the sample and regular e-commerce users may provide different insight.

#### **6.4 Research question 3**

##### **Does the online sale of personal luxury goods online, change South African perception of luxury brands?**

It is widely contested in literature that the introduction of an online sales channel for luxury goods contradicts the motives consumers have for purchasing luxury. Despite the cited managerial benefits of increasing growth, it is argued that the ubiquitous access through online selling is incompatible with the luxury brand attributes of scarcity, exclusivity and uniqueness (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). In contradiction to this, the findings of this study conclusively revealed that South African personal luxury good consumers' perception of luxury is unchanged with the introduction of online sales.

As explained in the findings for research question 1a personal luxury goods perceptions of luxury is based on the high price which limits accessibility, limited availability (not widely available) and high quality. Selling luxury online is therefore not found to contradict any of these perceptions as consumers recognised that even if brands sell luxury online and it is more available, the high price point still limits accessibility based on affordability and that remains unchanged. In addition, increased availability online was found to offer greater convenience and was not thought to mean that brands would suddenly mass produce stock for online sales. It is for these reasons that South African personal luxury good consumers feel that exclusivity and scarcity is maintained even if online is perceived to be more accessible and more available. This perception of exclusivity of scarcity is therefore based on limited production and high prices and is found to be in line with the findings of Kluge and Fassnacht (2015) agree who state that limited production, high prices are two antecedents of perceived scarcity. It can also be explained by Vigneron and Johnson's (2004) who found that desire for perceived exclusivity and scarcity is satisfied by expensiveness (price), because higher price items are also perceived to enhance value by being exclusive and rare (limited availability).

Furthermore, selling online is not expected to change high quality which is key perception of luxury and hence consumers perceptions of the brand are also unchanged if they sell online. This contradicts Kapferer & Valette-Florence (2016) assertion that while e-commerce does allow access to those luxury shoppers who are unable to find a store, it is also open to anyone, without any selectivity which contradicts the definition of luxury by being open to all. It is this openness to anyone that has been a huge part of the reluctance luxury brands has to sell online. This research indicates that selectivity is determined by price and therefore selling online, although being more available does

over some form of selectivity in that not everyone can suddenly afford to buy luxury if it is placed online. It is merely seen as a more convenient channel for some to access luxury. Furthermore, this research also found that by allowing online only products or online exclusive products, luxury brands can maintain and enhance the perception of scarcity and exclusivity. This research seems to indicate that if consumers perception of luxury is based on product attributes than the online sale of luxury goods will not change their perception unless the attributes are changed. From a motivation perspective the relationship is more complex as consumers are motivated to shop by multiple values. However, it is proposed that if consumers are motivated strongly by the functional value, financial value and individual value of that luxury offers that the motivation to shop luxury is not likely be affected by online sales. The complication arises with those that are motivated by social value as it is here that luxury e-commerce is likely to contradict consumers perceptions and reasons for purchasing luxury. This is merely an insight from the research and is limited by the sample that did not have a large enough number of participants for it to be conclusive and generalisable.

Majority of the respondents also saw e-commerce as something beneficial for luxury brands to do because a) they must adapt with technology, b) it provides cost savings as it can reduce overheads and supply chain costs and c) luxury consumers may have different shopping habits and preferences and online may appeal to a wider market. These managerial benefits are similar to what was reported by Kluge and Fassnacht (2015) and include growth, improved profitability, and access to larger markets.

It was also highlighted that if luxury brands lowered the price point or mass manufactured products so that it was more accessible and more available to others and more particularly lower income groups, than this would lead to a change the perception. However, from an online sales perspective it is seen merely as a new distribution channel for brands that could assist with growth. Finally, the way in which the brand is communicated was also highlighted as an important aspect to maintaining exclusivity while online. This again can be explained by the social value motivation of Parvenus type consumers as explained in research question 2.

Therefore, in contradiction to the concerns raised in literature it was found that South African luxury consumers perception of luxury brands will not be changed by brands selling online and will only change if they drop the price point and increase production so that it is more accessible to a lower income market.

## **6.5 Research question 4**

### **Does the online sale of personal luxury goods online change South African consumers' motivation to purchase luxury brands?**

South African personal luxury good consumers motivations for purchasing luxury are based on the functional, financial, social and individual values that luxury offers as discussed in detail under research question 1 above. The findings for this question again revealed that the motivations to purchase luxury will not be changed by the online sale of luxury goods but rather by moral standing and the related development of negative personal attitudes and towards actions by brands. Bryson et al. (2013) reported that a change in consumer attitudes and negative emotions towards luxury brands can influence purchase decisions and loyalty and research by Phau et al. 2015, implied that consumer attitudes and loyalty toward luxury brands is dependent on their moral standing.

The findings supported this and revealed that the factors that change purchasing motivation included attitudes towards: manufacturing processes (safety and use of sweatshops) used by brands, the ethical behaviour by brands as well as moral and value conflicts such as support of unethical or immoral causes. Consumers were also not likely to support brands whose quality had deteriorated or where they received unsatisfactory service.

This is similar to Bryson et al. (2013) findings where an extreme negative emotional response to a brand is caused by service dissatisfaction and even unethical behaviour (Bryson et al., 2013) and also suggests South African personal luxury consumer's like other consumers in their study are increasingly concerned with the ethical impact on people and the environment of their purchase decisions (Phau et al., 2015). In addition, it also found that selling luxury online does create negative attitudes against brands and therefore does not change the motivation to purchase from a brand that sells online.

## **6.6 Limitations**

It must be noted that the discussion and presented may be limited by the sample which although was varied by age group, income level, profession and frequency of luxury good purchase it was limited to females. Therefore, it may not be generalisable to males or even given that males are thought to have different attitude on luxury than females (Stokburger-Sauer & Teichmann, 2013; Wiedmann et al., 2009) or social classes such as the emerging middle class. Furthermore, the sample size was small and was obtained using snowball sampling which have had an influence in the results due to homogeneity of views.

Furthermore, the sample was not limited to emerging middle-class consumers who are thought to signal or make statements about their success using luxury goods (Kapferer & Valette-Florence, 2018). Given that the research did not identify conspicuousness as a social value that motivates luxury consumption, this study may not be generalisable to those groups.

## **6.7 Conclusion**

This chapter presented a discussion of the findings of this research study. It has shown that the behaviour of South African personal luxury good consumers is both supported by and contradicts literature. The discussion included an understanding of the perception of and motivation to purchase luxury from a consumption value perspective and this provided valuable insight into the South African personal luxury good consumer was both supported by and contradicted the presented literature.

The main finding, discussion point as well as contribution to the literature is that the online sales of personal luxury goods in South Africa does not change the consumers perception of luxury because the attribute of price still limit accessibility and availability and maintains the exclusivity and rarity of the brand. This is in contradiction the major theme in literature which argues that e-commerce contradicts the attributes of luxury and hence would change consumers perceptions of luxury as discussed by a variety of researchers (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). Although consumers perceptions are not changed, they are not willing to shop luxury online and the challenges the concerns associated luxury e-commerce were identified to be no different that the concerns associated with normal e-commerce and this was discussed in relation to the relevant literature. Finally, the factors the change consumers motivation to purchase luxury was also discussed.

## **7 Chapter 7: Conclusion**

### **7.1 Introduction**

The aim of this research study was to explore the feasibility of online as a distribution channel for personal luxury goods in South Africa. An online sales channel offers managerial benefits of increasing growth and profitability as well as the consumer benefits of convenience and availability (Kluge and Fassnacht, 2015). Despite these benefits, many researchers have argued that the ubiquitous access through online selling is incompatible with the luxury brand attributes of scarcity (limited availability), exclusivity (limited accessibility) and uniqueness (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). This research aimed to qualitatively explore South African luxury good consumers perceptions on the online sales of personal luxury goods in South Africa where personal luxury goods include clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics and perfumes (Brun & Castelli, 2013). Thirteen semi-structured interviews with regular consumers of personal luxury goods in South Africa were conducted to answer four research questions. This Chapter presents the conclusion to the research. It provides a summary of the research findings, presents implications for theory and business, highlights limitations and presents areas for future research.

### **7.2 Principal Research Findings**

#### **7.2.1 SA personal luxury good consumers motivation for purchasing luxury**

To understand South African luxury personal luxury good consumers motivation for purchasing luxury, their perception of luxury based on the definition of luxury (Ko et al., 2017; Baker et al., 2018) and reasons for purchasing luxury were explored. It was found that South African personal luxury good consumers perceptions of luxury are dominated by product centred attributes rather than social or experiential attributes (Seo and Buchanan-Oliver, 2016; Cristini et al., 2017). The dominant attributes in defining luxury was found to be price where luxury is typically something that is expensive of commands a high price. More importantly, it was found that price was also the attribute that consumers used in determining who can access luxury as a function of affordability and things are only perceived to be luxury above a certain price point. Limited availability or rarity (not everyone has and not sold everywhere) and superior quality specifically with regard to the enduring nature and superior craftsmanship of luxury were also found to be defining attributes in what consumers perceived to be luxury.

There is a great amount of literature on the motivations for purchasing luxury however they are found to be culture and market dependent (Gentian et al., 2016; Chandon et al.,

2016; Shukla & Purani, 2012; Kapferer, 2012; Shukla, 2010;) and the findings of the research provided insight into South African personal luxury good consumers purchase motivations. It was found that South African personal luxury good consumers motivation to purchase luxury was varied related to a combination of the financial value, functional value, individual value and social value which is supported by Wiedman et al. (2009), who indicate that the purchase motivations can be expected to be constituted by multiple values. The financial value was not just related to the high price that luxury commands but more to the value that is received in relation to the high price perceived through the functional attributes of quality (enduring), aesthetic and timelessness. Consumers are motivated to pay high prices for luxury because it is seen as an investment that has the ability to last long, never go out of fashion and also provide sentimental value. However, it was also found that in some instance some South African personal luxury good consumers do need see value for the price especially for items that are not enduring or usable. Consumers were also found to be price sensitive and not driven by instant gratification (Chandon et al., 2016), as based on their affordability had to save up and plan to purchase luxury. The research did not find any relationship between price and its ability to signal status through conspicuous consumption (Veblen, 1899; Belk, 1988) which is a common finding in emerging market countries like South Africa (Chandon et al., 2016; Brun and Castelli, 2013).

From a functional value perspective, consumers are motivated to purchase luxury based on the tangible attributes of usability and superior quality which means that it meets intend needs and it lasts a long time unlike not luxury brands (Vigneron & Johnson, 2004; Quelch, 1987). Strongly linked to the functional value was the finding that the aesthetic value, understood the style and look of luxury is unique and timeless, meaning it can never go out of fashion. This core attribute of a luxury brand from an intangible perspective which makes it appealing to consumers according to Kapferer & Valette-Florence (2016).

There was a contrast identified in the motivation to purchase luxury from an individual and social value perspective and both were identified as value motivations for luxury purchases amongst the personal luxury good consumers interviewed. From an individual value perspective, consumers were found to purchase luxury because of the hedonic benefits it provided through memory, self-reward or self-gifting that carried personal meaning (Seo and Buchanan-Oliver, 2016). From social value perspective consumers were found to purchase for uniqueness and preferred to purchase unique, rare or limited-edition items that were not widely available, accessible or even easily replicable in order to be differentiated from others in their social environment as explained by the theory of

uniqueness (Snyder & Fromkin, 1977; Ko et al., 2017). In addition to the desire to be unique it was also found that if brands were to change their price points so that they were more accessible to different type of market or if they increased availability through mass production than it would contaminate perception of luxury and hence change the motivation to purchase indicating that some consumers display characteristics of Parvenus consumers (Han et al., 2010; Wan & Anna, 2014). Given the characteristics of the South African emerging middle class (Mashaba & Wiese, 2015; Burger et al., 2015), it was not possible to identify based on income level alone where the consumers were placed with regard to the income mobility and it is difficult to conclude that Parvenus type behaviour is an attribute of the emerging middle class. However, it does support the findings of Wan and Anna, (2014) and Shukla, (2012) that some consumers in emerging market countries such Brazil, Russia, India and China, Malaysia, South Korea are more likely to be Parvenus. However, for South African consumers this was only found to be the case if the price point was changed to attract less affluent consumers.

Finally social media influence was also found to be a motivator for purchasing luxury indicating the desire to purchase luxury as something that would be considered cool or acceptable by others and can be explained by social comparison theory (Festinger, 1954).

### **7.2.2 SA personal luxury good consumers' willingness to shop luxury online**

As it presently stands, luxury brands do not have online stores as a distribution channel in South Africa yet. The findings of the research show that the willingness to purchase luxury online is low as only less than half of the participants would be willing to purchase luxury online and only 3 consumers had purchased luxury online. South Africa in general does not have massive e-commerce market when compared emerging countries like China, UK and Germany (Hoogduijn, 2018). The lack of adoption of e-commerce was attributed to age, lack of appeal of online shopping, the desire to experience items in person and the consumer needs and shopping preferences. Despite the recognition that e-commerce does offer benefits of increased convenience and access to a wider of variety of items participants, even those that were found to be willing to shop luxury online were not willing to shop for items that they felt needed to be experienced in person and they too raised some concerns. The concerns raised by those that were willing to shop online and those that were not online were similar and included:

- The need to experience-touch, feel, see and fit on an item.
- Lack of trust in the accuracy and realistic nature information provided online.
- Risk associated with delivery, returns and payment security are perceived to be high given the expensiveness.



- Inability for online to offer a personalised experience (not significant).

Many of these concerns (excluding personalised service) are found to be prevalent when shopping for normal goods online (Mkhosi, 2017; Hung & Tung, 2017) and therefore it can be concluded that they are not a function of luxury alone.

As reported by Baker et al. (2018), personalised service is a key concern and core to “The internet dilemma” given that the personalised service and memorable retail experience that a luxury brand offers adds to luxury brand desirability (Wu, Chaney, Chen, Nguyen, & Melewar, 2015; Liu et al., 2013; Kluge et al., (2013). However, it was found in stark contradiction that although consumers did find the experience to be important it was not top of list when considering shopping luxury online. It was also found that it was thought to be possible to replicate the experience online using technology and such as virtual reality and online personal assistants as was found by Beuckels and Hudders (2016). From a business perspective, it was also found that the lack of personal interaction could negatively affect spend per customer in an online space.

In summary not, many consumers are willing to shop luxury online and this is not related to the lack of personal experience that online offers but is more related to the general concerns related to e-commerce: inability to experience items, security, delivery and returns policy for which the risks are perceived to be higher given the price.

### **7.2.3 SA personal luxury good perceptions on the online sales of luxury**

It is widely contested in literature that the introduction of an online sales channel for luxury goods contradicts the motives consumers have for purchasing luxury because selling online is incompatible with the luxury brand attributes of scarcity, exclusivity and uniqueness (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). In contradiction to this, the findings of this study conclusively revealed that South African personal luxury good consumers perception of luxury is unchanged with the introduction of online sales. This is because South African personal luxury good consumers perceptions of luxury are based on product attributes: high price which limits accessibility, limited availability (not widely available) and high quality which remain unchanged with an online distribution channel.

Selling luxury online is therefore not found to contradict any of these perceptions. The reason being, even if brands sell luxury online and it is more available, the high price point still limits accessibility based on affordability and that remains unchanged. In addition, increased availability online was found to offer greater convenience and did not imply an increase in production of goods. Quality which was also one of the major

perceptions of luxury and motivations to purchase luxury would also remain unchanged if a brand sells online and hence online sales does not contradict this. It is for these reasons that South African personal luxury good consumers feel that exclusivity and scarcity is maintained even if online is perceived to be more accessible and more available. The research seems to indicate that if consumers perception of luxury is based on product attributes than the online sale of luxury goods will not change their perception unless the attributes are changed. From a motivation perspective the relationship is more complex as consumers are motivated to shop by multiple values. However, it is proposed that if consumers are motivated strongly by the functional value, financial value and individual value of that luxury offers that the motivation to shop luxury is not likely be affected by online sales. The complication arises with those that are motivated by social value as it is here that luxury e-commerce is likely to contradict consumers perceptions and reasons for purchasing luxury. This is merely an insight from the research and is limited by the sample that did not have a large enough number of participants for it to be conclusive and generalisable.

The one thing that was thought to increase accessibility and change perception was lowering the price or increasing availability through mass production. This perception of exclusivity of scarcity is therefore based on limited production and high prices and is found to be in line with the findings of Kluge and Fassnacht (2015) agree who state that limited production, high prices are two antecedents of perceived scarcity. It can also be explained by Vigneron and Johnson's (2004) who found that desire for perceived exclusivity and scarcity is satisfied by expensiveness (price), because higher price items are also perceived to enhance value by being exclusive and rare (limited availability).

The findings also revealed the consumers recognise that people have different shopping preferences and hence consider online to be beneficial for luxury brands as it meets the needs of market who may be willing to shop online (if they can afford to). It also necessary for brands to adapt to changing technology.

#### **7.2.4 Changes in SA personal luxury good consumers purchase motivations**

The findings revealed that the motivations to purchase luxury will not be changed by the online sale of luxury goods but rather by moral standing and the related development of negative personal attitudes and towards actions by brands. Factors that change purchasing motivation included attitudes towards: manufacturing processes (safety and use of sweatshops) used by brands, the ethical behaviour by brands as well as moral and value conflicts such as support of unethical or immoral causes. Consumers were

also not likely to support brands whose quality had deteriorated or where they received unsatisfactory service.

This is similar to Bryson et al. (2013) findings where the an extreme negative emotional response to a brand is caused by service dissatisfaction and even unethical behaviour (Bryson et al., 2013) and also suggests South African personal luxury consumer's like other consumers in their study are increasingly concerned with the with the ethical impact on people and the environment of their purchase decisions (Phau et al., 2015). In addition, it was also found that selling luxury online does create negative attitudes against brands and therefore does not change the motivation to purchase from a brand that sells online.

In conclusion the feasibility of online as a distribution channel for personal luxury goods in South Africa is not a function of the non-compatibility of online with the perceptions and attributes of luxury as reported in the literature but more a function of the willingness of South African consumers to e-commerce not just for luxury but in general.

### **7.3 Implications for Theory**

From a theoretical perspective this research extends the literature on the complex and multidimensional behaviour of luxury consumer considering changing luxury market conditions and new business models such as e-commerce. It provides insight on the behaviour of South African personal luxury good consumers which is lacking and adds to the literature on the definition and perceptions of luxury, the consumption values theories as well e-commerce both from a general and from a luxury perspective. The research confirms some of the existing literature but in some instances offer some contradictions and these contradictions are listed below.

- South African personal luxury good consumers perception of luxury is dominated by product centred attributes rather than social or experiential attributes. This contrasts with the view held by Seo and Buchanan-Oliver (2016) and Cristini et al. (2017) who argued that in present times the perception of luxury is no longer product centered
- The research did not find the inability of online to offer a superior personalised service as a significant challenge to luxury e-commerce adoption. This is opposite to Baker et al. (2018), who found it to be a key concern and core to "The internet dilemma" given that the personalised service and memorable retail experience that a luxury brand offers adds to luxury brand desirability (Wu, Chaney, Chen, Nguyen, & Melewar, 2015; Liu et al., 2013; Kluge et al.,(2013) and does not

match the findings on Indian consumers who prefer in store shopping because of the experience offered (Jain and Schultz, 2016).

- The findings of this study conclusively revealed that South African personal luxury good consumers perception of luxury is unchanged with the introduction of online sales, The online sales of e-commerce has not been studied extensively and therefor this adds to the literature. Furthermore, this finding is in contradiction to the generally held view that the introduction of an online sales channel for luxury goods contradicts the motives consumers have for purchasing luxury (Ko et al., 2017; Beuckels & Hudders, 2016; Chandon et al., 2016; Parguel et al., 2016; Liu, et al., 2013; Brun & Castelli, 2013; Okonkwo, 2009). The research seems to indicate that if consumers perception of luxury is based on product attributes than the online sale of luxury goods will not change their perception unless the attributes are changed. From a motivation perspective the relationship is more complex as consumers are motivated to shop by multiple values. However, it is proposed that if consumers are motivated strongly by the functional value, financial value and individual value of that luxury offers that the motivation to shop luxury is not likely be affected by online sales. The complication arises with those that are motivated by social value as it is here that luxury e-commerce is likely to contradict consumers perceptions and reasons for purchasing luxury. However, this may need further investigation.

#### **7.4 Implications for Management**

This research provides luxury brand insight into personal luxury good consumer behaviour in the emerging luxury market of South Africa. It helps them understand what consumers perceive luxury to be as well as what motivates consumers to shop luxury. This can be used to better inform marketing and distribution strategies in the future and better understand the feasibility of e-commerce platforms.

In addition, and with regard to the ongoing luxury e-commerce debate this research found that for personal luxury goods in South Africa the perception of luxury is not changed if luxury is sold online. This indicates for luxury brands that e-commerce is a feasible distribution channel. However, although feasible from a luxury perception perspective, the willingness to shop for luxury online is low because the adoption of e-commerce is still relatively low and many of the risks and concerns that customer hold for general e-commerce are elevated for luxury due to the high price. For those brands that are looking to launch e-commerce platforms in South Africa, to meet the needs of those that are willing to shop online, it is suggested that they would need to offer a superior experience which:

- **Allows experiencing the item in an online space:** This must allow consumers to visually see, touch, feel and visualise the item on their person.
- **Sufficient and realistic information:** The information such as size charts and images must be accurate and detailed.
- **Clear guidelines on delivery policies and perhaps click and collect:** A superior delivery service that secures the package and maybe provides some level of personalisation to replicate the instore experience. A superior click and collect experience that provides part of the personal in store experience for those that desire it and miss in by purchasing online.
- **Ease of returns:** The return process should easy and convenient.
- **Secure payment:** This is supported by a website design and payment processes that are deemed to be safe by consumers and protect against fraud.
- **Limited online offering:** Brands should not make it difficult for consumers to choose, in addition to start out they should sell items which don't require fitting on to build consumers trust with the ecommerce shopping process and then move to the bigger items.

## 7.5 Limitations of the research

This research through an exploratory qualitative study found that the online sales of personal luxury goods in South Africa does not change South African personal luxury good consumers perceptions of luxury. It does however highlight an unwillingness to shop online. There however limitations with this study and these are noted below.

- The sample was small and only constituted of female participants and although they were varied in terms of age, income level, profession as well as frequency and number of luxury goods owned they may not be representative of the entire South African personal luxury good consumer population which includes males and others that are motivated to shop more for social value reasons
- The population was limited to South Africa and therefore it may not be generalisable across national cultures as was found by Shukla (2010) and Shukla and Purani (2012).
- The subjective and qualitative nature of the study are subject to researcher bias as well as interviewee bias where sample participants may not have answered based on socially accepted norms both of which may have skewed the findings.
- This study was limited to personal luxury goods only and hence may not be generalisable across the entire landscape of the luxury market.

## **7.6 Suggestions for future research**

To extend this research, the following suggestions for future research are made

- Extend this study to a wider sample and restricted by age, income level, social class, culture or gender to understand if the results remain unchanged given that their perceptions and value motivations may be different and for comparative purposes. This could be within South Africa or in other countries as well.
- Conduct more detailed research on the concerns and enablers for luxury e-commerce that would increase the willingness of consumers to shop online.
- Explore the factors that change consumers motivation to purchase luxury in more detail.
- Extend this study to include other luxury goods and not just personal luxury goods

## **7.7 Conclusion**

This research study provided new insights into the feasibility of online as a distribution channel for personal luxury goods in South Africa by understanding the consumers perception and value motives for purchasing luxury, their willingness to purchase luxury online and most importantly whether the online sale of luxury online changes their perceptions of and motivation to purchase luxury. Through a qualitative and exploratory study with thirteen regular luxury consumers, the research findings indicated that although the online sale of luxury does not change South African personal luxury good consumers perception of luxury and motivation to shop for luxury, they are largely unwilling to shop for luxury online. The reasons for the unwillingness to shop online are related to low e-commerce adoption rate as well as concerns on e-commerce that are not limited to luxury but emphasised due to the higher price risk. In addition, the research found that South African personal luxury good consumers perception of luxury is based on product attributes and their motivations to purchase luxury are a combination of the financial, function, social and individual value that luxury offers. The research provides insight and adds to the literature on the consumer behaviour of South African personal luxury consumers and the role of e-commerce in luxury. It also provides useful information for luxury brand managers who maybe considering an online sales platform for luxury in South Africa,

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## Annexure A: Sample Consent Letter

### Informed Consent Letter

RE: MBA research study

I am a GIBS MBA student who is currently conducting research on the feasibility of online as a distribution channel for personal luxury goods in South Africa where I am trying to find out whether South African personal luxury good consumers will purchase luxury branded goods online as well as what the resulting implications are on the luxury brand. Our interview is expected to last about an hour, and will help unpack the feasibility of luxury ecommerce in South Africa. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential and findings will be captured by numbering interviewees and reported without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

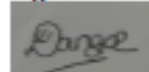
#### *Researcher Details*

Name: Layla Dangor

Email: [laylaadangor@gmail.com](mailto:laylaadangor@gmail.com)

Mobile: 078 308 2911

Signature:



Date: 24 July 2018

#### *Research Supervisor Details*

Name: Thando Manzi

Email: [manzit@gibs.co.za](mailto:manzit@gibs.co.za)

Mobile: 079 237 2994

Signature:



Date: 25 July 2018

Participant Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Researcher Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## Annexure B: Semi Structured Interview Guide

**Preamble:** As per letter

### Qualifying questions

**Purpose:** To ensure the respondents do belong to the defined population

- What do you consider to be a luxury brand and a premium brand? (Louis Vuitton, Gucci, D&G, Cartier, Burberry, Guess, Diesel, Michael Kors, Kate SPADE)
- How many authentic personal luxury goods (clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics and perfumes) do you own?

### Demographic Information:

Gender:	Male	Female	Other			
Age group:	18-28	29-39	40-50	51-61	>61	
Ethnicity (Optional):						
Education level	Primary	Secondary	Tertiary			
Profession:						
Gross Monthly Income level:	<R10,000	R11,000 to R20,000	R21,000 to R30,000	R31,000 to R40,000	R41,000 to R50,000	>R50,000

### Interview guide:

#### Research Question 1: What motivates South African consumers to purchase personal luxury products?

- What is your definition of a luxury brand (price, exclusivity, niche, experience, status)?
- How often do you purchase luxury brands?
- Do you purchase luxury brands for yourself or others?
- What type of luxury goods do you purchase (clothing, leather goods, shoes, accessories, watches, jewellery, cosmetics and perfumes)?
- What are the key characteristics, benefits you look for in luxury brands?
- Why do you purchase luxury brands (what informs your purchasing decision functional, status, expressive, peer or social influence)?

#### Research question 2: Will South African luxury consumers purchase personal luxury goods online?

General on online shopping

- How often do you shop online?

- What do you buy online and why?
- What don't you buy online and why?

Luxury online shopping

- Where do you gather information on luxury brands (online, magazines, in store marketing)?
- Where do you purchase luxury goods (international, local, online, in store)?

If yes to purchasing online,

- Why do you purchase luxury goods online?
- Which sites do you use for online purchasing?
- What goods do you purchase online and why?
- What factors do you consider before buying online and why?

If no to purchasing online?

- Why don't you purchase luxury goods online?
- What factors would you consider before buying online and why?
- What type of luxury goods would you buy online and why?

**Research question 3: Will the sale of personal luxury goods online, change South African consumers perception of luxury brands?**

- What types of luxury goods should be sold online and why?
- What types of luxury goods shouldn't be sold online and why?
- Does the online sale of luxury brands change how you feel about the brand?, Why?
- How important is the personal experience such as packaging, one on one service, and store design that luxury brands offer?
- Can this personal experience be replicated online?

**Research question 4: Will the sale of personal luxury goods online change South African consumers motivation to purchase luxury brands?**

- What will change your motivation for purchasing a specific luxury brand?
- What would change your loyalty towards a specific luxury brand?
- Does the online sale of luxury brands change your reasons for purchasing the brand and why?
- Does the online sale of luxury brands change your loyalty towards the brand and why?

### Annexure C: Code Book

Code	Code Group 1
B: Different shopping prefs	
B: International Benefits	5.1 Shopping channels
B: Local stores growing increasing accessibility	5.1 Shopping channels
B: Purchase International	5.1 Shopping channels
B: Purchase locally	5.1 Shopping channels
CHALL: Spend per customer diff channels	6.2 Online shopping Concerns
CONEC: Authenticity online is a concern	6.2 Online shopping Concerns
CONEC: Concerns on Delivery	6.2 Online shopping Concerns
CONEC: Easy Returns policy	6.2 Online shopping Concerns
CONEC: Experience can not be replicated online	6.2 Online shopping Concerns
CONEC: Experience items in person	6.2 Online shopping Concerns
CONEC: Haven't though about luxury ecommerce	6.2 Online shopping Concerns
CONEC: Online does not provide in store experience	6.2 Online shopping Concerns
CONEC: Online Security is a concern	6.2 Online shopping Concerns
CONEC: Price vs Risk	6.2 Online shopping Concerns
CONEC: Uncertainty on Taxes inhibitor	6.2 Online shopping Concerns
CONEC: Unrealistic information	6.2 Online shopping Concerns
DLB: Aftersales manufacturer guarantee's	1. Luxury Definition
DLB: Allows relation with certain group	1. Luxury Definition
DLB: An Investment	1. Luxury Definition
DLB: Craftsmanship	1. Luxury Definition
DLB: Design	1. Luxury Definition
DLB: Enduring	1. Luxury Definition
DLB: Heritage and History	1. Luxury Definition
DLB: High price as an attribute	1. Luxury Definition
DLB: High price controls accessibility	1. Luxury Definition
DLB: High quality	1. Luxury Definition
DLB: Limited accessibility	1. Luxury Definition
DLB: Made with special materials	1. Luxury Definition
DLB: Marketing and Comms	1. Luxury Definition
DLB: Not purchased frequently	1. Luxury Definition
DLB: Provides sentimental value	1. Luxury Definition
DLB: Recognised superior brand image	1. Luxury Definition
DLB: Scarcity/Limited availability	1. Luxury Definition

DLB: Signifies social status	1. Luxury Definition
DLB: Signifies success in life	1. Luxury Definition
DLB: Something you earn	1. Luxury Definition
DLB: Superior customer treatment	1. Luxury Definition
DLB: Unique	1. Luxury Definition
Does not buy Luxury online: accessible local	
EC: Perception changed by ecommerce	6.1Online Shopping Behaviour
EC: Perception Not changed by ecommerce	6.1Online Shopping Behaviour
EC: Will buy limited edition online	
EC: Will buy luxury locally online	6.1Online Shopping Behaviour
EC: Will not buy luxury online	6.1Online Shopping Behaviour
ECS: Accessories not online	6.6 Luxury items can't be sold online
ECS: Accessories online	6.5 Luxury items can be sold online
ECS: Clothing not online	6.6 Luxury items can't be sold online
ECS: Clothing online	6.5 Luxury items can be sold online
ECS: Cosmetics not online	6.6 Luxury items can't be sold online
ECS: Does not shop online	6.1Online Shopping Behaviour
ECS: Everything online	6.5 Luxury items can be sold online
ECS: Fragrances not online	6.6 Luxury items can't be sold online
ECS: Frequent non lux online shopper	6.1Online Shopping Behaviour
ECS: Has purchased luxury online	6.1Online Shopping Behaviour
ECS: Jewellery not online	6.6 Luxury items can't be sold online
ECS: Leather Goods not online	6.6 Luxury items can't be sold online
ECS: Limited edition items not online	6.6 Luxury items can't be sold online
ECS: Not regular online shopper	6.1Online Shopping Behaviour
ECS: Shoes not online	6.6 Luxury items can't be sold online

ECS: Shoes online	6.5 Luxury items can be sold online
ECS: Watches not online	6.6 Luxury items can't be sold online
ECS: Watches online	6.5 Luxury items can be sold online
ECS: Jewellery online	6.5 Luxury items can be sold online
ECS: Leather Goods online	6.5 Luxury items can be sold online
Exp: Luxurious store design	4.1 Luxury Experience
Exp: Superior Personalised service	4.1 Luxury Experience
M: Aesthetic	3. Luxury Purchase Motivation
M: Buys For self	3. Luxury Purchase Motivation
M: Can afford	3. Luxury Purchase Motivation
M: Enduring Quality	3. Luxury Purchase Motivation
M: Exposed from a young age	3. Luxury Purchase Motivation
M: Hedonic/Exp	3. Luxury Purchase Motivation
M: Heritage and History	3. Luxury Purchase Motivation
M: High quality	3. Luxury Purchase Motivation
M: Holds Sentimental value	3. Luxury Purchase Motivation
M: Price vs. Value	3. Luxury Purchase Motivation
M: Self reward	3. Luxury Purchase Motivation
M: Social Media influence	3. Luxury Purchase Motivation
M: Symbol of status	3. Luxury Purchase Motivation
M: Unique	3. Luxury Purchase Motivation
M: Usability	3. Luxury Purchase Motivation
M: Timelessness	3. Luxury Purchase Motivation
NM: Change in affordability	7. Moti_Loyalty_change
NM: Increased availability mass produced	7. Moti_Loyalty_change
NM: Irreconcilable price vs value	7. Moti_Loyalty_change
NM: No additional need for products	7. Moti_Loyalty_change
NM: No change in Design	7. Moti_Loyalty_change
NM: Supports Racism	7. Moti_Loyalty_change
NML: Animal cruelty	7. Moti_Loyalty_change
NML: Bad customer experience	7. Moti_Loyalty_change
NML: Change if moral or value conflict	7. Moti_Loyalty_change

NML: Change/reduction in quality	7. Moti_Loyalty_change
NML: Unethical behaviour	7. Moti_Loyalty_change
NML: Unsafe manufacturing processes	7. Moti_Loyalty_change
Not Changed: Business case	6.1 Online Shopping Behaviour
Not changed: different shopping prefs	6.1 Online Shopping Behaviour
Not changed: Disruptive business model	6.1 Online Shopping Behaviour
Not changed: maintain excl	6.1 Online Shopping Behaviour
Not changed: more accessible	6.1 Online Shopping Behaviour
Not changed: More convenient	6.1 Online Shopping Behaviour
Not changed: Quality same	6.1 Online Shopping Behaviour
Packaging: Important	4.2 Packaging Quality
Percep Change: Increase avail	6.1 Online Shopping Behaviour
PROCON: Website design	6.2 Online shopping Concerns
PROEC: Access to Limited editions online	6.3 Online shopping support
PROEC: Click and Collect	6.3 Online shopping support
PROEC: Degree Online support	6.3 Online shopping support
PROEC: Differentiated luxury online experience	6.3 Online shopping support
PROEC: Greater Trust for luxury brand site	6.3 Online shopping support
PROEC: No human interaction appealing	6.3 Online shopping support
PROEC: Offers greater convenience	6.3 Online shopping support
PROEC: Showrooming	6.3 Online shopping support
PROEC: Trust of ecommerce site	6.3 Online shopping support
PROEC: Wider variety online	6.3 Online shopping support
PROECtodo: Packaging consistant for online purchase	6.3 Online shopping support
PROECtodo: Technology to replicate in store experience	6.3 Online shopping support
Res: Gather information by watching people	5.3 Luxury information sources
Res: Gather information from friends	5.3 Luxury information sources
Res: Gather information in store	5.3 Luxury information sources
Res: Gather information magazines	5.3 Luxury information sources
Res: Gather information online	5.3 Luxury information sources
Res: Gather information Social Media	5.3 Luxury information sources
Res: Gather information TV series	5.3 Luxury information sources
Res: Gather information website	5.3 Luxury information sources

## Annexure D: Ethical clearance approval



30 July 2018

Dangor Layla

Dear Layla

*Please be advised that your application for Ethical Clearance has been approved.*

*You are therefore allowed to continue collecting your data.*

*Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained*

*We wish you everything of the best for the rest of the project.*

*Kind Regards*

GIBS MBA Research Ethical Clearance Committee