Customer Value Toward Purchase Intention on Luxury Brand

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ABSTRACT

This research discusses various aspects related to Luxury Brand, where in order to research this issue, an in-depth analysis is needed because it relates to psychological factors of purchase. The research variables discussed in this research are Functionalism Values, Hedonics Value, Symbolic/Expressive Values and Financials Values of Purchases Intentions of famous brand users. The sample used in this research amounted to 180 respondents and collected by purposive sampling method. The test is carried out by the Structurally Equations Models (SEM) method. The results of this research are (1) Functional Value has a positive influence on Purchase Intention, (2) Hedonic Value has a positive influence on Purchase Intention, (3) Symbolic / expressive Value has a positive influence on Purchase Intention, (4) Financial Value does not have a positive influence on Purchase Intention. The implications obtained in this research can provide input for future brand development, especially for Luxury Brands.

Keywords: Functional Value, Hedonic Value, Symbolic/Expressive Value, Financial Value and Purchase Intensity

INTRODUCTION

Luxury brand is a product that has good value at a high price and is suitable for the elite. Consumers argue that buying luxury products can provide emotional satisfaction compared to physical products (Bain & Co, 2005; Takaya, Ramli & Lukito, 2019). Choo et al. (2012) show that emotional benefits provided a memorable experience for consumers in owning a luxury brand. Consumers usually assume good
quality by expecting the best service from purchasing luxuries goods (Shukla and Purani, 2012; Tyan et al., 2010; Vigneron and Johnson, 2004; Wiedmann et al., 2009). Studies show that functional value is defined as expertise, reliability, durability and other superior product performance (Tyan et al., 2010; Vigneron and Johnson, 1999, 2004; Wiedmann et al., 2007, 2009; Priarso, Mt., P Diatmono, S Mariam, 2018; Imran, 2018). In the context of luxury goods quality always reflected in materials, designed, technologies, sophistication and expertise (Monkhouse et al., 2012).

Luxury value also has a financial value (Wiedmann et al. 2007, 2009; Vigneron and Johnson, 1999, 2004). Prices can affect consumer buying interest for luxury goods both positively and negatively (Shakula and Purani, 2012). Some consumers also think that the value given by luxury brands is proportional to the value they spend (Tynan et al., 2010). Consumers demand higher values comparable to high prices, along with consumers being able to differentiate prices and value spent with services received (Weidmann et al., 2009; Chandra, Takaya & Ramli, 2019; Imran & Ramli, 2019).

LITERATURE REVIEW

The value obtained from a product or service whose benefits can be felt directly by consumers. Functional value refers to the benefits of a product such as quality, uniqueness, usability, reliability, and durability (Sheth et al., 1991). Functionals Values is reflected in the usefulness of a product or service (Choo et al., 2012; Ramli & Yudhistira, 2018). Functional Value begins with the assumption that consumers are rational in solving problems (Ramli and Maniagasi, 2018; Bettman, 1979; Ramli, 2019b; Armanda, Basri, Kusnadi & Ramli, 2020). A consumer acting from the perspective of functional value is described as "rational economic man" by some researchers (Stigler, 1950).

Existing products have many brands and categories, but have almost similar functions (Aaker, 1991; Porter, 1995; Samuelsen & Olson, 2010; Mariam & Ramli, 2019a). It causes a decrease in functional value and less effective in developing and maintaining relationships between consumers and brands (De Chernatony et al., 2000;
Shaws and Ivens, 2002; Mariam & Ramli, 2019b). Functional value also has disadvantages, one of which is a product that is very easy to imitate (Hartman et al., 2005; Ramli & Mariam, 2020).

Hedonic values are products and services that have an emotional impact on consumers in addition to their functional (Hirschman & Holbrook, 1982; Sheth, Newman, & Gross, 1991; Westbrook & Oliver, 1991; Ramli, 2019a; Ghazmahadi, Basri, Kusnadi & Ramli, 2020). Studies show that consumers who buy or use luxury products or services tend to only get intangible benefits (Dubois & Laurent, 1994).

Research on luxury goods has identified that consuming luxury goods has a relationship with one's emotions such as sensory pleasure, aesthetic beauty and excitement (Benarrosh-Dahan, 1991; Fauchois & Krieg, 1991; Roux & Floch, 1996; Vigneron & Johnson, 2004). The core competition of Luxury Brands is not only authenticity and social value but also personal and hedonic associated with experience, involvement and emotional connection (Kapferer and Bastien, 2009).

Symbolic value shows that there is surprise, skill and wealth (Hung and Chen; Peng; Hackley; Tiwsakul; chou, 2011, Ramli, 2018a; Ramli, 2018b). According to Berthon et al. (2009), consumers' perceptions of a brand include symbolic, experiential, and functional. In research on purchase intentions, especially in terms of the value perceived by consumers leads to product strategies and promotions carried out by producers that are tailored to the perceived value needs (Toufani; Stanton and Chikweche, 2017). According to Veblen (1899), people tend to compare themselves with higher social classes, and the level of consumption that is beyond their reach therefore guides their buying behavior.

**RESEARCH METHODS**

This research refers to previous studies conducted by Yang and Mattila (2016). This research examines the influence of functional value, hedonic value, symbolic / expressive value and financial value on purchase intention. The design used in this research is Hypothesis Testing. Hypothesis Testing is research that tries to explain the
nature of a relationship or influence and differences in several groups of variables of two or more factors in a situation (Hermawan and Kristaung, 2014).

The unit of analysis in this research is aimed at individuals where data collection is done by distributing questionnaires. The level of intervention in this research is maximum, because researchers are directly involved in data collection (Sekaran, 2000). Data is only collected once at a time taken by distributing questionnaires to Luxury Brand users.

Reliability Test

Reliability Test is a test conducted to measure the consistency of respondents in answering questions. Reliability Test is a test conducted to test the consistency of the instrument in measuring the variables concerned in different concepts (Sekaran and Bougie, 2013). Reliability testing is done by looking at the Cronbach’s Alpha value of each variable with the decision-making criteria that the instrument variable is considered to be reliable if the Cronbach’s Alpha value is ≥ 0.6 (Hair et al., 2010).

| Table 1: Reliability Test Results |
|-----------------------------------|
| Variable             | Cronbach Alpha | Decision |
| Functional Value     | 0.799          | Reliabel |
| Hedonic Value        | 0.892          | Reliabel |
| Symbolic/Expressive Value | 0.705    | Reliabel |
| Financial Value      | 0.712          | Reliabel |
| Purchase intention   | 0.887          | Reliabel |

Source: Data processed using SPSS (attached)

Based on table 1, Cronbach’s Coefficient Alpha for functional value variables in research 0.799 ≥ 0.60, meaning that it meets the criteria of reliability or acceptable (acceptable). Thus, the respondent’s answer to the statements used to measure variables is the respondent’s consistent answer.

Based on table 1, Cronbach’s Coefficient Alpha for the Hedonic Value variable in research 0.892 ≥ 0.60, meaning that it meets the criteria of reliability or is acceptable.
Thus, the respondent’s answer to the statements used to measure variables is the respondent’s consistent answer.

Based on table 1, Cronbach’s Coefficient Alpha for the Symbolic/Expressive Value variable in research is 0.705 ≥ 0.60, meaning that it meets the criteria of reliability or is acceptable. Thus, the respondent’s answer to the statements used to measure variables is the respondent’s consistent answer.

Based on table 1, Cronbach’s Coefficient Alpha for the Financial Value variables in the research 0.712 ≥ 0.60, meaning that it meets the criteria of reliability or is acceptable. Thus, the respondent’s answer to the statements used to measure variables is the respondent’s consistent answer.

Based on table 1, Cronbach’s Coefficient Alpha for the Purchase Intention variable in research 0.887 ≥ 0.60, meaning that it has met the criteria of reliability or acceptable (acceptable). Thus, the respondent’s answer to the statements used to measure variables is the respondent's consistent answer.

RESULTS AND DISCUSSION

Hypothesis 1

The first hypothesis tested the influence of functional value on purchase intention and the results of the research showed that there was an influence of functional value on purchase intention. This shows that Functional Value reflects tangible and intangible aspects of a service is a factor that can influence consumers to have purchase intention Luxury Brand. In other words, Luxury Brand that is aesthetically appealing, has a grand cabin and provides attentive service will be able to increase the purchase intention of consumers to use Luxury Brand flights. The results of this research support the results of previous studies conducted by Yang and Matilla (2016) which showed a positive influence of functional value on purchase intention.
Hypothesis 2

The second hypothesis examines the influence of hedonic value on purchase intention. The results of this research indicate that there is a positive influence of hedonic value on purchase intention. This shows that the higher the Hedonic Value offered by Luxury Brand, the higher the purchase intention from consumers. The results of this research prove that the Hedonic Value associated with pleasure and excitement when feeling good service will be able to increase Purchase Intention (Yang and Mattila, 2016). The results of this research support the results of previous studies conducted by Yang and Mattila (2016) which shows that there is a positive influence of hedonic value on Purchase Intention.

Hypothesis 3

The third hypothesis examines the influence of expressive/symbolic value in which the results of the research indicate that there is an influence of expressive/symbolic value on purchase intention. The results of this research indicate that Luxury Brand is in accordance with social status symbols, as a means of expressing oneself and to inform self-identity will have an impact on purchase intention. The results of this research are not in line with previous studies conducted by Yang and Mattila (2016) which showed no influence of expressive/symbolic value on purchase intention.

CONCLUSION

Research conducted on the influence of Functional Value, Hedonic Value, Symbolic / Expressive Value and Financial Value on Purchase Intention on Business Class Luxury Brand get test results that tend to show results in accordance with the theory adapted from research conducted by Yang and Mattila (2016).

Functional Value has an influence on consumer Purchase Intention. Demonstrate that the functional value offered by Luxury Brand is very good and can increase the intensity of buying Luxury Brand tickets.
Hedonic Value has an influence on Purchase Intention. The higher the Hedonic level of consumers, the purchase of Luxury Brand will experience increased intensity.

Symbolic/Expressive Value has an influence on Purchase Intention. With lifestyles in consumers today, consumers are less concerned with social status, therefore consumers choose Luxury Brand to show social status, and express themselves.

Financial Value has no influence on purchase intention. This means that Financial Values for Luxury Brand consumers do not choose based on price. Service on Luxury Brand is not commensurate with its expensive prices.

Managerial Implications

Based on the results of research that has been done, there are several managerial implications that can be submitted to Luxury Brand marketing managers as follows:

1. To improve Functional Value, things can be done by providing services with more attention, so that Luxury Brand customers feel more comfortable and provide all their needs.
2. To increase hedonic value, Luxury Brand management can strive to consider providing additional services.
3. To improve the Symbolic/Expressive Value of Luxury Brand management, can strive for customers who can reflect the identity of the customers, try to provide a symbol of social status and customers can express themselves.
4. To increase Financial Value management, Luxury Brand provides attractive offers so that customers choose Luxury Brand not based on price.
5. To increase Purchase Intention Luxury Brand must provide memorable services to attract customers so that customers prefer Luxury Brand.

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