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### ANTECEDENTS OF LUXURY PRODUCTS PURCHASE INTENTION: A CASE OF CONSUMERS IN JAKARTA

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Perception, Social Influence, Traits Aspects of Vanity, Need for Uniqueness, Consumer  
Affective Attitude.**

#### ABSTRACT

This research aims to identify the antecedents and provide new insights into identifying the factors which influence the consumption of luxury brand especially luxury watches. This study used cross sectional survey to test the hypotheses based on 6-point Likert Scale. Convenient and Judgmental Sampling was used to obtain 100 valid respondents who can afford to purchase and consume luxury products in Indonesia. The data was analyzed using Regression Analyses. Luxury Brand Perception, Trait of Vanity, and Affective Attitude were found as a significant predictor for Luxury Watch Purchase Intention. In this research has proved significantly people show and justify their drive for accomplishments through obvious consumption. This is supported by the expansion of, and interest for, appearance-related items in this case luxury watch brand. Individuals, who pay attention to their image, are motivated to consume luxury brands since they convey prestige, social hierarchy, and an upscale image, in this context of the research consumers are pay attention to their image on having luxury watch brand.

#### INTRODUCTION

The first section of the research paper contains the background explaining definition of luxury brands, Indonesia consumption of luxury brands, and also possible driving factors of purchase intention of those luxury brand products.

#### Luxury Brands

Luxury brands are connected with the idea of good quality items; this is reflected by the bigger part of the current meanings of luxury brands, which refer to particular relationship about item qualities (Heine, 2012). Another definition of luxury suggests that luxury is a brand of products/service with

exclusive/particular distribution; generally higher than the normal cost of products/service in a similar classification; commonly have higher quality/design; while ordering a solid appeal to the desire and aspirations of its potential customers (Goyal, 2014).

Accessories remained the main individual luxury goods category, capturing 30% of the worldwide market and developing by 3% in 2015 (at constant exchange rates). Apparel was the second-biggest classification (at 24% of the market, with 2% development at steady trade rates), followed by hard luxury (22% of the market, shrinking by 3%) (D'Arpizio, 2015).

Compared to the other luxury goods, jewelry (with €16 billion in retail deals esteem) was the star class, developing at 6% in consistent trade rates, while watches (€36 billion in retail sales value) suffered from overload in Asian channels and shrunk by 6% in consistent trade rates. And the beauty category, fragrances (€23 billion in retail deals esteem) and beauty care products (€27 billion) developed at direct rates in consistent trade rates (2% and 1%, individually, at consistent trade rates).

### **Luxury Watch**

Personal luxury goods the "core of the core" of luxury and the focus of the Bain Luxury Study (D'Arpizio, 2015) expanded to more than €250 billion in 2015, more than multiplying in the course of recent years. This speaks to 13% development more than 2014 at current trade rates, while real development has eased back to just 1%–2%. Among specific categories of individual luxury goods, accessories including luxury watch remained the leader (D'Arpizio, 2015), capturing 30% of the market and developing by 3% in 2015 (at steady trade rates). That was faster than the others two largest classifications.

For millennial, extravagance is not characterized by how much cash being spent on purchasing something, but instead how priceless an experience is. While the meaning of extravagance may change overtime, there are still some validity to the fact that pleasant things make a person feel more successful. Individuals utilize extravagance brands to differentiate social status (D'Arpizio, 2015).

In recent years, the need to show off wealth has really turned out to be more important to individuals than the genuine riches itself (Goyal, 2014). Since brands purchased are actually considered to be more important, extravagance has turned into a need for the customers. In addition to that, luxury may not be perceived as being too exclusive or too inaccessible by everyone (Silverstein & Fiske, 2005 in Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2016). As customers gain affluence and appetite for luxury items, brands additionally gain affluence when more individuals purchase them. In any case if too many number of individuals buy them, brands can lose its exclusivity appeal to the super-rich purchasers. This is what's known as the French Paradox (Goyal, 2014).

### **Indonesian Consumption of Luxury Goods**

People in Jakarta are very concerned about their fashion style (Indonesia Fascination, 2009). They tend to buy the fashion items based on the latest fashion trends. Many fashion brands are competing because of this situation. As indicated by the Jakarta Post 2016, the competition of fashion market in

Indonesia gets to be fiercer in light of the fact that the buyers in Indonesia are right now developing in terms of economic growth, so the purchasers can afford to purchase numerous design characteristics including the luxury brand. This circumstance drives the demand of luxury fashion brand in Jakarta to be higher.

Indonesian consumption of luxury products, which currently is valued at IDR 8.5 trillion (US\$707 million settled trade rates) toward the end of 2014, the luxury goods market in Indonesia positioned 29th out of the 32 nations covered by (Euromonitor International, 2015) Luxury products research and records for under 1% of the worldwide market. However, with consistent esteem development of 55% in the five years to 2014, Indonesia was the sixth quickest developing luxury goods market in the world behind South Korea and Malaysia (Euromonitor International, 2015).

Based on the information explain above, fashion industry is an attractive industry in Indonesia particularly in Jakarta. There are numerous centers up class shopping malls in Jakarta that have luxury fashion outlets. As of now in Jakarta, there the majority of the top luxury fashion brands are accessible. The fashion outlets in Jakarta are exceptionally differing from the standard stores to the luxury.

Watches kept on recording strong value development in 2016 as a result of cost increases and the launch of luxury products by leading players. Watches are relied upon to see a modest value CAGR of 5% at consistent 2016 costs over the estimate time frame (Business of Luxury, 2012).

There are many fashion and luxury brands available in Jakarta, Indonesia (Indonesia fascination, 2009). Globalization era has enabled foreign retailers can enter the luxury brand markets in Indonesia more easily. On the other hand, the high number of brands entering Indonesian market may cause a high competition between the brands. It is then imperative for scholars to study different factors that may influence the purchase intention of luxury products.

A preliminary study conducted in the beginning of this study revealed that purchasing luxury products is a common thing in Indonesia nowadays; some of the customers bought the products as a symbol of a personal achievement, some bought them to complete their collection and to gain social influence. Majority of the customers chose luxury watch as a product that represents luxury to them. Despite many different aspects of the luxury sector have been covered by different studies, some issues related to the factors that drive desire for luxury brands remain unclear (Kauppinen-Räsänen, Björk, Lönnström, and Jauffret (2018), especially the ones related to luxury watches.

### **Research Questions**

These are the following research questions that are going to be answered in the research:

Q1: What are the factors that influence purchase intention of luxury watch brand?

Q2: Do social influence factors have influence on purchase intention of luxury watch brand?

Q3: Does trait of vanity influence purchase intention of purchasing luxury watch brand?

Q4: Does need of uniqueness influence purchase intention of a luxury watch brand?

Q5: Does affective attitude influence purchase intention of a luxury watch?

## **LITERATURE REVIEW**

### **Luxury Consumers**

A group of consumers that has unique pattern of consumption and has a great tendency on buying certain prestigious products to impress other people are called luxury consumers (Wiedmann, 2007). According to Wiedmann (2007), the more expensive and exclusive the product is, the more luxury consumers have higher intention to purchase it even more frequently. This happened because luxury consumers feel that they can have greater pride in buying and consuming those particular products in the society.

Another motives for a consumer to purchase luxury goods are creating an image and identity that will amaze the society. Consuming luxury products shows high social status in the community and that is one aspect where conspicuous exists in luxury consumers (Wiedmann, 2007).

### **Luxury Brand Perception**

A study conducted by Kusuma (2014) found that perception of luxury may not always lead to the purchase intention. The key is that brands consistently have clearly defined images, or identities. That is the higher they esteem the luxury mark itself, the higher is their value that could lead to higher intention and thought to purchase the luxury item. This result also proven from study conducted by Dewanti, Pratiwi, and Chang (2016), that perceive price value for luxury brand did not significantly influence purchase intention. It can be concluded that consumers of luxury brand were not concerned about price in their consideration to buy that particular luxury brand. Therefore, their perception of the price value did not affect purchase intention.

According to the theory of impression management, shoppers are highly affected by internal drive to make a good social picture from the consequence of their purchase behavior (Kusuma, 2014). The finding regarding luxury brand perception are the factors influence purchase intention of luxury watch brand. According to theory of impression management, shoppers are highly affected by internal drive to make a good social picture from the consequence of their purchase behavior (Kusuma, 2014). Hence, it can be hypothesized that:

H1: The Indonesian consumers' brand perception of luxury brand positively affects consumers' purchase intention.

### **Social Influence**

According to Chen (2011), socially oriented consumers are motivated to possess luxury brands in order to display their status and success to their targeted social groups. This would be especially important in luxury brands,

which are known internationally. Social class significantly affects consumer behavior and this effect may begin amid adolescence. Some looks into possibility that children or youngsters begin learning practices and acquiring the propensities for way of life from their family in light of social class of family (Durmaz, 2014). Contended that in the more affluent families, kids obtain some comprehension of the purchasing processes at a generally early age. Social classes impact where and how individuals feel they should to shop (Durmaz, 2014). Lower status individuals prefer local, face-to-face places where they get well friendly services and simple credit, regularly in the area. Upper middle class buyers may feel more certain about their spending ability. They will dare to new places to shop and will go all through a store to discover what they need (Durmaz, 2014).

Buyers have an image of what social class a store attracts and have a comprehension of what shopping should to resemble in a store that speaks to their own social class. For example, people who belong to the high society need to a pleasant store air including exciting showcases; lower classes emphasize getting family unit things or apparel as the enjoyable part of shopping (Durmaz, 2014).

Hence, it can be hypothesized that:

H2: Social status has a positive and direct influence on purchase intention

### **Trait Aspect of Vanity**

The expression "vanity" has been utilized as a part of various settings. These studies provide little information on the formal meanings of vanity, however there are two concepts, which are repeatedly, mentioned two repeating subjects: (1) vanity incorporates a physical appearance perspective, and (2) vanity includes an accomplishment viewpoint. Moreover, these two topics consolidate both a concern toward, and a positive (perhaps inflated) perspective of, one's physical appearance and individual accomplishments. . In detailing our meaning of vanity, we examined writing running from sociology and psychology to philosophy, and additionally consumer behavior (Netmeyer, 1995). Vanity in both of its conceptualization, physical vanity and achievement vanity, has a solid impact of individual's purchase intentions (Netmeyer, 1995).

Physical vanity and achievement vanity are two different concepts. Physical vanity can be defined as an excessive concern for, and/or a positive (and perhaps inflated) view of, one's physical appearance. Based on regression results most of the Indonesian customers show and justify their drive for accomplishments through obvious consumption. This is supported by the expansion of, and interest for, appearance-related items in this case luxury watch brand.

Hence, it can be hypothesized that:

H3: Trait aspect of vanity is associated with purchase intention of luxury watch brand

### **Need for Uniqueness**

Need for uniqueness (NFU) might remain considered by way of a single trademark to seek after brands and items to pass on a specific personality that

resolve individual one from others (Bian, 2012). Since luxury brands are innately rare because of their high cost and limited supply, they can turn into a tool to convey on uniqueness (Bian, 2012). Moreover, luxury brands' identifiable design clearly help to communicate customers' basic qualities. The requirement for uniqueness among buyers; defined as the characteristic of seeking after distinction relative to others is realized through the obtaining, usage, and disposition of shopper goods with a specific end goal to upgrade one's self-image and social image (Bian, 2012). Based on the regression result, there are no needs of uniqueness factors that have influence on purchase intention of luxury watch brand. This indicates that the higher the intention to purchase luxury watch brand are cause by individual intention to drive purchase and they are not considering to have by the uniqueness or special edition of the watch brand.

Hence, it can be hypothesized that:

H4: NFU influences purchase intention toward luxury brands.

### **Consumer Affective Attitude towards Purchase Intention**

Affective attitude reflects expressive reactions and is derived from feelings or experience, for example, satisfaction and delight (Bian, 2012). It was also defined as the sensations and emotional experience that an individual derives from using or experiencing a particular object (Fiore & Kim, 2007). Customers regularly react positively to luxury brands that are seen to be predictable with their qualities and objectives, since they are guided by their craving to augment the consistency between their brands and their states of mind (Bian, 2012). In this manner, successful self-presentation, by passing on one's status and gathering esteem, strengthens the emotional rewards from ownership and use of luxury brands (Bian, 2012).

The individuals who pay attention to their image, are motivated to consume luxury brands since these brands convey prestige, social hierarchy, and an upscale image (Crites, 1995). Extant research suggests that buyers' self-presentation attitudes advance their purchase intentions toward luxury brands as images of thriving and social status (Crites, 1995) and that customers who have a solid self-presentation attitude purchase premium brands for their symbolic value. Based on the regression results, the most influential factor that affects purchase intention is the affective attitude.

Hence, it can be hypothesized that:

H5: Affective attitude has a positive impact on purchase intentions for luxury brands.

### **Research Design**

The research is a descriptive research using quantitative. The survey was conducted for two weeks, from 16<sup>th</sup> December 2016 until 29<sup>th</sup> December 2016. The questionnaire consists of 19 items adopted from the journal article written by Hung, Chen, Peng, Hackley, Tiwsakul, and Chou (2011) and another research conducted by Bian and Forsythe (2012). The respondents of this research were the individuals that have previous experience in purchasing luxury products and Indonesian luxury consumers that considered to belong to emerging affluent class (5-8 million Rupiah monthly

spending), affluent people (8-30 million Rupiah monthly spending), and high-net worth people group (> 30 million Rupiah monthly spending) who can afford to purchase and consume luxury products in Indonesia (Shekhawat, 2014). The self-administered questionnaires were distributed both offline and online through convenient and judgmental sampling. In total, there were 100 eligible responses which were used for analysis.

## RESULTS AND DISCUSSIONS

The data analysis results can be found in the table below:

Table 1. *Multiple Linear Regressions*

Dependent Variable	Independent Variable	R <sup>2</sup>	β	ANOVA	Sig.	Acceptable Alpha	Conclusion
Purchase Intention	β <sub>0</sub> Constant		0.356		0.473	0.05	
	Luxury brand perception	0.561	0.226	0.000	0.043		H1: Supported
	Social influence		0.052	0.000	0.542		<b>H2: Not Supported</b>
	Trait of vanity		0.226	0.000	0.09		H3: Supported
	Need for uniqueness		-0.131	0.000	0.240		<b>H4: Not Supported</b>
	Affective attitude		0.440	0.000	0.00		H5: Supported

Based on the regression analysis there are 3 factors that have significant positive linear relationship towards purchase intention which are the luxury brand perception ( $0.043 < 0.05$ ), trait of vanity ( $0.09 < 0.05$ ), and affective attitude ( $0.00 < 0.05$ ). On the other hand, there are two factors that are shown to have no significant relationship, which are social influence ( $0.542 > 0.05$ ), and need for uniqueness ( $0.240 > 0.05$ ).

Luxury brand perceptions are the factors influence purchase intention of luxury watch brand, According to theory of impression management, shoppers are highly affected by internal drive to make a good social picture from the consequence of their purchase behavior (Kusuma, 2014).

Trait of vanity was found to be one of the factors influencing purchase intention of luxury watch brand. It has been proposed that outward physical appearance is important for building up and keeping up one's self-idea. Based on the findings, most of the Indonesian customers show and justify their drive for accomplishments through conspicuous consumption. This is supported by the expansion of, and interest for, appearance-related items, in this case luxury watch brand.

Based on the findings, it is evident that the most influential factor that affects purchase intention of luxury watch is the affective attitude. The individuals who pay attention to their personal image, are motivated to consume luxury

brands since they convey prestige, social hierarchy, and an upscale image (Crites, 1995).

In this context of the research, consumers pay attention to their image on having luxury watch brand, and possibly derive satisfaction out of the experiences of wearing those accessories. Affective attitude reflects expressive reactions and is derived from feelings or experience, for example, satisfaction and delight (Bian, 2012).

Social influence was not shown to have influence on purchase intention of luxury watch brand. This indicates that the intention to purchase luxury watch brand may be caused by internal or individual factors. This finding can be attributed to the age range of majority of the respondents or the unit analysis of the research. Most of the respondents fall under the age range of 31-40 years old with higher income (above 30 millions Rupiah per month). This indicates that Indonesian customers who have the buying power to purchase luxury watch brand may not be socially influenced by their family or friends in developing their intention to purchase luxury watch brand. They may base their buying decisions by more personal-related factors.

The findings suggest that needs of uniqueness do not have significant influence on purchase intention of luxury watch brand. This indicates that the intention to purchase luxury watch may be driven by an individual's personal motivation to have the watch; and possibly not to stand out or to be unique but to be a part of a certain consumer group who owns the luxury watches.

The impact of social influence towards purchase intention of luxury watch was not found to be significant. This finding may be linked to the previous finding which suggests that Indonesian customers are not affected by social influence to have luxury watch brand. They may not be driven by their need of uniqueness, but rather are driven by attainment of the personal satisfaction and a sense of achievement.

## CONCLUSIONS

The study shows that the most influential factor that affects purchase intention of a luxury watch is the affective attitude. Affective attitude reflects expressive reactions (Wood, 2000) and is derived from feelings or experience, for example, satisfaction and delight (Bian, 2012). Secondly, luxury brand perceptions are the factors influence purchase intention of luxury watch brand, According to the theory of impression management, shoppers are highly affected by internal drive to make a good social image using their purchase behavior (Kusuma, 2014). Lastly, trait of vanity was found to be one of the factors that influence purchase intention of luxury watch brand. It has been proposed that outward physical appearance is important for building up and keeping up one's self-idea. This is supported by the expansion of, and interest for, appearance-related items, for example, cosmetics and apparel (Netmeyer, 1995).

The findings suggest that there are no social influence factors that have influence on purchase intention of luxury watch brand. The non significant impact of social influence can be explained by the age or unit analysis from the research. Most of the respondents fall under the age range of 31-40 years old with higher-than-average income of above 30 millions Rupiah a month. This indicates that the Indonesian customers who have the buying power to purchase luxury watch brand, may not be strongly influenced by social



influence from family or friends to develop their intention to purchase luxury watches.

Trait of vanity was found to influence purchase intention of luxury watch brand. This conforms previous studies which suggest that outward physical appearance is important for building up and keeping up one's self-idea. The findings show that most of the Indonesian customers show their drive for accomplishments through conspicuous luxury consumption. This is supported by the expansion of, and interest for, appearance-related items such as luxury watches.

Needs of uniqueness was not shown to have influence on purchase intention of luxury watch brand. This indicates that the intention to purchase luxury watch brand can be caused by individual intention to drive purchase and they do not purchase luxury watches to fulfill their need of uniqueness or to stand out from the crowds. This finding suggests that the Indonesian customers may consider their luxury watch purchase are for the personal satisfaction and achievement, instead of to be different from others. It is possible that the consumers see themselves as confirming to social norms regardless of still having self-identity and the needs to be unique, as they want to still be accepted by the society (Chan, To, and Chu, 2015).

The most influential factor that affects purchase intention is the affective attitude. Affective attitude reflects expressive reactions (Wood, 2000) and is derived from feelings or experience, for example, satisfaction and delight (Bian, 2012). The individuals who pay attention to their image, are motivated to consume luxury brands since these brands convey prestige, social hierarchy, and an upscale image. This research has shown that consumers pay attention to their image and see owning a luxury watch as a way to boost their personal image.

This study provides insights on how individuals may be driven to buy luxury watch. Despite being useful to both practitioners and academia, the study is by no means exhaustive. Future studies can incorporate other possible variables such as gender, cognitive attitudes, and luxury values.

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