



CONSUMER BUYING BEHAVIOR OF LUXURY BRANDED GOOD

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LETTER OF TRANSMITTAL

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Dear Sir,

APPLIED BUSINESS RESEARCH (ABR)

With regards to the above matter, it is with great pleasure that we submit this research paper entitled 'Consumer Buying Behavior of Luxury Branded Good' as one of the requirement of the faculty to obtain MBA qualification.

2. We really appreciate your guidance and support to us in the course of preparing this research paper.
3. Your encouragement has helped us to achieve in completing this research paper.

Thank you.

Yours truly,

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CHAPTER 1

INTRODUCTION

Consumers make many buying decisions every day decisions are the focal point of a marketer's effort. Marketing stimuli consist of four Ps, which are product, price, place, and promotion. Consumer purchases are strongly influenced by cultural, social, personal, and psychological characteristics (Azuma & Fernie, 2003). The luxury sector targets its products and services at consumers at the top-end of the wealth spectrum (Mansharamani & Khanna, 2008). These self-selected elites are more or less price-insensitive and choose to spend their time and money on objects that are plainly opulence rather than necessities (Mansharamani & Khanna, 2008). For these reasons, luxury and prestige brands have for centuries commanded an unwavering and often illogical customer loyalty.

In general, luxury goods are highly priced products often in the niche market of goods. Individuals purchase these goods for different purposes. These could include a diamond engagement ring, a Louis Vuitton bag for self-reward, an expensive car to match the neighbor's BMW, or a luxury brand of headband called Sereni & Shentel, a luxury product which was chosen for this research and will be further explained in the background of study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Brand names are a source of differentiation. Consumers buy brand names and are willing to pay a premium price. For instance, a consumer may choose to buy a pair of Levi's instead of a generic pair of jeans, or choose to purchase a pair of Ray Ban sunglasses instead of a pair of non-branded ones. Branding, therefore, does influence a consumer's choice.

2.1.1 Perceived Quality Value

Previous studies exploring issues related to luxury consumption often underlined the specific function of quality. An excellent quality is a sine qua non, and it is important that the premium marketer maintains and develops leadership in quality (Tatt, 2010). Prestige brands are expected to show evidence of greater quality, and luxury or premium brands should display even greater levels of quality. Luxury products are supposed to be the benchmark for quality as consumers may evaluate the level of prestige based on the brand. For example, the assumption that a particular brand is low in quality can play cast a negative light over the brand's perception of prestige (Truong, McColl, & Kitchen, 2010). In contrast, if the buyer or the consumer perceives the brand as having an excellent level of quality, his or her quality perception would play a positive role over his or her perception of prestige on the same brand.