

# Understanding Sri Lankan Consumers' Luxury Fashion Purchase Intention: Status Orientation As A Complement To Theory Of Planned Behavior

Lakmali A. D. S

Assistant lecturer, Department of Marketing,  
Faculty of Management & Finance, University of Colombo,  
Sri Lanka

Dr. K. Kajendra

Senior lecturer-grade I, Department of Marketing,  
Faculty of Management & Finance, University of Colombo,  
Sri Lanka

*Abstract: Consumers' attempt to improve their living standards by adopting luxury life styles is a current global phenomenon. This behavior creates strong market opportunities for luxury fashion brands. Highlighting the ability of attitudes, subjective norms, perceived behavioral control and status orientation to generate purchase intention, this article investigates the impact of Sri Lankan consumers' attitudes, subjective norms, perceived behavioral control and status orientation on luxury purchase intention using theory of planned behavior and status orientation. Results show that consumer's attitude has a strong impact on their luxury purchase intention followed by status consumption and subjective norms. Further, it was found that in the Sri Lankan context there is a weaker relationship between luxury purchase intention and perceived behavioral control. Thus, findings suggest that marketers must carefully evaluate each variable when planning their entry or expansion strategies in Sri Lanka.*

*Keywords: Luxury purchase intention, Theory of planned behavior, Status orientation, Sri Lanka*

## I. INTRODUCTION

With the end of 30 years of civil war, Sri Lanka is emerging as a strong economy in Asia. The end of conflicts marked significant development in the country's social and economic environments (Market of the future in Sri Lanka report, 2014). However, the most recent World Bank report, has classified Sri Lanka as a lower middle income country with a total population of 21 million. The Market of the Future in Sri Lanka (2014) states that the Sri Lankan economic

Growth remains positive and anticipated to continue with an annual GDP growth at 7% over the years 2014- 2020. From social aspects, Sri Lanka is home to many regions and ethnic groups. With the rapid development of the country, people are also putting a step forward to enhance their living standards. With this positive development, Sri Lankan customers try to raise their living standards by changing their spending patterns and preferences towards more quality branded products and services (Refreshing Sri Lanka, 2013), and the political and

economic stability play major roles in the process of uplifting the living standards. This improvement in living standards have increased the tendency of the local population to spend on international luxury brands and Sri Lankan branded products which are competing aggressively in this market (Refreshing Sri Lanka, 2013).

Globalization brings more opportunities for luxury customers in Sri Lanka. According to Jain, Khan and Mishra (2015) the Indian market is catching the attention of a large number of global luxury companies. Additionally, it is mentioned that Sri Lanka is topping South Asian countries in terms of starting and doing business given its fewer procedural formalities, especially with availability of logistical facilities and lack of legal barriers for Indian retailers to expand to Sri Lanka. Further, Sri Lanka has free trade agreements with other South Asian countries such as Pakistan and Bangladesh. Thus, Sri Lanka is an attractive business environment and consumer market to South Asian luxury brands as well.

Even though it is stated that Sri Lankan consumers are enhancing their life standards by using quality luxury products, limited research has been conducted on luxury consumption behavior in Sri Lanka. Therefore, the present study aims to bridge this literature gap. This research incorporates theory of planned behavior (Ajzen, 1991) which is an extension of theory of reasoned action along with status orientation to understand the Sri Lankan consumer's luxury purchase intention. The key objectives of this study include;

- ✓ To explore the relationship between consumer's purchase intention and attitude, subjective norms and perceived behavioral control within the context of purchasing luxury fashion goods
- ✓ To investigate the impact of status orientation on luxury purchase intention among Sri Lankan consumers

The remaining sections in this paper are structured in the following manner: it begins with the literature review related to concepts used in the research and is followed by a conceptual framework and hypotheses development. Then, it outlines the research methodology and measurements used. The next section discusses the findings of the study with reference to limitations and finally discusses the scope for future research.

## II. THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

The word 'luxury', is having some prestige all over the world and consumers in the luxury market are considered as a global niche (Timperio, Tan, Fratocchi & Pace, 2015). The luxury market can be identified as a market for goods associated with high quality, exclusiveness, high prices and social visibility (Giovanni, Xu & Thomas, 2015). When considering luxury products, many researchers perceived them as "most expensive which everyone cannot afford" (Timperio et al., 2015) but according to Eastman & Liu (2012) the target of luxuries has gradually changed where previously it was only the wealthiest consumption whereas now luxury marketers extend their products or introduce new products to middle class customers too. Luxury goods score higher in experiential and symbolic dimensions (Jain et al., 2015), bring prestige to bearer (Wang et al., 2011), have aesthetic design supported by excellent service (Srivivasan, Srivastava & Bhonot, 2014) and many luxury customers are willing to pay a premium for higher quality and status associated with luxury products (Eastman & Liu, 2012).

According to the recent literature, in Asian economies the luxury market is booming (Shukla, Singh & Benerjee, 2015). India as a main economy in Asia has the feature of sharp rise in ultra-rich population. With this the demand for luxury goods is increasing in India and thereby the luxury goods market is one of the most attractive and fastest growing segments in India (Jain et al., 2015). Similarly in China, the penetration of the western culture stimulates Chinese customer's desire for a luxury lifestyle (Wang, Sun & Song, 2011).

However, it is noteworthy that even luxury brands that are based on global brands appeal to different local markets as non luxury brands in order to convince local customers

(Timperio et al., 2015). This means that marketers alter their strategies to match global customer taste and preferences (as cited by Jain et al., 2015).

## III. THEORY OF PLANNED BEHAVIOR

Theory of planned behavior is an extension of Theory of Reasoned Action (TRA) by adding perceived behavioral control to the basic structure of the TRA (Sparks & Shephred, 1992). The rationale behind this was even though consumers have positive attitudes, subjective norms adoption of behavior may require opportunities, resources and skills. Ajzen (1991) considered this fact and added this 3<sup>rd</sup> concept to the TRA model. According to Mathieson (1991) theory of planned behavior is very much practical since behavior is determined by intention and intention in a broader sense is predicted by these three factors namely, attitude towards behavior, subjective norms and perceived behavioral control.

## IV. CONCEPTUAL FRAMEWORK AND HYPOTHESES

### ATTITUDES

Attitude refers to the "degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question" (Ajzen, 1991) and they arise from a combination of people's beliefs about behavioral outcomes and their evaluations of those outcomes (Sparks & Shephere, 1992). Srivivasan et al., (2014) concluded that attitude is the most important predictor of Indian consumers purchase intention towards luxury consumption. Several other studies in the past have also confirmed the significant effect of attitude towards intention (Wang et al., 2011; Amatulli & Guido, 2012). Thus, it is hypothesized that;

H1: Attitude towards purchasing luxury fashion goods has a positive effect on Sri Lankan consumers' purchase intention with respect to luxury fashion brands

### SUBJECTIVE NORMS

Subjective norms refer to perceived social pressure to perform or not to perform particular behavior (Ajzen, 1991; Kieran & Matheison, 1991). Subjective norms are proposed to having similar origins in a combination of people's perceptions that how others think they should or should not perform the behavior in question (Sparks & Shephere, 1992). The influence of subjective norms on consumption is positive as explained by Loureiro & Araujo (2013) where they highlight that cosmopolitan luxury consumers tend to watch what others buy and are interested in making a good impression on others, and what their friends think about different products and brands. This fact is further confirmed Jain, Khan and Mishra (2017) through their finding that subjective norms are the most important determinant of the purchase intention for luxury fashion goods in India. Hence, it is hypothesized as;

H2: Subjective norms has a positive effect on Sri Lankan consumers purchase intention with respect to luxury fashion goods

#### PERCEIVED BEHAVIORAL CONTROL

Perceived Behavioral Control (PBC) refers to people's perception of the ease or difficulty of performing the behavior of interest (Ajzen, 1991). PBC varies across different situations and actions. Ajzen (1991) further stated that some behaviors may in fact meet this requirement quite well, and performance of most depend on at least to some degree on such non motivational factors as ability of requisite opportunities and resources. That means, as much as a person has the required opportunities and resources such as time, money and skills to perform the behavior he or she should succeed in doing so. Matheison (1991) viewed PBC as individual's perception of his or her control over adaption of their given behavior. Individuals have total control over adaption of their given behavior if there are no constraints (Godin, Volois & lepage, 1992). It further confirmed the finding of Ajzen (1991) that adaption of behavior requires opportunities, resources or skills. Therefore in this study it is hypothesized that,

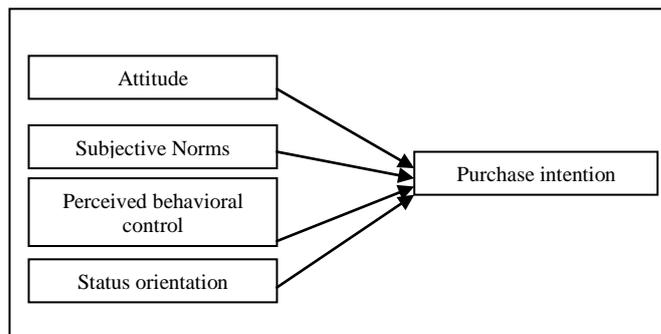
H3: Perceived behavioral control has a positive effect on Sri Lankan Consumers Luxury fashion purchase intention

#### STATUS ORIENTATION AND LUXURY CONSUMPTION

Status orientation can be defined as "the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products than confer and symbolize status both for the individual and surrounding significant others" (Easman, Goldsmith & Flynn, 1999). Further, they have stated that status consumption is a motivation factor for much of consumer behaviors. According to (Nwankwo, Hamelin & Khaled, 2014) there is significant correlation between impulse purchase of luxury and conspicuous consumption. When consumers have higher level of status needs, they are even willing to pay a premium for luxury goods (Han, Nuneans & Dreze, 2010). Thus, at present, consumers are buying the product or service to satisfy their social needs and they further mentioned that promoting status symbols might be more effective for status seeking consumers (Goldsmith & Jusoh, 2005). Consumers are highly motivated for luxury consumption if they felt that particular product bring social acceptance and can achieve the owner's status. In other terms, there is a high rating for social values of luxury goods in the society (Srivivasan et al., 2014). So, in order to demonstrate their social status, many consumers buy luxury items (Timperio et al., 2015) and Giovanni et al. (2015) also confirmed that many customers buy luxury products for symbolic consumption. Thus, the following hypothesis was derived;

H4: Status orientation has a positive effect on Sri Lankan consumers' luxury purchase intention

The conceptual framework shown in Figure 1 shows the variables and relationships considered in this study.



Source- Author

Figure 1: Conceptual framework

#### V. RESEARCH DESIGN

This is a quantitative study and data for the study was collected through questionnaire survey method. The sample of this study was 100 customers who are currently living in Colombo. The reason for selecting Colombo as the geographical location for this study is the fact that is the commercial capital of Sri Lanka and has been identified as the heart of the retail market in the country. Colombo has transformed into one of the key business hub in Sri Lanka and a key contributor to the country's GDP at the same time Colombo is one of the most densely populated cities in Sri Lanka (Refreshing Sri Lanka, 2013) and especially most modern shopping moles also situated in Colombo.

Predictor variables of this study were attitude towards luxury consumption, subjective norms towards luxury consumption, perceived behavioral control associated with luxury consumption, and status orientation towards luxury consumption. The outcome variable was purchase intention.

Questionnaires were used to collect data using the measures used in Jain et al (2017) to measure the attitude, subjective norms, perceived behavioral control and purchase intention which are the dimensions of theory of planned behavior. In addition to those factors, based on published literature this study considered status orientation as another predictor variable and measures used by Eastman and Liu (2012) was used to measure the perceived status consumption. All the items were measured on a five -point Likert scale, where "1" denoted "strongly disagree" and "5" denoted "strongly agree". Respondents were asked to mark their preferences by circling the appropriate number.

Thus, to measure the attitude, three statements were considered. They include, "I have positive attitude towards purchasing luxury goods;" "I think luxury goods have worth for money" and "many people around me have luxury goods". To measure subjective norms, "I feel social pressure to buy luxury fashion goods;" "I have money to buy luxury fashion goods" and "the people who I listen to could influence me buy luxury fashion goods" were considered. Perceived behavioral control was measured using the statements, "for me purchase of luxury goods is very easy;" "for me purchase of luxury goods is possible" and "I have money to buy luxury fashion goods". To measure status orientation another three factors were considered, which included, "I would buy luxury products just because it has status;" "I am interested with new

products which has status” and “I would pay more for products if it has status”. Finally, to measure the outcome variable of purchase intention the statements of, “I will try to buy luxury fashion goods in future;” “I intend to purchase luxury fashion goods within next year” and “the probability that I would buy luxury fashion brands within the next 12 month is high” were considered.

In order to analyze data, correlation analysis and multiple regression analysis were used as principle techniques in this study. Data were analyzed using SPSS.

VI. FINDINGS AND DISCUSSION

Before creating the variables of this study an internal consistency test was conducted. For this purpose Cronbach's Alpha was applied. Results are provided in table 01.

Variable	Cronbach's Alpha	No. of items
Attitude	.0745	03
Subjective Norms	0.575	03
Perceived behavioral control	0.819	03
Status orientation	0.791	03
Purchase intention	0.830	03

Source: Analytical results

Table 1: Cronbach's alpha

According to the reliability analysis, all variables show high internal consistency except the variable subjective norm which has a Cronbach's Alpha of 0.575. However, as the figure is more than 0.5 it can be concluded as being reliable. Therefore, it can be reasonably established that there is internal consistency among the items used in the study.

As mentioned before, to assess the impact of the predictor variables on purchase intention (i.e. the outcome variable) correlation and regression analysis was used. First, the association was tested using correlation analysis. Results are given in table 02.

Factor	purchase intention
Attitude	.547
Subjective Norms	.464
Perceived behavioral control	.448
Status orientation	.559

N=100, \*\*\* ≤ 0.01 (2-tailed)

Table 2: Pearson correlations

According to the statistical analysis there is a positive relationship between all predictor variables and the outcome variable. That is, attitude, subjective norms, perceived behavioral control and status orientation have positive associations with purchase intention.

However, the correlations indicate that are highly significant as the P values are 0.000. These results say that independent factors are having significant association with purchase intention.

To determine the combined effect of the predictor variables on the outcome variable multiple regression model was used and the model summary is provided in table 03.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.671 <sup>a</sup>	.451	.428	.57276	1.695

Source: Analytical results

Table 3: Model summary of joint association between individual factors and purchase intention

The multiple correlations (i.e. R) for this study is 0.671 and this result represents the joint association between individual factors and purchase intention. Coefficient of determination is 0.451. This indicates that 45.1% of the purchase intention has been covered by the regression model. As Durbin-Watson test statistic is 1.69, residuals are independent and the model is nicely fitted.

Next, the regression ANOVA result is given in table 04.

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	25.585	4	6.396	19.498	.000 <sup>b</sup>
	Residual	31.165	95	.328		
	Total	56.750	99			

Source: Analytical results

Table 4: ANOVA

Probability of F test statistic is 0.000. This means as results are highly significant model is jointly significant. This means that regression results are appropriate and it addressed the research objectives.

Table 05 provides individual coefficients of the factors.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.293	.444		.658	.512		
	Attitudes	.388	.114	.308	3.409	.001	.708	1.413
	Subjective norms	.215	.111	.175	1.942	.055	.709	1.411
	Perceived behavioral control	.101	.097	.097	1.040	.301	.668	1.498
	Status orientation	.269	.092	.282	2.912	.004	.618	1.619

Source: Analytical results

Table 5: Regression results

According to the individual coefficients table the probability of the attitude is 0.001 and the individual beta value is 0.388. This indicates that attitude has a positive effect on purchase intention. Subjective norm is also significant at 5% as the P value is 0.05. It also has a positive effect on purchase intention as the beta value is 0.215. Status consumption is highly significant with a positive beta value of 0.269. This indicates that perceived status consumption also has a positive effect on purchase intention. Perceived behavioral control is individually insignificant as the P value is 0.301. It does not have an individual effect but it influences jointly with the other factors. All the VIF values are less than 10 and the results indicate no multi co-linearity problems making the regression results highly valid.

VII. CONCLUSION

This study aimed to understand the effect of variables like attitude, subjective norms, perceived behavioral control and status orientation on the luxury purchase intention of Sri Lankan consumers. Administering a survey questionnaire, data was gathered from 100 respondents who are currently living in Colombo to test four hypotheses. The results achieved from correlation analysis and multiple regression analysis showed a good fit. According to the correlation analysis, attitude, subjective norms, perceived behavioral control and status orientation are having positive associations with purchase intention. To determine the independent variables' effect, multiple regression model was used and that supported three hypotheses among the developed four. The

results supported H1 indicating that a positive relationship exists between attitude towards luxury consumption and purchase intention. This suggests that an attitude towards luxury consumption have a strong effect on Sri Lankan consumers' luxury purchase intention. Among other three variables, according to the analysis results, this has strong positive impact on luxury purchase intention which was found to be second most significant factor influencing respondents' purchase intention in India (Jain et al., 2015). H2 was developed to test whether subjective norms have a positive effect on Sri Lankan consumers' purchase intention with respect to luxury fashion goods and this was accepted. Results indicated that subjective norms has a positive effect on Sri Lankan consumers' luxury purchase intention which confirmed that Sri Lankan consumers luxury purchase intention is highly influenced by others who are around them. According to the findings of Jain et al (2015) subjective norms was the most important determinant of the purchase intention for luxury fashion products in India. The results were same for perceived status consumption which indicates that H4 which was developed to investigate whether status orientation has the positive effect on Sri Lankan consumers' luxury purchase intention can be accepted. Results was consistent with the Li, Li & Kambele (2012) as they found in their study that perceived social or status value significantly influence Chinese customers willingness to pay for luxury fashion consumption.

The individual impact of perceived behavioral control on luxury purchase intention was found to be insignificant. This is consistent with Jain et al (2015). Therefore, the result rejects H3 which was developed to check whether there is a positive effect on perceived behavioral control on the Sri Lankan consumers' luxury fashion purchase intention. Results suggest that respondents have control over the ability of requisite opportunities and resources when determining their luxury purchase intention.

#### MANAGERIAL IMPLICATION

There are several important implications of the results obtained from the current study. First, this research applied the theory of planned behavior to identify its impact on Sri Lankan consumers' luxury purchase intention. Then, it further investigated the impact of perceived status consumption as a separate variable which has also been discussed in previous literature when identifying luxury purchase intention. The findings of this study have provided valuable knowledge concerning various factors that influence purchase intention with respect to luxury fashion brands in Sri Lanka. Based on the analysis one of the most important findings is that among the factors of theory of planned behavior, customer's attitude has the strongest impact on luxury purchase intention. This indicates that marketers should create strategies with a good understanding of consumers' attitudes because consumers give priority to their belief about behavioral outcomes and their evaluations of those outcomes. On the other hand, luxury fashion brands in Sri Lanka should focus more on how the brands add to the buyers' social status.

Other than the above two findings another important finding was influence of subjective norms on luxury purchase intention. Subjective norms also have a positive influence on

luxury purchase intention but it is the third most important factor according to findings. This indicates that Sri Lankan consumers' luxury purchase intention is influenced by others are around them.

Perceived behavioral control was found to have a weak relationship with purchase intention. This result indicates that marketers should be concerned about customers have control over the ability of requisite opportunities and resources when determining their purchase intention in the Sri Lankan market. In this regard, luxury brands in Sri Lanka can affect consumers' luxury purchase intention by focusing on suitable promotional activities and it can be recommended that if any luxury brand plans to enter the Sri Lankan luxury market they can initially target a niche market.

#### LIMITATIONS AND DIRECTION FOR FUTURE RESEARCH

This research suffers from a few limitations, which provide a path forward for future research. Firstly, the sample of this study is people who are currently live in Colombo. Even though many shopping malls and other infrastructure are located in Colombo, further research could be performed in other main cities in Sri Lanka to obtain a wider understanding of buyers' luxury behavior across the country. Secondly, the present study was performed by considering those constructs which were part of the TPB and perceived status consumption as another important construct. Studies in future ought to investigate the role of other important constructs as well. Thirdly, future studies should also examine whether demographic factors such as gender, education level, job position, income will moderate the relationship between considered constructs in the model.

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