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## Comparing consumers' value perception of luxury goods: is national culture a sufficiently explanatory factor?<sup>1</sup>

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Michael B. Hinner<sup>5</sup>*

**Abstract:** The aim of this paper is to explore the grounds for commonalities and differences between customers' value perception of luxury goods (CVPL) from different countries. An international e-questionnaire was conducted amongst 1,193 respondents. Data from 5 different countries (Saudi Arabia, Turkey, Germany, Portugal and Poland) were analyzed with adopted and modified scales from Wiedmann, Henning, and Siebels [2009], Vigneron and Johnson [2004] and Holbrook and Morris [1999, 2006]. The country comparison of functional, social and hedonic value components in CVPL indicates strong cultural grounds for the existing differences, but diverges from similar studies in the field. Differences between CVPL between countries cannot be sufficiently explained by reference to the cultural traits of the specific country setting (for example, Hofstede's cultural dimensions). CVPL is more an outcome of a subtle interplay between the economic, cultural and religious facets of the given country. Longitudinal studies of dynamic interplay between economic, social and cultural country-specific factors explain the differences and commonalities in a far more precise and detailed manner than referring only to a single category of explanatory factors. Research shows the need for "glocal" marketing strategies within the luxury goods sector when it comes to the local CVPL attributes.

**Keywords:** luxury goods, value perception, value components, Hofstede cultural dimensions, luxury emerging markets, luxury perception.

**JEL codes:** M31, D11, D12, D46.

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## **Introduction**

The value attributed to a product or service often determines future purchases, customer loyalty and serves as the core of a company's competitive advantage [Gale and Bradley 1994; Woodruff and Gardial 1996; Holbrook and Morris 1999; Slater 1997; Payne and Holt 2001; Eggert and Ulaga 2002; Wang, Chung, and Zaichkowsky 2004; Spiteri and Dion 2004, Vargo and Lusch 2008].

Yet defining the composition and then measuring customer value perception (CVP) continues to be both an academic and a managerial challenge because of its complexity and multi-dimensionality. The value perceived by a customer, defined often as a tradeoff between benefits and costs of a given product or service [Zeithaml 1988], is individually, subjectively determined; depends on the time, place and intention of purchase/usage and reflects personal beliefs, experiences, preferences and judgements [e.g., Holbrook and Morris 1999; Woodruff 1997]. This concerns both the attributes of a given good or service and the process of costs/benefits evaluation.

CVP is influenced and shaped by both internal (human-specific) and external, environmental factors [Holbrook and Morris 1999; Raval and Grönroos 1996; Flint and Woodruff 2001; Anderson and Narus 1998; Hofstede 2001; Hofstede and Hofstede 2005]. The environmental factors can either dynamically change the CVP and purchase decisions (being contextual or situational factors) or shape the customers value perception in a far more enduring manner (and this can be the cultural, religious, political and institutional legacy of a given region or country, see e.g. Hofstede 2001; Hofstede and Hofstede 2005; Overby, Woodruff, and Gardial 2005; Redding 1990; Shukla and Purani 2012).

The value of luxury goods depends not only on an individual judgement but also reflects their social recognition, appreciation and desire. Although the global communication of luxury brands' image and their value composition is highly standardized [eg. Kapferer 1997], various empirical studies show that CVP in a luxury goods and services sector largely reflects regional or country specificity. As Shukla [2010] points out people buy the same luxury products worldwide; although for different reasons and the value they attach to these items varies across the borders. The reason behind these CVP varieties is often substantiated by national cultural differences [De Mooij 2010].

But can national culture serve as a sufficiently explanatory factor for existing differences and similarities of CVP in different countries? Can cultural differences between countries that have already been identified (such as Hofstede's cultural dimensions) explain all the shades of customers' value perceptions?

In this paper we juxtapose the findings from CVPL from 5 different countries with conclusions from other empirical research in this field [Shukla 2010; Shukla and Purani 2012] where Hofstede's cultural dimensions were used to explain the observed differences.

The paper is organized as follows. Firstly, we elaborate on the complexity of customer value perception, show the distinct traits of luxury goods and the value components that are measured in this sector. Then the conceptual framework is enunciated wherein the two areas of investigation are subject to further analysis and testing; 1) the differences between national cultures as the foundation for CVPL varieties, and 2) the differences and similarities in CVPL between rising luxury markets (Saudi Arabia, Poland, Turkey, Portugal) and a mature luxury market (Germany). This is followed by a method section and markets description. The final sections are the findings and conclusions with some managerial implications and further areas of investigation.

## **1. The multi-dimensionality of customers' value perception in a luxury sector**

Luxury products are often associated with excellent quality, high price, uniqueness, polysensuality and scarcity [Kapferer and Bastien 2009; Okonkwo 2007; O'Casey and Frost 2002; Dubois, Laurent, and Czellar 2001; Vigneron and Johnson 1999; Dubois and Duquesne 1993; Leibenstein 1950]. Superfluous yet desired luxury products can bring pleasure, increase self-confidence or improve social status [Chevalier and Mazzalovo 2008; Tsai 2005; Wong, Chung, and Zaichkowsky 1999; Bernstein 1999; Dubois and Paternault 1997; Berry 1994].

Luxury goods can offer various benefits to their consumers:

- due to their high material quality and excellent craftsmanship they can bring a number of functional benefits; they can last longer or perform better than mass products of a similar type;
- they can arouse a number of different feelings, emotions, e.g.: bring joy from the purchase and use of such a product, raise moral opposition (by judging luxury products as excessively superfluous), evoke aesthetic swoon, emotional exultation, etc.;
- they can raise social recognition e.g.: they can serve as a tool to improve social status, they incline affiliation to affluent consumers, or thanks to their rarity, indicate belonging to a group of a “happy few”;
- they can raise the consumer's self-confidence through the positive emotions associated with the purchase or through social recognition.

The substantial cost for this palette of functional, social and individual benefits associated with luxury goods or services is the high price.

The complex, abstract, symbolic and subjective nature of the luxury construct makes capturing the luxury value perception difficult as the value components are intertwined. They influence each other, change over time and situation and are difficult to operationalize. Not only can various value types co-exist within a single consumption experience, but they are also interrelated. Luxury goods have the possibility of raising the social status of the customer

(the social value component). At the same time they put a person in a good mood and raise his/her self-esteem and confidence level (so they fall into the individual, hedonic, emotional category of value). Some value categories, like spirituality, aesthetics or ethics [Holbrook and Morris 1999, 2006], although important when measuring luxury goods' perception, are hard to divide and operationalize. Design can be treated as a functional component of value but can also create some spiritual, hedonic facets, or even indicate belonging to a certain social group. Even measuring a notion of a high price (as a quantified component) does not have to indicate that we automatically deal with a luxury item [Dubois and Czellar 2002]. As Kapferer and Bastien [2009] note luxury sets the price, but price does not make it a luxury product [2009: 70]. In order to substantiate the high price the luxury good has to provide the customer with both tangible and intangible benefits [Nuño and Quelch 1998; Okonkwo 2007]. If quality is missing, though, the price can be perceived as excessive and extravagant [Dubois, Laurent, and Czellar 2001].

In order to meet the above challenges much of the academic literature on luxury has attempted to transfer features of luxury goods into distinctive value components that can be measured and tested. Dubois, Laurent and Czellar [2001] have developed the following scales of CVP for luxury goods (CVPL): extreme quality, high price, scarcity, aesthetics, personal history/competence, superfluity/plenty, mental reservations/conspicuousness, deep interest and pleasure, sign value and specific items. Vigneron and Johnson [2004] conceptualized five types of CVP for luxury brands: perceived conspicuous value (encompassing the Veblen effect), perceived unique value (referring to the snob effect), perceived social value (called also a bandwagon effect), perceived emotional value (meaning the hedonic effect) and perceived quality value (with regard to perfectionist features of luxury items). Wiedmann, Hennings and Siebels [2009] identified four dimensions of CVP in the luxury sector: financial (price and investment), functional (superior usability, quality, performance, uniqueness), individual (self-identity, hedonic and materialistic value) and social value (conspicuousness and prestige). Kim, Moon, Choo and Yoon [2011] divided CVP into social, aesthetic/expressive, experiential, quality and economic value components.

In our empirical study we build on the above value dimensions and elaborate them with some of Holbrook's value typologies like aesthetics and ethics [Holbrook and Morris 1999, 2006].

## **2. Exploring the grounds of CVPL differences on an international scale – a conceptual framework**

Early studies of the luxury goods sector and customer value perception focused mainly on well-established economies. However as the luxury sector changes

its face (proliferation of masstige products, expansion into new segments of aspiring customers, marketing strategies focusing on digital communication and sale), more research is required in order to better understand the CVPL of new target groups based in new, promising markets.

## 2.1. The elements shaping CVPL in rising luxury markets

Researchers investigating CVPL in China [Kuang-peng et al. 2011; Chevalier and Lu 2010; Zhan and He 2012], India [Shukla and Purani 2012] or Middle-Eastern countries [Bahar and Hanzae 2011; Teimourpour, Heidarzadeh, and Hanzae 2014] point out that a local culture strongly influences customer beliefs and purchase behaviours in a way that differentiates them from developed markets.

Rising luxury markets are characterized by a rapid growth of new aspiring consumers. According to Kapferer and Bastien [2009] luxury consumption today seems especially appealing to a group of aspiring customers as it permits the transition between modern classes that are to a large extent the result of wealth accumulation. The process of a new wealth-based social stratification is accompanied by a global deterioration of traditional social classes. The dynamic economic growth of many countries results in enlarging groups of new, aspiring customers willing to join the “happy few” affluent meritocracy. The reason behind the luxury purchases can be either to stand out from the crowd (i.e. snob effect) or follow the group of the “happy few” (i.e. conspicuous consumption, bandwagon effect, see Vigneron and Johnson 1999, 2004; Kastakanis and Balabanis 2012).

In our study we will test the following assumptions:

**Proposition 1.** *Consumers in rising luxury markets demonstrate a higher level of the “bandwagon effect” than those in mature luxury markets.*

**Proposition 2.** *Consumers in mature luxury markets demonstrate a higher level of the snob effect than those in rising luxury markets.*

**Proposition 3.** *The level of the hedonic component in luxury consumption will be higher in rising luxury markets than in mature luxury markets.*

**Proposition 4.** *The price perception will differ in rising luxury and mature markets: Consumers in the rising luxury markets will value luxury goods as more expensive and more desirable than consumers in mature markets.*

## 2.2. Hofstede’s cultural dimensions as a framework to study cross-country CVPL differences

A substantial body of research has already demonstrated that customer behaviour varies due to cultural differences [for example, Berger 1986; De Mooij 2010; Hall and Hall 1990; Hill 2012; Hofstede 2001; Hofstede and Hofstede 2005; Schneider and Barsoux 2003; Schwartz 1994; Triandis 1989; Trompenaars and Hampden-Turner 2012]. Many empirical studies explain these cross-country

differences with reference to Hofstede's cultural dimensions. Hofstede's work is one of the most cited in modern marketing and business literature [Bond 2002; Sondergaard 1994]. Hofstede's framework of six cultural dimensions (individualism vs collectivism; power distance; masculinity; uncertainty avoidance; long vs short-term orientation; indulgence) has been used extensively to explain cultural differences at a national level [Bond 2002; De Mooij 2010; Klopff 1998; Lustig and Koester 2013; Sondergaard 1994].

In this paper we compare our findings with those of Shukla and Purani [2012], where the differences between Indian and British consumers were attributed to cultural differences in Hofstede's individualism/collectivism level. British consumers, scoring high on individualism in Hofstede dimension, demonstrated higher levels of hedonic components than Indians, being members of a collectivist country [Shukla and Purani 2012]. However a level of the hedonic component derived from national culture can be reduced by the level of a country's position in the global luxury purchase category (see the proposition 3: The level of the hedonic component in luxury consumption will be higher in rising luxury markets than in mature luxury markets). Taking this interplay of influences into account we assume that:

**Proposition 5a.** *The level of hedonic value component can be high in rising luxury markets despite the low level of individualism (Saudi Arabia, Turkey, Portugal).*

**Proposition 5b.** *The level of the hedonic component should be higher in Poland (the rising luxury market with high score of individualism) than in Germany (the "old luxury market" with high score of individualism).*

Building on Hofstede's indulgence and individualism dimensions, we also test the following propositions:

**Proposition 6.** *Consumers from countries with a high level of indulgence (Saudi Arabia, Turkey) will value the hedonic component more than consumers from countries where the indulgence level is low (Poland, Portugal, Germany).*

**Proposition 7.** *In Germany, a country with high level of individualism and a low level of indulgence, consumers will not highly value the CPVL hedonic component.*

**Proposition 8.** *In Germany, a country with high level of individualism and a low level of indulgence, consumers will not demonstrate the snob effect.*

### 3. Method

The results presented below come from a research project which focused on examining differences in luxury goods' value chains in three different sectors (fashion, cars, jewellery). The first stage of this project was to examine the customers' value perception of luxury goods in countries that could be called new, potential markets for luxury goods and juxtaposing them with results obtained from a "traditional home base of luxury".



In this paper we present the findings from five countries: Saudi Arabia, Turkey, Poland, Portugal (rising luxury markets) and Germany (a well-developed economy with a solid percentage of luxury goods' consumption, see [Bain 2015]). We used a mixed methodological approach. Firstly, 20 semi-structured interviews with consumers (different age, sex, income, nationality and education levels) were conducted in order to discover the components of CVPL. The findings permitted the development of semantic differential scales that augmented the scales already used in similar studies in the field Dubois, Laurent, and Czellar [2001], Wiedmann, Hennings and Siebels [2009], Vigneron and Johnson [2004] and Holbrook's typology for CVP measurement [Holbrook and Morris 1999, 2006]. Table 1 below presents the scales and value components developed in the study.

**Table 1. Value components measured in the study**

<b>CVP measurement/typology developed by</b>	<b>Value component</b>
Wiedmann, Hennings, and Siebiels [2009]	Functional
	Hedonic
	Social status
Vigneron and Johnson [2004]	Snob effect
	Conspicuous consumption/ bandwagon effect
Holbrook and Morris [1999, 2006]	Ethics
	Aesthetics
Scales developed with reference to other components	Price perception

The pre-tests were conducted in Poland amongst 50 respondents and the results showed an acceptable level of internal scale reliability (Cronbach's alpha ranged between 0.85 and 0.7). In order to measure CVPL across countries an on-line English version of a questionnaire was created (with items rated on a 5-point Likert scale) and translated into the local languages using back-to-back translation. The questionnaires were distributed on-line amongst various groups of respondents in 5 countries (Poland, Germany, Portugal, Turkey, Saudi Arabia), whilst an English version was distributed internationally using the snow ball method and placed on various luxury goods' website forums. Table 2 presents the sample structure.

The data were collected in 2015. As we used an e-questionnaire, not surprisingly, our sample consists in the majority of generation Y; highly active consumers, considered to be as a globally homogenic cohort. In the findings below we present the mean for each value component for the whole sample and for each country as well as and the results of market segmentation.

**Table 2. Sample structure**

		<b>Total sample</b>	<b>Saudi Arabia</b>	<b>Germany</b>	<b>Poland</b>	<b>Turkey</b>	<b>Portugal</b>
Sex	women	558	48	71	299	18	69
	men	635	224	85	135	88	51
Generation	X (born 1966–1976)	443	30	15	233	53	54
	Y (born 1977–1994)	750	242	141	201	53	66

#### 4. Market descriptions

Saudi Arabia, Turkey, Poland and Portugal can be considered as rising markets for the luxury sector. Their purchasing power is rising or already high with the new force of young, aspiring and affluent consumers steadily growing. The prognosis for this steady growth is substantiated by both institutional and economic progress. Saudi Arabia, Turkey and Poland suffer from some institutional constraints and instabilities and place themselves slightly above the world average with a moderate economic freedom (see <http://www.heritage.org>). The economies of these countries have been growing steadily for the past decade and surviving the global crisis relatively well.

Germany is the fifth largest economy in the world in PPP terms and has a low unemployment rate with one of the lowest youth unemployment rates in the EU. The average household net-adjusted disposable income per capita is \$31,252 which is well above the OECD average of \$25,908.

Although Turkey, Poland and Portugal consume only a small proportion of global luxury, the dynamics of the growth is quite impressive (about 10% yearly, see: [Euromonitor 2015; Deloitte 2016]). The upper middle classes in these countries are growing quite rapidly because many young, aspiring, well-educated urban professionals buy luxury items as a status symbol or as a reward for their hard work [www.mckinseyonmarketingandsales 2014]. All these countries find themselves in a “show-off” phase where the luxury purchase and public display is perceived as the symbol of high economic status.

Whilst Poland, Turkey and Portugal can be described as new, promising markets to the luxury sector, Saudi Arabia seems to be a new paradise for luxury companies. Saudi Arabians constitute a large, young population with high levels of disposable income. Moreover rapidly changing consumption patterns in the whole of the Gulf region transformed purchasing into an important and favourite leisure pastime. The growing appetite for status symbols only reinforces this trend. The observable boom of department stores additionally sub-

**Table 3. Basic economic and population data**

Factor	Saudi Arabia	Turkey	Poland	Portugal	Germany
Political system (The World Factbook)	Monarchy (Islamic Sharia)	Republican Parliamentary Democracy	Parliamentary Representative Democratic Republic	Republic	Federal Republic
GDP, Current PPP dollars, bln. (IMF World Economic Outlook)	1681.2	1576.3	1003.5	288.6	3842
GINI index (World Bank)	0.320	0.391	0.324	0.360	0.301
Population, mln. (UN Population Division)	32.1	79.6	38.6	10.3	80.6
Age_Structure (%) 0–14	27.6	25.5	14.6	15.9	13
15–64	69.2	67.8	70.4	65.5	65.9
65+	3.2	6.7	15	18.6	21.1
Most important industrial sectors	oil extraction and sale	automobile, electronics, home appliances, textile	machinery production, banking, agricultural products	automobile, textiles chemicals tourism	machinery, vehicles, chemicals, household equipment
Luxury/special consumption taxes	No taxes	fuel, automobile, perfume, alcoholic beverages, cigarettes	fuel, alcoholic beverages, cigarettes	fuel, alcoholic beverages, cigarettes	fuel, alcoholic beverages, cigarettes

stantiates optimistic prognoses for the luxury goods and services sector in Saudi Arabia and the whole Gulf region [Alserhan et al. 2014].

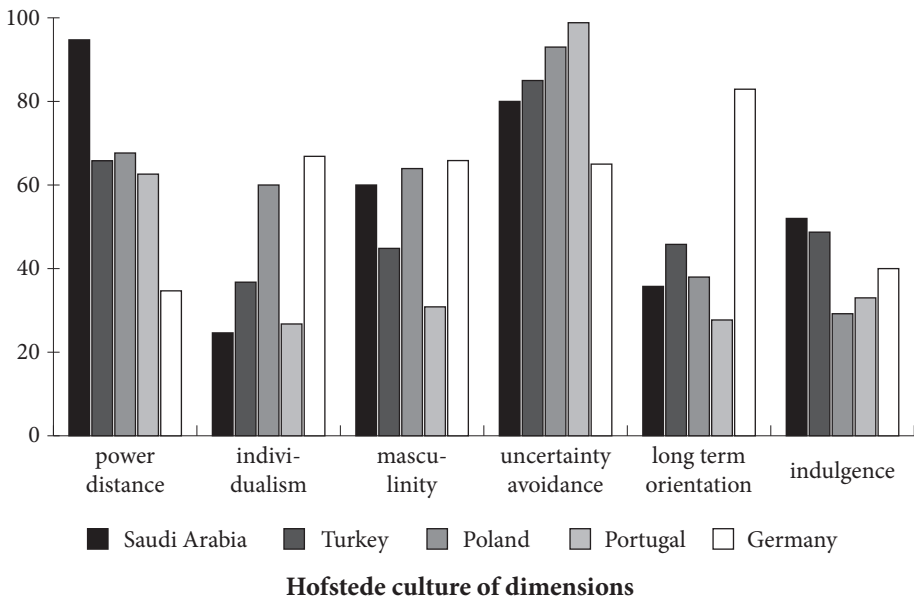
Germany is a mature, sustainable luxury market, responsible for 10% of global luxury consumption in 2015 [Bain 2015]; although the yearly growth of expenditure in this sector is minimal. Most purchases are in the luxury electrical device and home appliance sectors whilst the purchase of jewellery and watches constitutes the smallest segment [Euromonitor International 2015].

*Cultural and religious settings*

A comparison of the cultural settings (done according to Hofstede’s cultural dimensions, please see the graph below) shows significant differences between the countries. Whilst in Saudi Arabia there is a strong preference for a hierarchical, societal order (power/distance), Turkey, Portugal and Poland score moderately in this dimension. On average Poles seem to be more individualistic than the Portuguese, Turks or Saudi Arabians and the least indulgence driven within this group, but all four countries show a strong uncertainty avoidance and a short-term orientation which could serve as a reason to explain the dynamic growth of luxury consumption. Portugal and Poland are the most “restraint” cultures characterized by a tendency for pessimism and actions being controlled by social norms. Both the Portuguese and the Poles have also a strong respect for traditions, a reasonably small propensity to save and are focused on succeeding [Hofstede 2016].

Germany has the lowest power / distance of all countries in the study. This would indicate that status symbols are not too important to Germans. It has also the highest level of individualism in this five nation comparison, slightly ahead of Poland. This means that Germans wish to pursue their own personal interests above those of the group. With the highest score in long-term orientation, Germans like to save, are thrifty and plan long-term. The low indulgence score indicates that Germans try to control their desires because too much indulgence is considered wrong [Hofstede 2016].

The countries in the sample differ considerably when we take into account the type, importance and the impact of the religious sets of beliefs on the country’s governance and daily life of the citizens.



The Kingdom of Saudi Arabia is the only country in the sample with the legal system based on religious rules derived from the Quran and the traditions of the Prophet Muhammad. There is no legal protection of religious freedom. The strict rules of social life are built on the conservative interpretation of Quran rules. Turkey is a secular state, providing constitutional freedom of religion and prohibiting any discrimination on religious grounds; although an Islamist agenda is steadily, yet unofficially, being forced into the legal system. 99% of citizens are Hanafi Sunni Muslim. Polish history and culture is strongly connected with the Roman Catholic Church. More than 85% of the 38.3 million Polish citizens are Roman Catholics and a majority of the population are active believers. Close clerical and political links confirm the importance of religion and the high level of religiosity in Poland. Portugal, like Poland, has a strong Christian heritage, (with 81% of population being Roman Catholics) but nowadays the Catholic Church does not play an important role in the country.

Germany, due to the Reformation, is traditionally divided into a northern and eastern Protestant region and a western and southern Catholic region. Protestants and Catholics each make up about 34% of the total population. Around 28% of the total population has no religious affiliation with most of the people in former East Germany being atheists. Approximately 4% of the population is Muslim [CIA 2016].

## **5. Findings**

The data obtained show substantial differences in CVPL amongst the countries investigated. In general Saudi Arabian consumers are the greatest admirers of luxury goods whilst Germans seem to be the greatest critics of all luxury goods' values.

### **5.1. Social and ethical components of luxury goods' perceived value**

Data analysis of the social value component, conspicuous consumption and snob effect (see Table 4) shows the following:

- consumers from all rising luxury markets in the sample regard a CVPL social component as important and evaluate it higher than Germans;
- only Saudis demonstrate the positive “snob effect” with Germans scoring least in the whole sample in this dimension;
- only Saudis demonstrate the positive “bandwagon effect” with Germans scoring least in the whole sample in this dimension;
- Germans represent the lowest conspicuous consumption (bandwagon effect) in the sample;
- consumers from all rising luxury markets demonstrate the higher “snob effect” in their CVPL than Germans do (representing a mature luxury market).

**Table 4. Social value components of CVPL – the sample countries' mean comparison**

	Total	Saudi Arabia	Germany	Poland	Turkey	Portugal
<b>Social component</b>	<b>3.63</b>	<b>3.51</b>	<b>3.32</b>	<b>3.70</b>	<b>3.78</b>	<b>3.96</b>
Luxury products are the symbol of high social status	3.56	3.18	3.42	3.58	3.87	4.13
Luxury products make a good impression on others	3.46	3.40	2.83	3.61	3.62	3.75
Luxury products are highly desired	3.88	3.96	3.69	3.93	3.84	4.01
<b>Snob effect</b>	<b>2.61</b>	<b>3.14</b>	<b>2.21</b>	<b>2.64</b>	<b>2.47</b>	<b>2.76</b>
Buying luxury products is essential since people judge others on the basis of what they have	2.49	3.05	2.32	2.29	2.48	2.63
Buying and having luxury products makes me better perceived in other people's eyes	3.01	3.40	2.25	3.10	3.07	3.05
I prefer buying luxury products that are rare, not popular	3.09	3.49	2.24	3.24	2.39	3.56
I do not like it when many, even well-known people, have what I bought	2.80	3.09	2.45	2.90	2.69	2.30
<b>Bandwagon effect</b>	<b>2.48</b>	<b>3.19</b>	<b>1.93</b>	<b>2.45</b>	<b>2.18</b>	<b>2.62</b>
I prefer buying luxury products that are already used by people I appreciate and admire	2.57	3.34	1.83	2.51	2.24	2.88
I love to have the same as that which well-known people have	2.38	3.03	2.02	2.38	2.12	2.37
<b>Ethics</b>	<b>2.74</b>	<b>2.83</b>	<b>2.77</b>	<b>2.83</b>	<b>2.63</b>	<b>2.36</b>
Buying luxury products is snobbish	3.19	3.00	3.04	3.53	3.15	2.62
Buying luxury products is unethical	2.30	2.65	2.49	2.13	2.12	2.10

**The results confirm proposition 1.** Consumers in rising luxury markets demonstrate a higher level of conspicuous consumption than those in mature luxury markets.

**The results do not confirm proposition 2.** Consumers in mature luxury markets **do not** demonstrate a higher level of snob effect than those in rising luxury markets.

The rejection of proposition 2 can be explained by a German reluctance to public exposure. Germans openly criticize opulent displays of wealth

[Haubl 2003]. This attitude is reflected in both the lowest snob effect (2.21) and the lowest bandwagon effect (1.93) amongst all five countries. This probably also explains why Germans buy mostly luxury products to be used within their homes. Germans are considered to be reserved and seek to control their emotional displays in public [Hall and Hall 1990] which is why they do not want to emulate others with regard to luxury as it would put them into public notice.

In this sense **proposition 8 is confirmed by the results**. In Germany, a country with a high level of individualism and a low level of indulgence, consumers do not demonstrate the snob effect.

The scales regarding the ethical component of CVPL show interesting results: luxury consumption is perceived as more snobbish, than unethical by all countries in the sample. The Polish regard luxury purchase as highly snobbish, but not unethical, whilst Portuguese do not see anything wrong in buying these kinds of goods.

## 5.2. Hedonic, functional and aesthetic components of CVPL

The data fully confirm the dynamically growing trend of a “consumption culture” in Saudi Arabia. Saudis simply love to shop and enjoy buying and possessing luxury goods. They also regard functional components of CVPL as the most important of all the value dimensions and they evaluate it the highest amongst all the countries in the sample. The scores for craftsmanship and quality are above 4. But all countries in the sample indicate these two factors as distinct features of luxury goods. This confirms other studies in the field on the distinct features associated with luxury goods [see eg. Kapferer 1998].

Aesthetic attributes are mainly associated with top design and to a lesser extent to elegance within the whole sample, regardless of the country.

**Proposition 3 is confirmed.** The level of the hedonic component in luxury consumption is higher in rising luxury markets than in mature luxury markets.

**Propositions 5a and 5b are confirmed.** The higher level of a country’s individualism is not positively correlated with the level of the hedonic value component. The “showing off phase” of rising markets strongly influences CVPL perception and does not seem to be connected with the level of individualism. The fun factor connected with the dynamic luxury purchase is remarkably visible in Saudi Arabia (3.32) and Portugal (3.09); both countries with a lower level of individualism than Poland (where the hedonic factor mean is actually negative 2.68). Our findings differ from Shukla and Purani’s [2012] when comparing British and Indian consumers which indicates the need for future further elaboration of this topic.

**Proposition 6 has to be rejected.** Only consumers from Saudi Arabia (a country with a high level of indulgence) value the hedonic component highly. Turkish consumers do not value this component higher than other countries with lower indulgence score.

**Table 5. Hedonic, functional and aesthetic components of CVPL – the sample countries' mean comparison**

	Total	Saudi Arabia	Germany	Poland	Turkey	Portugal
<b>Hedonic component</b>	<b>2.75</b>	<b>3.32</b>	<b>2.08</b>	<b>2.68</b>	<b>2.56</b>	<b>3.09</b>
Buying luxury products brings a lot of fun	3.23	3.35	2.90	3.52	2.73	3.32
Buying luxury products is proof that I care about myself	2.78	3.35	2.33	2.64	2.74	3.01
Buying luxury products is very exiting; then I feel like a queen/ king	2.67	3.26	2.10	2.53	2.37	3.04
<b>Functional component</b>	<b>3.33</b>	<b>3.85</b>	<b>2.80</b>	<b>3.15</b>	<b>3.44</b>	<b>3.41</b>
Luxury products provide the best quality to money ratio	3.03	3.51	2.38	2.95	3.16	3.00
Luxury products are characterized by high class craftsmanship/design	3.69	4.06	3.21	3.61	3.74	3.60
Luxury products are of superior quality	3.54	4.13	3.20	3.25	3.43	3.71
Luxury products have superior functional features	3.07	3.72	2.42	2.76	3.42	3.34
<b>Aesthetics</b>	<b>3.64</b>	<b>3.80</b>	<b>3.41</b>	<b>3.61</b>	<b>3.63</b>	<b>3.63</b>
Luxury products are the symbol of elegance	3.31	3.58	2.96	3.27	3.11	3.55
Luxury products are the symbol of top design	3.97	4.03	3.87	3.95	4.14	3.71

**Proposition 7 is confirmed.** In Germany, a country with high level of individualism and a low level of indulgence, consumers do not highly value the CPVL hedonic component.

### 5.3. Price perception

Even though all consumers, regardless of the country, associate luxury goods with a high price, only the Saudis seem to justify this price level with high costs for production and distribution. Unlike the rest of the sample Saudi Arabians do not associate high price with the desires and wants of consumers which might be partly explained by the religious situation in this country and the fact that this is a Sharia Monarchy. According to Islam luxury goods can be classified as Kamaliah (hallal, lawful goods that raise the comfort of life and improve its quality) or Tarafiah (haram, unlawful goods representing superfluous, wasteful excess). This classification is open to interpretation as it is based on human



**Table 6. The price perception of luxury goods**

Price perception	Total	Saudi Arabia	Germany	Poland	Turkey	Portugal
Luxury products are very expensive	3.97	4.03	3.87	3.95	4.14	3.73
The price of the luxury product is equivalent to the prestige that owning it brings	2.85	3.26	2.53	2.79	2.56	3.17
The price of the luxury product reflects costs and expenses connected with its production, distribution and sales	2.43	3.31	2.08	2.03	2.32	2.79
The price of the luxury product reflects the power of consumers' lust for this good	3.7	3.39	3.85	3.74	3.59	4.03

judgement as to what is still halal or already haram [Alserhan et al. 2014]. Admission that the price of luxury goods reflects desire may be regarded as an auto-classification of luxury goods into the tarafiah category.

**Proposition 4 is not confirmed and has to be rejected.** The price perception differs in rising luxury and mature markets but consumers in the rising luxury markets do not value luxury goods as more expensive and more desirable than consumers in mature markets. The Portuguese value luxury goods as expensive to a lesser extent than Germans. Luxury goods are not seen as more desirable to consumers from rising markets than they are by German respondents.

## Conclusions

Consumers in the sample differ considerably in their attitudes towards luxury goods' perception. Saudis are the greatest luxury admirers with social, hedonic and functional components playing a critical role in evaluating value. High levels of these factors can be explained by a general Muslim perception of consumption as a key element of identity formation [Alserhan et al. 2014]. Buying luxury goods builds a positive social image showing a high material status [Tjahjono 2011; Teimourpour and Hanzaee 2011, 2014.]. Even though luxury goods raise social status and prestige luxury consumption can be treated as somewhat superfluous and then disregarded.

Although Polish consumers demonstrate exactly the same level of ethical doubts as Saudis and highly regard the social CVPL component, they differ from Saudi Arabians in many ways. Firstly, although they acknowledge fun as the most important hedonic value driver, they do not exhibit (like no other country in the sample) any "bandwagon" or "snob effect". Luxury goods do not

necessarily embody high functionality, but are desired and well-known and therefore, they are worth buying. These results can be explained by strong individualist features amongst young Poles, accompanied by quite high levels of materialism and an inclination towards indulgence [Marcoux, Filiatrault, and Cheron 1997; Kacprzak and Dziewanowska 2015]. This contradicts Hofstede's low indulgence level in Poland.

Turkish and Portuguese consumers value mostly a product image as the potential buying indicator whilst having only slightly positive opinions about their superior functionality. Hedonic consumption is a very moderate value creating factor and the purchase of luxury goods is justified mostly by their social and functional features.

Whilst Germany is an example of a mature luxury market some aspects of German culture seem to influence the purchase and display of luxury goods. Germans do not like to display wealth and opulence in public. This reluctance to show off wealth is often associated with the phenomenon of social envy [Haubl 2003]. Hofstede's power distance score for Germany (35) is the lowest amongst the five surveyed countries and indicates an aversion of status symbols. It would be interesting to test in future research whether a similar reluctance to display luxury goods can also be found amongst other mature luxury markets with a low power / distance score or whether German culture is unique in this. For example, countries with a low power/distance (Sweden 31, USA 40) and high indulgence score (Sweden 78, USA 68) show a drastically different attitude to luxury public exposure (Sweden being reluctant, and USA not at all). The findings for Germany are also contrary to the findings of Shukla and Purani [2012] which had identified individualism with high levels of hedonism and collectivism with low levels of hedonism in their study of British and Indian consumers.

That is why further research looking for the reasons of CVPL beyond cultural dimensions needs to be carried out. Such future studies ought to determine whether other demographic factors such as age, sex, income, level of education, religious affiliation, etc., have an impact on the display of luxury goods in public or not.

Although national culture can serve as an explanatory factor, we believe that the perception of luxury in emerging markets shares other, mainly social and economic commonalities, that explain the findings in a more precise manner. The "show off" syndrome in all rising luxury markets is visible and a social component plays an important role in the perception and purchase of luxury goods.

Although religion has a big potential of influencing buying behaviour, the mean values for Saudi Arabia and Turkey, which are the two countries where the majority of the population is Muslim, do not show a correlation. This result can be attributed to the cultural, demographic and various social differences existing between these two countries which leads to the conclusion that religion, regarded as the important cultural moulding factor, should be evaluated

together with other social variables. Again the values of the economic variables for the countries being studied seem to be as influential as the cultural ones when shaping consumers' value perception. Determining the weight of each category of values remains as a research question for further studies.

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