

An Exploratory Study of Luxury Consumption in Korea: Implications for International Marketers and Advertisers

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ABSTRACT

Despite the growth and potential of the luxury market in Korea, there is a very limited amount of empirical knowledge about primary consumption motives. By surveying a sample of 200 non-student consumers from South Korea, the results suggest Korean consumers have three primary consumption motives. Findings reveal that the Conspicuousness motive and the number of visits to local luxury brand stores were positively associated with the volume of luxury goods purchases. In addition, this study revealed that there was a positive association between household monthly income and the expenditure for luxury goods consumption. Finally, this study provided implications for marketing strategists.

Keywords: Luxury brands consumption, Consumption motive, Korea

Arnault, B., LVMH's CEO, addressed in an interview "Luxury is the only sector that can provide luxurious margins" (Capital, 2010, cited in Kapferer & Tabatoni, 2010).

Luxury brand goods once belonged strictly to the upper social class. Today, however, they have become visible, recognizable, and accessible to a larger slice of the public (Stegemann, 2006). That is, luxury brand goods are now more affordable and being enjoyed by a wider range of consumers than ever before (Wiedmann, Hennigs, & Siebels, 2007). The consumers' pursuit of luxury brands has boosted the growth of the luxury industry. With respect to the market size of luxury goods, McKinsey Co. (1990) estimated the global market for luxury goods in 1993 to be \$60 million (Cited in Phau & Prendergast, 2000). Verdict Research (2007) calculated that the same market's value in 2007 at over \$263 billion. In addition, in the latest industrial report Bain & Company calculated that global expenditures on luxury branded products would be worth about \$235 billion in 2011 and forecasted that the market will be worth about \$250 billion in 2012 (Bain & Company, 2011, 2012).

In the global luxury fashion market, Europe, the United States, and Japan account for 69% of the world's demand for luxury goods (De Beers, 2008). However, the main market areas consuming luxury goods have changed due to the market power of Asian countries (e.g. China, South Korea). According to *The Cult of the Luxury Brand* (Chadha & Husband, 2006), the luxury market in Asia accounts for over 52% of the global luxury market sales. This figure includes Asian travelers' shopping abroad, accounting for around 15-20%. Chadha and Husband also conservatively estimate that the Asian luxury market has become the world's biggest market for European luxury goods today (JP Morgan 2005, cited in Chadha and Husband 2006, p. 23).

Noteworthy among Asian countries is the Republic of Korea (hereafter Korea). Korea is the third largest East Asian market (Chadha & Husband, 2006). The country has played an important role in propelling the growth of luxury goods in Asia. According to Kwon (2005), Korea's luxury market in 2003 was worth about \$1 billion and was increasing at a rate of 4.6% per annum from 2000 to 2003. In 2007, however, its market was \$1.5 billion and its

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annual average growth rate was approaching 10% (Kim, 2007). Furthermore, industrial reports and popular press articles demonstrate the popularity of luxury brands among Korean consumers and the growth of the luxury market in general suggesting there may still be room for growth in the Korea's luxury goods market to increase. Given these facts, global marketers and international advertisers must better understand the Korean market and its consumers. Based on our review of literature on luxury goods, there is only a limited amount of empirical knowledge regarding the trends and behavior of Korean consumers toward consuming luxury brands. For example, why do young female Korean office workers purchase *Ferragamo* shoes on installment plans (Chadha & Husband, 2006)? The answer can be found in the traditional ways of presenting who one is and what one desires. Although some studies have been conducted on consumption motives of luxury goods, for the most part they have framed these motives, as well as beliefs or attitudes toward luxury brands, in Western cultural contexts (e.g., Dubois, Czellar, & Laurent, 2005; Vigneron & Johnson, 2004).

To fill this gap, this research has two objectives: Provide a description of luxury consumption patterns among Korean consumers; and identify social and psychological factors that lead Korean consumers to purchase luxury brands. To that end, this study reports the findings of a survey of 200 consumers of luxury brands in Korea. The study's findings contribute to an area in which the literature has given relatively little attention—the motivation behind luxury brand consumption among consumers in Asian countries, especially Korea. The findings also provide the global marketers and advertisers who are interested in the luxury market of East Asian countries with an outline of the Asian luxury goods consumer.

LITERATURE REVIEW

Definition and Characteristics of Luxury Brand Products

The term “luxury” is subjective, consisting of consumers' perceptions as well as personal and interpersonal motives (Stegemann, 2006; Vigneron & Johnson, 2004). The origin of the term *luxury* comes from the Latin *luxus*. According to the *Oxford Latin Dictionary* (1992), *luxus* means “soft or extravagant living, (over-) indulgence” and “sumptuousness, luxuriousness, opulence.” Based on Stegemann's

(2006) study, *luxury* has both positive and negative aspects depending on its use in certain situations. When luxury compares with extravagance, opulence, and rankness, the word carries a positive value of splendor to it. However, it takes on the negative meaning of decadence when used in association with ‘private,’ and ‘excess,’ and put into a social context” (Stegemann, 2006). With respect to definitions of the term *luxury* in marketing research, it is commonly defined as an indication of a very limited supply and the recognition of the value by others (Cornell, 2002); and of objects that provide pleasure (Berry, 1994; Wiedmann et al., 2007). Additionally, Dubois, Laurent, and Czellar (2001) mention six conceptual characteristics regarding luxury: 1) excellent quality, 2) very high price, 3) scarcity and uniqueness, 4) aesthetics and polysensuality, 5) ancestral heritage and personal history, and 6) superfluosity.

Recently, a few new features have been included among the characteristics of luxury, owing mostly to mass media. Celebrities sporting fashion-related clothing and other possessions, considered generally expensive and limited in the market, have been shown via mass media such as TV, movies and magazines. The public, enamored with what they see, desires to emulate favorite celebrities' fashion or life style (Mandel, Petrova, & Cialdini, 2006). In addition, the mass media convey ownership of luxury goods as an indicator of social status. Middle-class consumers tend to purchase luxury brand products to present an image of belonging to the upper class, whereas upper-class consumers consume luxury brands to distinguish themselves from the middle class (Stegemann, 2006).

With respect to definitions regarding luxury brands, Nueno and Quelch (1998) defined luxury brands as certain brands that “hold a higher share of the market in product categories where the brands convey social status and image” (p. 63). In addition, McKinsey (1990, cited in Phau and Prendergast 2000, p. 124), whose definition has been cited frequently in the literature on luxury brands, defined luxury brands as “those which have constantly been able to justify a high price, i.e., significantly higher than the price of products with comparable tangible functions.” Defining luxury brands may explain the psychological aim of consuming them (Nueno & Quelch, 1998). Those definitions, however, are insufficient at encompassing all the factors mentioned above. To better define the notion of luxury brands, the current study follows Vigneron

and Johnson's (1999, cited in Wiedmann et al. 2007, p. 3) definition of luxury brands as "the highest level of prestigious brands encompassing several physical and psychological values" (e.g., jewelry such as Tiffany, BVLGARI, and Cartier, automobiles such as Mercedes Benz and BMW).

Overview of the Korean Economy and the Luxury Market

Korea, over the last five decades, has achieved one of the fastest rates of economic growth in the modern era. Per capita annual income rose from \$778, in 1953, to \$20,820, in 2008, an increase of over 2600% (Chung, 2007; Economist, 2008). Such growth has made Korea the third largest economy in East Asia, after Japan and China (CIA, 2009). Based on industry reports on the luxury market (J.-H. Park, 2006), the Korean luxury market was, in 1999, \$1.08 billion, rising to \$2.47 billion, in 2001, and then \$40 billion in 2011, an increase of over 1600%. Furthermore, even though Korea was undergoing an economic downturn in 2009, luxury sales more than weathered the storm, posting a 16.7% rise between 2008 and 2009, thus making Korea the second fastest growing market after China (Shin, 2011). In addition, Korea's cultural mores are key factors in making it a valuable market for luxury brands (Lee & Green, 1991). Individualistic cultures, like the USA, Canada, and the UK, place a premium on the individual and their uniqueness (Wong & Ahuvia, 1998). Collectivistic cultures, common in East Asia, place a premium on relationships with family and members of one's profession or social group. Korea is generally regarded as belonging to this category (Lee & Green, 1991). A Korean who is asked to answer the question, "Who are you?" may answer, "I am the eldest son/daughter in someone's family;" or "I am an employee of Samsung" (Wong & Ahuvia, 1998). Because Koreans value such relationships, they possess a certain cultural motivation called "face" (Wong & Ahuvia, 1998). *Face* motivates individuals to maintain various relationships. *Face* can be lost, however, when one does not meet social expectations. For these reasons, Koreans generally strive to maintain *face* by consuming certain goods whose price and brand match their social status.

As discussed above, among East Asian countries, Korea is becoming a major profitable market for global luxury brands. Nevertheless, there is a limited empirical studies

focusing on Korean consumers' social and psychological motivations for buying or using luxury brands. That is, studies conducted to identify the consumption motives for luxury brands are limited in number and those examining consumption motives for luxury brands tend to focus on just one motive (e.g., *hedonism* in Arnold & Reynolds, 2003; *conspicuousness* in O'Cass & Frost, 2002). Furthermore, past studies have been mainly conducted not in the East but in the West (e.g., European countries: Great Britain, France, West Germany, Italy, and Spain in Dubois & Duquesne, 1993; the USA in Netemeyer, Burton, & Lichtenstein, 1995).

Motives for Consuming Luxury Brands

Consumption motives have been described as psychological and biological needs including integral factors that arouse and direct an individual's consumption behavior and activity (Yoon & Uysal, 2005). To identify Korean luxury-consuming behavior, this study examines both individual- and social-related motives. These are considered the significant factors driving consumption of luxury brands in Korea. As an individual-related motive, this study viewed sensory satisfaction as a hedonistic motive. For social-related motives, the study included need for conspicuousness, vanity, and conformity.

Sensory Satisfaction

The consumption of goods or services is frequently associated with an individual's emotional satisfaction (Sheth, Newman, & Gross, 1991). Undoubtedly, emotional satisfaction plays an important role in marketing strategies for products or services related to luxury brands (Yoon & Uysal, 2005). This is true even for simple products like cigarettes, food, and clothing (Levy, 1999). For this reason, advertisers use luxury images to stimulate emotional responses expected from the use of certain product categories, e.g., luxury fashion clothing, cosmetic goods, and luxury motor cars (Vigneron & Johnson, 1999). In marketing research, however, the full range of personal emotional responses to luxury brands has rarely been investigated (Hirschman & Holbrook, 1982). Therefore, this study attempts to examine consumption motives related to emotional response.

Recent research on luxury consumption indicates that the consumption of luxury brands often provides with a hedonistic effect manifested in subjective and

intangible benefits (Vigneron and Johnson, 1999). Vigneron and Johnson (1999) say the hedonistic effect refers to when individuals regard the perceived utility as the subjective and intangible emotional benefits they get from the consumption of prestige brands or luxury brands. Sometimes the hedonistic effect relates to sensory gratification, sensory pleasure, and aesthetic beauty expected to be experienced through the consumption of the luxury goods (Roux & Floch, 1996; Vigneron & Johnson, 2004). The hedonistic type of consumer could be classified as being rarely affected by interpersonal influence and considering only their own self in seeking fulfillment when purchasing or using prestige brands or luxury brands (Kassarjian, 1965; Vigneron & Johnson, 2004). Wiedmann et al. (2007) proposes that the consumer's hedonistic level, described as their emotional desire for sensory gratification from a luxury brand's product or service, is positively related to their perception of the value of the individual luxury. Because of the lack of knowledge on the relationship between hedonism and the consumption of luxury brands, this study explores the motives, among Korean consumers, related to sensory satisfaction on the consumption of luxury brands.

Conspicuousness

In the early 1980s, several researchers (see Bearden & Etzel, 1982; Rossiter & Percy, 1987) examined the relationship between the consumption of luxury brands and the motives for consuming the luxury brands (Vigneron & Johnson, 1999). In 1899, in a fundamental study related to this relationship, Veblen suggested there is a positive relationship between the consumption of prestigious goods and the psychological need for conspicuousness. In other words, in order to display their wealth, social power, and difference from others, wealthy individuals may tend to purchase expensive or prestigious goods (Veblen, 1899). Additionally, Vigneron and Johnson (1999) indicated that the high visibility of prestige brands may play a crucial role in the conspicuousness of consumers. As mentioned above, luxury brands also display an individual's wealth and social power, providing prestige, and offer the middle class an opportunity to attain the appearance of affluence (Mandel et al., 2006). Given all this, we expected that conspicuousness might strongly influence the intention of Korean customers to consume or purchase luxury brands as one of the key motives.

Vanity

Because it has to do with external appearance, vanity is recognized as a motive for conspicuousness (H. Park, Rabolt, & Jeon, 2008). Nevertheless, vanity is somewhat different from conspicuousness (H. Park et al., 2008). Durvasula, Lysonski, and Watson (2001) suggest that vanity ought to be considered under the aegis of consumer culture. This culture is closely related to mass media. Indeed, TV, movies and magazines, and other media greatly influence learning, creating, and sharing the meanings or symbols of consumption (Durvasula et al., 2001). Appardurai (1990) stated that the imagined lives lived by certain people such as celebrities, as portrayed in the mass media, can easily lead consumers to participate in vanity-based consumption. Mass media advertising frequently uses physical appearance-related and material possessions-related vanity as content themes. These themes link consumer vanity to fashion-related products, cosmetic products, and luxury brand-related products (Wang & Waller, 2006). Although the vanity motive is at play in the consumption of luxury brand goods, cosmetic products, and fashion-related goods which stand for physical appearance and material possession or achievement, there are few studies which examine the relationship between the vanity motive and the consumption of luxury brands.

Conformity

In the literature on consumption behavior, reference groups offer varied influence on how a consumer decides to consume particular products and brands, and how individuals tend to conform or act in accordance with the majority opinion of their membership groups (Festinger, 1954; Vigneron & Johnson, 1999). Individuals' consumption behavior is related to and influenced by the reference group's norms. For example, people might purchase products or brands in an effort to enhance their image with a reference group or to show the degree of their affinity for their reference group. Such willingness, of course, affects their consumption style (Bachmann, John, & Rao, 1993). Individuals generally care about how they're perceived. Torelli (2006) states that individuals who are willing to ensure harmony with others, and who tend to have an inclination toward interdependence, try to act in accordance with others' judgments when they care about what those others think about them. For instance,

those who have a higher level of interdependence may purchase goods based on the public meaning of their possession (Wong & Ahuvia, 1998). Lascu and Zinkhan (1999) suggest that a reference group may have a positive influence on publicly consumed goods, especially luxury products or brands. Given the information on the characteristics of individual consumption of goods or brands, we expect the conformity motive to strongly influence the intention of Korean customers to consume or purchase luxury brands.

The motives mentioned above have been cited as primary drivers of luxury brand consumption. Nevertheless, there is little research focusing on the degree to which they might influence Korean luxury brand consumers. In addition, Park, et al. (2008) point out that there is a definite lack of literature on the topic. Park and colleagues also suggest it is worthwhile to identify the relationship between expenditure on luxury brands and demographic factors such as gender, age, marital status, educational level and income. This study addresses that gap in the literature. Thus, the following research questions are put forth to guide the current study:

RQ1: What are Korean consumers' primary luxury brand consumption motives?

RQ2: To what extent are the influences on the consumption behavior of Korean luxury consumers in regard to (a) demographic variables such as age, gender, marital status, education level, and monthly individual/household income, (b) shopping activities such as the frequency of visiting luxury goods' store online/offline, and (c) luxury consumption motives identified in this study?

Method

Sample and Procedure

The current study employed an online survey administered via an online consumer panel. It offered a convenient method for getting valuable data as a sampling technique by sorting the target participants with certain experiences. In addition, this study sampled actual consumers of luxury goods instead of using a student sample for the following reasons: 1) Students are not typical consumers and using a student sample may distort the results of the present study; 2) student samples usually are drawn from a very narrow

age range and subjects are concentrated at the upper level of educational achievement; and 3) students have stronger needs for their peer approval, manifested in dependency and conformity, and over-identification with their peers (Christodoulides, Michaelidou, & Li, 2009). A total of 418 potential survey participants, randomly selected from the online panel, were invited to participate in the survey. After screening, we eliminated 174 participants from the survey who had no experience buying or using luxury brands. As a result, 244 were retained; 200 of these completed the survey. All respondents who completed the survey received a \$5 gift card.

Sample Characteristics

Among the 200 participants, 140 (70%) were female and 60 (30%) were male. The participants' average age was 33.89 years ($SD = 7.77$). As for education, 71.3% had a two- to four-year college degree, 16.4% had a high school education or below and 12.3% held graduate/professional degrees. Around 50% of the respondents earned less than \$2,000 per month, 18.5% earned between \$2,000 and \$3,000, and 11% earned between \$5,000 and \$7,000. In addition, 26.5% of respondents estimated their monthly household income to be between \$5,000 and \$7,000, 21.0% estimated it to be between \$4,000 and \$5,000, and 19.0% estimated it between \$3,000 and \$4,000. Of the participants, 55.5% had some experience with purchasing imitation versions of luxury goods. Additional demographic characteristics of the respondents are shown in Table 1.

Measures

Frequency of Buying Luxury Goods

Respondents' annual frequency of buying luxury brand goods was assessed using the following variable: "Annually, how many times on average do you purchase luxury goods?" with a 7-format response (e.g., *one time per month*). Although this variable served as a continuous variable, to analyze the variable effectively in this study, the study conducted the work of recording the values in numbers based on the annual average times (e.g., *one time per month to 12 times per year*).

Annual Average Expenditure for Purchasing Luxury Goods

To determine the annual average expenditure for purchasing luxury brand goods, subjects were asked to indicate the average expenditure on the measure: “Annually, how much money on average do you spend for luxury brand goods?” with a 7-format response (e.g., \$1,000 – less than \$3,000). With respect to the annual expenditure variable, even though this variable served as a continuous variable similar to the annual frequency of purchasing luxury brand goods variable, to analyze the variable effectively in this study, the study also conducted the work of recording the values based on the mid-point of each indicator’s range (e.g., \$100 – less than \$300 to \$200). In terms of two responses in the expenditure variable: less than \$100 and over \$5,000, the study recoded the indicators as a maximum or minimum value, respectively (e.g., less than \$100 as \$100 and over \$5,000 to \$5,000).

Motive

In order to measure personally oriented motives for purchasing (or using) luxury brands, this study’s questionnaire contained measurement items in terms of personal values (hedonism and extended self) and non-personal values (conspicuousness, uniqueness, and quality). To measure Korean consumers’ various motives, we derived sixteen motive-related factors from Vigneron and Johnson (2004), such as “for wealthy,” “rare,” “precious,” “unique,” and so on. From Kapferer (1998), we derived another 15 motive-related items, such as “craftsman,” “its quality,” “exclusiveness,” “conspicuous,” “long history,” and so on. We derived 13 items from Dubois et al. (2001), such as “excellent quality,” “few people own,” “reveal who you are,” “differentiate from others,” and so on. Additionally, 19 items derived from a pilot study, including such items as “maintain service,” “confidence,” “group trends,” and so on, were included to help us investigate certain Korean consumers’ motives. However, there were a considerable number of the motive-related items that (partially) overlapped each other (e.g., unique versus its uniqueness). Therefore it was prudent to reduce them to a manageable number for the study. Consequently, we constructed a total of 45 measurement statements in terms of the reasons for purchasing (or using) luxury brand goods. To measure

consumers motives in this study, a 5-point Likert-type scale, ranging from strongly disagree (1) to strongly agree (5), was used as a response format.

Results

In order to investigate RQ1, principal component analysis (PCA) with Varimax orthogonal rotation was conducted to uncover the primary motives for purchasing (or using) luxury brands. With respect to RQ2, this study conducted hierarchical regression analyses. In each hierarchical regression analysis, demographic factors were controlled in order to see if the consumer behavioral factors, such as frequency of visiting local stores and consumption motives of Korean consumers, accounted for each variance of the dimensions of Korean consumers’ involvement in luxury consumption (frequency of purchasing luxury brands and annual expenditure for luxury brands).

In terms of the luxury consumption motives of Korean consumers, a total of 25 motivational statements were excluded from any of the factors because these items were loaded on multiple factors. Finally, the PCA analysis produced a three-component solution, which accounted for approximately 68.4% of the total variance. As shown in Table 2 the first factor represented “social expression” and included the following: “Luxury brand products represent my social status,” “Luxury brand products represent my educational level,” “Luxury brand products represent my membership in a certain group,” and so on. The component accounted for 47.9% of the variance after rotation and its 12 items formed a reliable scale as assessed by Cronbach’s alpha ($\alpha = .95$). Factor 2, labeled “Aesthetic Experience,” consisted of 6 items and accounted for 15.4% of the variance ($\alpha = .91$). Factor 3, labeled “Conspicuousness,” consisted of 2 items and accounted for 5.3% of the variance ($\alpha = .80$). Table 2 illustrates the 20-item factor structure and contains a summary of these results.

With respect of RQ2, the determinant variables accounted for 30.5% and 3.1% of the variance of the outcome variables, frequency of buying luxury goods per year and expenditure per year, respectively. Regression equations for both outcome variables were statistically significant and the results of these analyses are presented in Table 4. Based on the results, the extent to which Korean consumers visited local luxury brand stores was positively associated with the frequency of purchasing luxury goods

($\beta = .36, p < .001$), whereas the frequencies of visiting online website, such as an official brand website or online shopping malls, was not significantly associated with the outcome variable, frequency of buying luxury goods per year. With regard to the motives, the conspicuous motive was positively and significantly related to the frequency variable ($\beta = .33, p < .01$). However, the present study found that among these determinant variables, only household monthly income was positively associated with the other outcome variable, expenditure per year ($\beta = .30, p < .05$).

Discussion and Implications

Luxury brands are increasingly popular in Korea. Nevertheless, empirical research on what motivates Korean consumers to use, purchase, or consume a variety of luxury brands remains somewhat limited. We surveyed a non-student sample of 200 consumers from Korea about their consumption motives. By means of this survey, the current study provides a general understanding of luxury consumption behavior and motives of Korean consumers. Moreover, we examined the relationships between demographics, consumption motives, and luxury consumption features of Korean consumers: annual numbers purchasing luxury goods and annual expenditure for luxury brand goods. Our findings provide a clear profile of Korean consumers as a target of marketers and advertisers of luxury brands.

With regard to motives, social expression emerged as the primary motive ahead of all others. The social expression motive is defined by such social symbol-oriented aspects of luxury brand associated with the owner as representing owner's social status, education level, and profession. Such a motivation is consistent with the influential desire to obtain social status or prestige from the acquisition and consumption of goods (Eastman, Goldsmith, & Flynn, 1999). Therefore, luxury marketers should consider the value of creating a socially distinguished brand image that emphasizes the higher levels of social status. Such a strategy should encourage Korean consumers to purchase luxury brand goods. This motive partially overlapped with certain motives mentioned in the literature review such as the conspicuousness motive, which emphasizes the display of social power or wealth, or of vanity, which values social achievement or external physical appearance.

The emergence of "aesthetic experience" indicates that Korean consumers tend to be affected by aesthetic aspects of luxury goods. In general, the motive may well be reflecting what was suggested by Dubois and Laurent (1994). They assert that emotional value may play an important role in encouraging the consumption of luxury brands. Yoon and Uysal (2005) suggest that emotional satisfaction is a key driver in encouraging consumers to purchase goods or services especially related to luxury. In line with that suggestion, this study's findings provide empirical evidence supporting the positive relationship between emotional satisfaction and consumption behavior.

The "conspicuousness" motive also appears to be active in Korea. This motive is defined by luxury brands' uniqueness and scarcity. The findings indicated that Korean consumers also seek luxury brand goods' novelty compared with non-luxury brand goods. Therefore, the study suggests that manufacturers of luxury brands should adjust the supply of luxury brand goods to preserve their perceived rarity and exclusivity.

Next, this study examined factors that may encourage or hinder Korean consumers' luxury consumption activities. In terms of the frequency outcome variable, among the motives identified in this study, the conspicuousness motive was positively and significantly associated with the frequency variable. For this reason, this study suggests that advertisers should create marketing or advertising strategies focusing on differences between luxury brand goods, which can be possessed by only limited number of consumers, and non-luxury brand goods.

In addition, the relationship between the number of visits to local luxury brand retailers and the purchase of luxury goods suggests that although many consumers have visited online stores and made purchase there, consumers on the luxury brand market may prefer local to online retailers. Therefore, marketers should pay attention to store displays and atmosphere.

The present study found a positive and statistically significant association between household monthly income and the expenditure for luxury goods consumption. That is, the higher the participants' reported household income, the more money they spent on the consumption of luxury brands. Given the information about household income and total annual spending on luxury brand consumption, the study suggests that marketers develop strategies related

to the various income levels of customer households in order to increase sales of luxury brands in Korea.

Finally, the current study includes some limitations. First, motivations for purchasing (or using) luxury brands in Korea may not well represent the motivations of other East Asian consumers. Each East Asian country has its own unique socio-economic and cultural background. Such factors may play an important role in shaping

consumption motives. Therefore, research across different East Asian cultures should be conducted to increase the generalizability of the findings of the study.

Second, the study used a relatively small non-student sample of 200 subjects for maximum sample homogeneity. However, this small size may have yielded biased results. Thus, the results may limit the generalizability regarding both Korean consumer motives and the managerial

Table 1: Sample Characteristics (N=200)

		<i>Frequency (%)</i>	<i>Mean(SD)</i>
Age			33.89 (7.77)
Gender	Female	140 (70.0)	
	Male	60 (30.0)	
Education (N=195)	High school or below	32 (16.4)	
	2-Year college / 4-Year college degree	139 (71.3)	
	Master/Doctoral/Professional degree	24 (12.3)	
Monthly individual income	Less than \$2,000	100 (50.0)	
	\$2,000 - less than \$3,000	37 (18.5)	
	\$3,000 - less than \$4,000	18 (9.0)	
	\$4,000 - less than \$5,000	19 (9.5)	
	\$5,000 - less than \$7,000	22 (11.0)	
	\$7,000 - less than \$10,000	3 (1.5)	
	Over \$10,000	1 (.5)	
Monthly household income	Less than \$2,000	15 (7.5)	
	\$2,000 - less than \$3,000	32 (16.0)	
	\$3,000 - less than \$4,000	38 (19.0)	
	\$4,000 - less than \$5,000	42 (21.0)	
	\$5,000 - less than \$7,000	53 (26.5)	
	\$7,000 - less than \$10,000	8 (4.0)	
	Over \$10,000	12 (6.0)	
Annual expenditure	Less than \$100	1 (.5)	
	\$100 - less than \$300	29 (14.5)	
	\$300 - less than \$500	47 (23.5)	
	\$500 - less than \$1,000	65 (32.5)	
	\$1,000 - less than \$3,000	42 (21.0)	
	\$3,000 - less than \$5,000	11 (5.5)	
	\$5,000 - less than \$10,000	5 (2.5)	
Frequency of buying luxury goods	Around a time per week	0 (0)	
	Around two or three times per month	2 (1.0)	
	Around one time per month	6 (3.0)	
	Around one time every two months	1 (.5)	
	Around one time every three months	28 (14.0)	
	Around one time every six months	62 (31.0)	
	Around once a year	101 (50.5)	
Experience on imitation of luxury goods	No	89 (44.5)	
	Yes	111 (55.5)	

Table 2. Principal Component Analysis of the Luxury Brand Consumption Motives

<i>I purchase (or use) luxury brand products because (of)...</i>	<i>Components</i>		
	<i>1</i>	<i>2</i>	<i>3</i>
(Social Expression; $\alpha = .95$)			
Luxury brand products represent my social status.	.86	.18	.12
Luxury brand products represent my educational level.	.82	.13	.06
Luxury brand products represent my profession.	.81	.13	-.02
Luxury brand products raise my prestige.	.81	.23	.17
Luxury brand products represent my membership in a certain group.	.79	.15	.15
Luxury brand products are necessary to my social activities.	.78	.22	.24
Luxury brand products show me to be a successful person.	.78	.19	.13
Luxury brand products are good at representing me as a leader.	.75	.21	.26
Luxury brand products are frequently regarded as prestigious goods.	.74	-.03	.14
Luxury brands are frequently shown by celebrities in media such as TV.	.73	.23	.17
Luxury brand products are one of the necessities in social life.	.71	.28	.17
Luxury brand products are representing my educational level.	.67	.07	.04
(Aesthetic Experience; $\alpha = .91$)			
Luxury brand products' sophisticated aspect	.10	.88	.13
Luxury brand products' aspect of good taste	.21	.84	.13
Luxury brand products' exquisite aspect	.10	.78	.02
Luxury brand products' glamorous aspect	.14	.78	.10
Luxury brand products' high quality	.25	.77	.24
Luxury brand products' functional aspect	.21	.75	.23
(Conspicuousness; $\alpha = .80$)			
Luxury brand products are exclusive.	.25	.26	.83
Luxury brand products are rare.	.28	.33	.79
Eigenvalue	9.59	3.09	1.01
% of Variance	47.93	15.44	5.03
Cumulative %	47.93	63.37	68.40

Table 3: Correlation Matrix

		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>
1.	Frequency of buying luxury goods per year											
2.	Expenditure for luxury goods per year	.31*										
3.	Age	.04	.22*									
4.	Gender (male)	.06	-.04	.06								
5.	2-Y/4-Y college degree	-.01	.16*	.18*	-.02							
6.	Master/Doctoral/Professional degree	-.05	-.09	-.04	.19*	-.56*						
7.	Monthly individual income	.07	.23*	.38*	.22*	.05	.09					
8.	Monthly household income	.03	.36*	.18*	.01	.05	.17*	.47*				
9.	Experience of imitation of luxury goods	.09	.00	.11	-.07	-.07	.02	.05	.05			
10.	Social expression	.18*	.18*	.06	.03	.01	.07	.18*	.14*	-.01		
11.	Aesthetic Experience	.08	.19*	.09	-.13	.04	-.06	.10	.12	.03	.42*	
12.	Conspicuousness	.19*	.31*	.17*	.10	-.03	.04	.22*	.27*	.05	.50*	.52*

* p < .05

Table 4: Regressions Predicting Luxury Consumption

	<i>Frequency of buying luxury goods per year</i>			<i>Expenditure per year</i>		
	β		<i>t Value</i>	β		<i>t Value</i>
Age	.00		.04	.08		.82
Gender	.15		1.61	-.01		-.06
College degree	-.04		-.41	.04		.34
Graduate degree	-.07		-.68	-.10		-.88
Personal monthly income	.05		.48	.08		.72
Household monthly income	-.17		-1.59	.30		2.60*
R^2 (%)	2.6%			2.7%***		
Frequency of visiting offline store	.36		3.59***	.05		.45
Frequency of vising online store	.19		1.87	.18		1.66
Experience on imitation of luxury goods	.13		1.41	-.09		-.92
R^2 change (%)	27.8%***			5.9%		
Social expression	.13		1.20	.05		.44
Aesthetic Experience	-.12		-1.02	-.03		-.21
Conspicuousness	.33		2.73**	.19		1.46
R2 change (%)	8.4%***			2.9		
Final R2 (%)	38.8***			6.3		
Adjusted R2 (%)	30.5***			3.1		

Note. Regression coefficients are standardized. R2change refers to the unique contribution of each block of variables controlling for the previous variables entered in the regression. * $p < .05$, ** $p < .01$, *** $p < .001$.

implications for international marketers and advertisers in the luxury market. Therefore, future studies should consider increasing the sample size in parallel with focusing on a non-student sample.

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