

## A STUDY OF BRAND LUXURY OF ICE CREAM OUTLETS IN COIMBATORE, INDIA

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### ABSTRACT

Ice cream is an important component in desserts which was the favourite of everyone irrespective of the age. This industry has immense potential and need to be probed for further growth. Brand luxury is a new concept which measures the luxury status of a brand. Brand luxury index is used to assess the status of luxury of a brand. BLI consists of conspicuousness, uniqueness, quality, hedonism and extended self. The measurement of brand luxury will help for the marketers to fix the price and assess the level of the product in the brand. The study was conducted in icecream parlours in Coimbatore city. Kwality walls, Bon-Bon, Arun, Boomerang and Amul were the brands whose luxury was measured. Among these brands it was found that Boomerang brand found to be the luxurious brand among others taken for the study.

**KEYWORDS:** Ice Cream, Brand Luxury Index, Marketing Strategies

### INTRODUCTION

Ice cream is typically regarded as a seasonal product, with demand peaking during the summer months. The global retail ice cream industry revenue is estimated to reach \$74 billion by 2018. The retail ice cream industry includes retail sales of classic ice creams and frozen novelties. The branded market has a host of homegrown and international players, namely, Amul, Kwality Walls, Mother Dairy, Arun Icecream, Vadilal, Cream Bell, Baskin-Robbins, etc, amongst the prominent ones. Whilst Häagen-Dazs, Baskin-Robbins, London Dairy, New Zealand Naturals, and Hokey Pokey cater to the high-end market, the likes of Amul, Vadilal, Cream Bell. The per capita consumption of ice creams in India is just 300 ml per annum, compared to 22 liters in the US, 18 liters in Australia, 14 liters in Sweden. India is a way too far behind even in terms of the world average per capita ice cream consumption of 2.3 liters per annum, India is a country with hot climate with a young population. In India, the category is more aspirational, impulsive and treated as a relief in the scorching summer months, so it offers immense business potential that is yet to be tapped. Increasing urbanization, rising incomes, consumer awareness, improved cold supply chain, growing deep freezer penetration, and growth of modern format retail facilities frozen desserts business, which is highly capital intensive. Ice-cream is one of the fastest growing food categories in India. Notably, the business is seasonal in nature with April to June being the peak season and November to January the lean months.

### BRAND LUXURY

The global market for luxury brands has grown rapidly over the last two decades, and the luxury goods market grown six to seven percent in 2012, and to exceed US\$ 302 billion, defying global turmoil and the spread into new markets. This increase, in turn, can be explained by the steady increase in household income and consumer credit, added to the fact that the number of women working has also gone up (Christodoulides et al., 2009). Consumers nowadays have

more capital, a greater desire to examine their emotional side, a broader variety of choices in goods and services, and less guilt about spending money (Silverstein and Fiske, 2003). Today, the market for luxury goods and services is booming. While luxury is nothing new, the understanding for what luxury is, however, has certainly changed. It has evolved from rare pearls and spices from the Caribbean in the seventeenth century, to the products of great craftsmen and fashion designers like Christian Dior and Louis Vuitton during the nineteenth and early twentieth century's (Berthon et al., 2009). More recently, in the industrialized world, luxury has increasingly become the brands, which go beyond the material, and beyond the craftsmen, to invoke a world of dreams, images, signs, and motifs (Berthon et al., 2009). Research on luxury brands presents somewhat of a paradox, where they for some are considered as a betrayal of community values; and to others, the antidote to the mundane (Berthon et al., 2009). Luxury brands are one of the most profitable and fastest-growing brand segments, yet at the same time they are poorly understood and under-investigated (Berry, 1994).

The growth of luxury in Asia can be explained by a framework known as The Spread of Luxury Model. It well shows the stages of luxury market trends in both China and India, the problem of this model however is that the most recent positioning of the countries has been carried out (Chadha and Husband, 2006). At that time Japan was the luxury leader, with China and India slowly following up. Despite the fact that the stages for these countries are outdated, the framework will be presented further as it well explains consumer behaviors in China and India.

**Table 1.1: The Spread of Luxury Model**

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
<b>Subjugation</b> •Authoritarian rule •Poverty and deprivation	<b>Start of money</b> •Economic growth •Masses buy white goods •Elites start buying luxe	<b>Show off</b> •Acquire symbols of wealth •Display economic status	<b>Fit in</b> •Large scale adoption of luxe •Fueled by need to conform	<b>Way of life</b> •Locked into luxe habit •Confident, discerning

China →  
 India →  
 Japan →

Source: Adapted from and Husband 2006

The first stage as part of the spread of luxury model is subjugation. Every country in Asia has already gone through some form of this stage. In case of China it is the subjugation of the Communists, whereas India was under the British. The fact of subjugation in both countries led to difficult times in the society which further became a driver towards a desire, or a dream. This leads to the second stage defined by the economic growth, increased purchases, and the establishments of luxury goods for the elites. Stage number three, the show off stage is the moment when people start acquiring the symbols of wealth and displaying them. This stage can be described by Veblen's rules. This stage includes increasing presence of Western brands in Asia and growing awareness of brands. The show-off stage lasts five to ten years, when the market typically reaches the tipping point, the moment when the luxury culture spreads rapidly. The fourth stage fit in is a moment when big group of population own their status markers. At this stage the critical point is to conform to the new set of rules about how to express one's status. The last stage was already seen in Japan already in 2006, where the luxury culture has become a way of life. Here, the economic recessions play no role and do not influence the purchasing decisions of luxury goods customer group (Chadha and Husband 2006).

Luxury as a concept is not alien to India. Our culture is unique in that Indians have historically never seen a dichotomy between spirituality and materialism. The impact of personal value, social recognition, and demographics impact on luxury branded products purchases should be known to devise the suitable marketing strategies which can be used to influence their purchase intention. It will help business firm in strengthening their grass root level and top level decision making on brand image and consumer preference. Besides the firm should have knowledge on consumer's brand preference, their satisfactory level about the firm's product and promotional activities. This market information will help the firm in maintaining a smooth relationship with the consumers. The studies on brand luxury are rudimentary in India. Hence the study will strengthen the literature on brand luxury. The overall objective of the study is to analyze the brand luxury for selected ice-cream parlors in Coimbatore district of Tamil Nadu and the specific objectives are:

- To measure the brand luxury for selected ice cream parlors.
- To identify the relationship between brand luxury and demographic factor.
- To suggest marketing strategies for ice-cream parlors in Coimbatore.

The research question aimed to investigate the relationship towards the brand luxury from the consumer perspective. It was also assumed that the results of the research would contribute in implications for the brand luxury. The assumption that the brand luxury would vary according to gender, age and money spent on ice-creams characteristics drive consumers towards the brand luxury.

This study would be helpful in obtaining first-hand knowledge on the existing brand luxury for selected ice-cream parlors in Coimbatore City. The study would also offer detailed insight on the potential consumer segments for ice-cream parlors. It would enable the management to obtain firsthand knowledge about the brand, its perceived image among the consumers in the city. The relevance of demographic factors with respect to brand luxury would also be obtained from the study. The study would help the company to adopt innovative products and newer marketing strategies to get a strong foothold in the market. In future the impact of brand luxury on brand loyalty, customer satisfaction, and sales performance can be studied.

## REVIEW OF LITERATURE

Veblen (1899) & Silverstein & Fiske (2003) quoted that one must first understand the differences between the "old luxury" and the "new luxury". Luxury as we have known it, "old luxury" has been defined by snobbish, class oriented exclusivity-goods that only a small segment of the population can afford or is willing to purchase. "Old luxury" is the facilitator and result of conspicuous consumption (Veblen 1899). However, the "new luxury" democratizes high-quality products, making them available in many forms, at many price levels, and through a variety of retail channels. This means that the "new luxury" appeals to consumers across various income and social classes (Silverstein & Fiske 2003). Berry (1994) explained that luxury is often, erroneously, perceived as all that is superfluous. According to Houghton Mifflin Company (2000) Luxury is defined as (1) "something inessential but conducive to pleasure and comfort" or (2) "something expensive or hard to obtain". Dubois and Czellar (2002) noted that "luxury" and "prestige" are by far the most widely used words to describe brands that possess substantial intangible value. They also state that prestige is difficult and takes a long time to build up, while luxury is one of the symbols of prestige. Danziger (2005) stated "The natural evolution of all luxury concepts is from class to mass". Luxury is first introduced and embraced by the affluent, and then it

is translated and reinterpreted down to the masses. Thus today's luxuries become tomorrow's necessities". According to Yeoman & McMahon-Beattie (2005) the concept of luxury has changed radically and it is exceptionally fluid. Luxury is no longer the preserve of elites, there has been a cultural shift towards personal fulfillment through experience. This is an argument for 'luxury' to be seen as 'experience' and 'authenticity', rather than monetary value. Csaba (2008) stated that it is the societies that develop norms for what is considered luxurious and necessary, these, however, can be unclear and vary over time, across classes and cultures.

According to Wiedmann *et al.* (2009) the term 'luxury' is commonly used in everyday life to describe products, services and lifestyle, sometimes seen as a culture and philosophy, but despite the widespread utilization of the word 'luxury', it still elicits no clear understanding. Wiedmann *et al.* (2009) defined luxury as "beauty; it is art applied to functional items. Like light, luxury is enlightening. Luxury items provide extra pleasure and flatter all senses at once". Okonkwo (2009) believed that luxury has innate characteristics, intrinsic to its form, and elements that speak to passion than to reason. Hansen and Wanke (2011) described luxury as something being of excellent quality, which means that the ingredients or components of a luxury product are exceptional and superior to what is found in ordinary products. Rosa (2012) stated that luxury characteristics are dramatically different from other type of goods, and thereby 'luxury' as a term requires a thorough insight into its definitions.

## METHODOLOGY

Coimbatore district comprised of five Zones and Western Zone was purposively selected for the study. Five ice-cream parlors which are exclusive brands were purposively selected after doing a pilot study. The selected Ice-cream parlors were given in Table 3.1. Thirty consumers per store were contacted for collecting the data. Among the consumers who visited the selected retail outlets, 30 consumers were randomly selected. Thus the sample size was about 150 consumers. The icecream parlours selected for the study were kwalky walls, arun icecreams, amul, boomerang and bon-bon. The required primary data was collected through a well-structured interview schedule. The sample consumer was interviewed personally at the Ice-cream parlors. Brand luxury Index was used to measure the brand luxury of the icecream parlours (Vigneron and Johnson 2004).

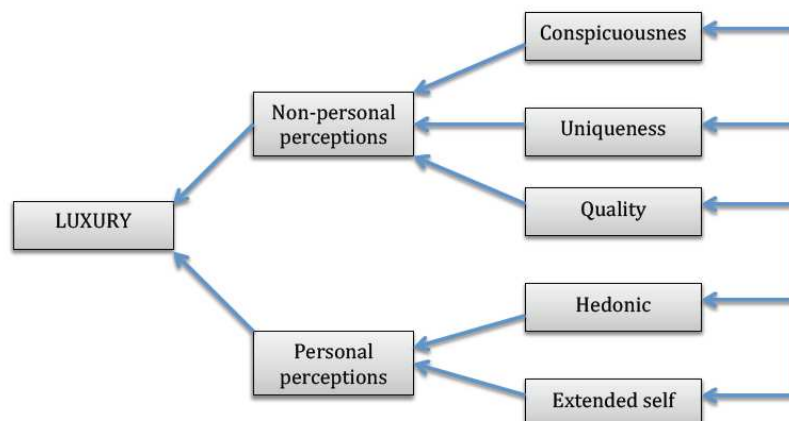


Figure 1: Brand Luxury Index (Vigneron and Johnson, 2004)

Five perceived dimensions of a luxury brand are perceived conspicuousness, perceived uniqueness, perceived quality, hedonism and extended self. Perceived Conspicuousness (Veblen 1899) referred to status and prestige when consuming luxury goods. This dimension of luxury was used to capture the status of the consumers who use luxury goods, as viewed by the society. Perceived Uniqueness was based on the assumptions that perceptions of exclusivity and rarity (Phau and Prendergast 2000). This dimension referred to the difference and singularity of a brand among others. Perceived quality was the quality expected from a luxurious brand. Hedonic dimension was the capacity of the brand to give pleasure to the consumer. Extended self was the expression of the individual identity of a consumer who uses the luxurious brand. Semantic differential scale (SD) was used to measure the Brand luxury index of different ice-cream parlors. The variables were converted into scores as 1 for GOOD through 7 for BETTER. Mann–Whitney U test was used to analyze the gender difference in brand luxury index. Kruskal-Wallis test was used for testing the brand luxury index score across various ice-cream parlors. Garrett’s ranking technique (Vishnuvarthani and Selvaraj, 2012) was used to rank the factors considered by the consumers for the selection of the ice-cream parlor.

## RESULTS AND DISCUSSIONS

The study clearly indicated that most of the consumers visiting to the ice-cream parlors were male so, the majority of the business occurs from the male population. It could be inferred that most of the consumers (71 per cent) belonged to the age group of less than 30 years, followed by 21 per cent in the age group of 31 to 40 years, 7 per cent were in the age group of more than 41 years. Organized ice-cream outlets attracted more young consumers. On frequency of visit by consumer, it could be inferred that greater number of consumers (27 per cent) visited the store in a weekend and 37 per cent of consumers visited the store monthly once and 23 per cent consumer visited weekly once. Majority of the consumers (39 per cent) spent between Rs. 50-100 per head on single purchase of ice creams, followed by 32 per cent spent more than Rs. 150; 18 per cent of the consumers spent between Rs. 100-150 and 11 per cent spent less than Rs. 50. Most of the consumers preferred medium priced ice-creams. The brand luxury index of different ice-cream parlors was calculated by mean score of each dimension of brand luxury. Brand luxury of Boomerang was found to be highest with score of 118.93 out of 140, followed by Bon-Bon (98.27), Amul (91.33), Arun Icecreams (89.23), and Kwaliti Walls (62.73) respectively to the aggregate brand luxury of ice - cream parlors. This implied that Boomerang was considered as the luxurious brand. The major factors for selecting boomerang and bon-bon was the service quality. The major factor for selecting amul and kwaliti walls was the shop locality. The major factor for selecting arun was the price, as it offers icecreams at different price ranges. To understand the Brand luxury index across the five ice-cream parlors Kruskal–Wallis test was employed. It could be inferred that  $\chi^2(4) = 93.95$ ,  $p = 0.000 \leq 0.5 = \alpha$ , there was significant difference in BLI scores between the across the five ice-cream parlors. Mann whitey U test was employed to test the relationship between gender and brand luxury index. It was found that gender of the consumers has no influence on the brand luxury index and was at same level in male and female. The spearman correlation coefficient value with respect to the expenditure on ice-creams per head and BLI was significant which implied that there existed a relationship between money spent to ice-cream and brand luxury index...

## CONCLUSIONS

This study brought out the application of brand luxury and showed the positions of the icecream parlours in Coimbatore city. It was found that shop location and price were the major factors for deciding the icecream parlours.

Hence care should be taken to starting the units at predominant places and offer icecreams at different price ranges. Brand luxury is a “hot topic”, but there is still a lack of some collective understanding of the phenomenon, and its conceptualization varies over time, cultures, and situation. Respondents in the survey might therefore have divergent understandings and perceptions of luxury brands, and this may affect their responses, as some respondents do not have awareness about the brand luxury concept. Since the study area is limited to Coimbatore city, the findings may not be applicable to other markets as vast differences exist among the consumers on demographic and psychographic characteristics across the ice-cream preference. This study is based on primary data collected from sample consumers by survey method. As many of the consumers furnished the required information from their memory and experience, the collected data are subject to recall bias. However, utmost care had been taken in every facet of the study to minimize the bias by including in the interview schedule, the questions that would facilitate cross checking. Hence, the findings of the study may be considered appropriate for the situations similar to the study area and extra care should be taken while generalizing the results.

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