

Perception and consumption of global luxury brands in Russia and Romania: comparative cross-cultural aspect

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Abstract: *It seems very interesting to compare luxury consumption in Russia with the post-communist countries of the former Soviet bloc. The aim of this research is to find out the common and specific about an attitude to global luxury brands in Russia and Romania. We investigate the motives for buying luxury brands in these two countries, as well as the brands' preferences for Russian and Romanian consumers. Furthermore, the portrait of an average luxury consumer in Russia and Romania is introduced and analyzed in the study. The current investigation consisted of two parts. First, it was qualitative research, as in-depth interviews with luxury brands consumers. It allowed us to formulate the hypotheses. Then to verify the hypotheses, we conducted on-line survey in which 45 female respondents from each country took part. As can be seen from the study, Russian and Romanian luxury brands connoisseurs have much in common. Both of them prefer global brands to local ones. The majority of Russian respondents agree that luxury brands are bought to demonstrate the status and welfare or at least it is a kind of reward for being hard working. As for Romanians, the key reason for luxury consumption is a very high quality and perfectionism in details. Although the consumers from the countries have shown some common characteristics, they are different in their attitude to Louis Vuitton (LV is not № 1 in Romania). What is more, the brands ratings and products choice are completely different in Russia and Romania. All our respondents have very strong cultural background: they visit opera, museums, listen to classical music and read serious books. Furthermore, their touristic destinations have cultural purposes as well. It means that people appreciate not only material brands, but also try to do their best to follow the cultural life style. This research contributes to some extent to the understanding of luxury brands consumption in Russia and Romania. The study can be useful for luxury companies, which plan to do business in these countries or already have been presented there.*

Keywords: *luxury brands; conspicuous consumption; connoisseur and star luxury brands; Russia; Romania.*

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Introduction

Luxury has always been the inalienable part of human life since the time passed away. People of different age, gender and social status always wanted to belong to the luxury world. Historically Russia had strong appreciation of luxury since tsarist time. Then after the revolution and during Soviet era the difficulties to access to this magic world were artificially created. However eventually from the end of XX-th century the new non-Soviet Russia again has strong admiration to luxury brands. The country is open to the world now and many global luxury brands have opened its boutiques there. Louis Vuitton brand (LV), which is a symbol of luxury presence in the country, was opened in Moscow in 2003. LV is considered one of the strongest luxury brands in the world and if it is introduced in a country, it means that the country has global luxury. In Bucharest LV boutique was open at June 2008.

Nowadays it seems very interesting to compare luxury consumption in Russia with the post-communist countries of the former communist bloc. The aim of this research is to find out the common and specific about an attitude to global luxury brands in Russia and Romania. We investigate the motives for buying luxury brands in these two countries as well as the brands' preferences for Russian and Romanian consumers. Furthermore, the portrait of an average luxury consumer in Russia and Romania is introduced and analyzed in the study.

Although Russia is considered as one of the prospective countries for global luxury brands consumption, there is a lack of academic research publications about the specificity of luxury brands consumption in the country. Although the Romanian researchers (Pop, Ciornea and others) study luxury in terms of its value, luxury consumers' segmentation and drivers of customers' satisfaction with luxury fashion products, we haven't found any academic paper about key motives for luxury consumption in Romania as well as brand preferences. Anyway, our preliminary observation research has shown that Romanian people have very high aesthetic taste so they really appreciate luxury brands, as Russians do. In our opinion, the luxury brands "starvation" stems from communism epoch, when luxury consumption was not encouraged and almost prohibited.

The paper is structured in the following way. First, we briefly summarize the relevant literature about luxury brands and motives for their consumption as well as different segments of luxury brands customers. Second, we present the primary research about luxury brands consumption in these two countries. Finally, we provide the research limitations and give some recommendations about luxury brands development in Russia and Romania.

Literature review

Luxury brands and its types

Luxury consumption does not depend on economic level, it is determined as a cultural phenomenon. In developing countries (as China, India) people can buy brands that hardly suit to their pocket. They have to save money for very long time and finally purchase something that is very expensive and beautiful. People buy luxury to differentiate themselves and raise their social status. Otherwise, in such developed countries with socially oriented culture as Germany, Austria or Sweden brands do not mean much to people. It is considered improper to demonstrate luxury. Wealthy people do not buy very expensive car or watch. These material artifacts have low value there. People can stand out for their prestigious education or scientific degree. So, admiration for luxury stems from culture.

Kapferer (2013), speaking about luxury, refers to such metaphor example as a peacock. It is extremely expensive, very beautiful but has very low level of functionality. So speaking in a metaphor term, luxury is a peacock. In most cases, luxury is strongly connected with a brand. As Kapferer writes: "Only diamonds are luxury objects appreciated without brand. For everything else, there is no luxury without brands..." (Kapferer, 2009). Although there are a lot of definitions of what brand is (given by Aaker, Keller, Kapferer and others), "there is still no corresponding delineation of what constitutes a luxury brand" (Berthon, 2009). Klaus Heine describes luxury brand as "as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations" (Heine, 2012). In this definition, Heine does not mention the history of a luxury brand and personalities of the brand creators. In our opinions, these two elements are

very important for luxury brands perception. For example, such brands as Chanel, Dior, Saint Laurent have very strong personalities of their creators. The personalities give more values to luxury. Luxury brands have three dimensions as functional, emotional and symbolic. The emotional and symbolic meanings are much more prevalent for luxury brands in comparison with functionality.



Figure 1. Rolls Royce decorated with LV monogram

The Rolls Royce decorated with LV monogram (picture 1) goes far beyond its functionality. Of course, this car is bought not as a mean of conveyance. This vehicle signals not only about the highest level of admiration for LV, but also about wealth and prestige.

Luxury brands are very different. The brands can vary in such criteria as prices, level of awareness, geographic presence and the other criteria. In this article we consider the luxury brands classification based on level of awareness and recognition. There are possible two kinds of brands: star and connoisseur brands (Nueono & Quelch, 1998). Accordingly, loud products constitute star brands and quiet products are underlain in connoisseurs brands. The more people hear about star brand the better. The examples of star brands are LV, Gucci, Rolex, connoisseurs – Bottega Veneta, Azzedine Alaia, Lange und Soehne. Even though if star brands are available only for a few people, many people preferably should know them. One of the possible motives for luxury star brands consumption is to demonstrate wealth to other people, who cannot afford these luxury products (Heine, 2012). Usually this fact has place in developing economics with very

heterogenic level of income. For example, in China brands should scream about status and be easily identified by other people.

For example, Azzedin Alaia has no explicit logo strategy. You can find the logo only inside. So it makes his bags unrecognizable to the majority of ordinary people and identifiable only to those “in the know” (Young, Nunes & Dreze, 2010).

Brand: Louis Vuitton	Brand: Azzedin Alaia
	
<p>A loud product of the star brand</p> <p><i>Reference no. 1: http://www.louisvuitton.com</i></p>	<p>A quit product of the connoisseur brand</p> <p><i>Reference no. 2: http://www.net-a-porter.com/product/385167/Alaia</i></p>

Figure 2. Examples of the star and connoisseur brands

It is important to notice that star brands can have quiet products as well. Even LV has products with no explicit logo. These products are intended for mature consumers, mainly for Europeans for whom very knowable brands with logos are a kind of bad taste.

We mentioned before that there is no brand without luxury. Moreover, it is very important for luxury brands to be international (Kapferer. 2013). Although in our opinion luxury brands can be local (for example artisanal products), the luxury consumers prefer brands that are internationally famous and recognized in other countries.

Luxury consumers

Brands allow their consumers to express themselves (Young, Nunes and Dreze, 2010). Kapferer (2013) stressed that it is not obligatory to be extremely wealthy for buying luxury brands. He gave example of two groups who are not necessarily rich: the ordinary of extraordinary and the extraordinary of ordinary people.

	
The ordinary of extraordinary people	The extraordinary of ordinary people

Figure 3. Segments of luxury brands consumers

The first group is about creative elite that include famous artists, musicians, politicians and others. The second segment is about usual people who would like to feel themselves very special and become closer to the first group.

Young, Nunes & Dreze (2010) offered the classification based on two criteria: level of prosperity and demonstration effect.

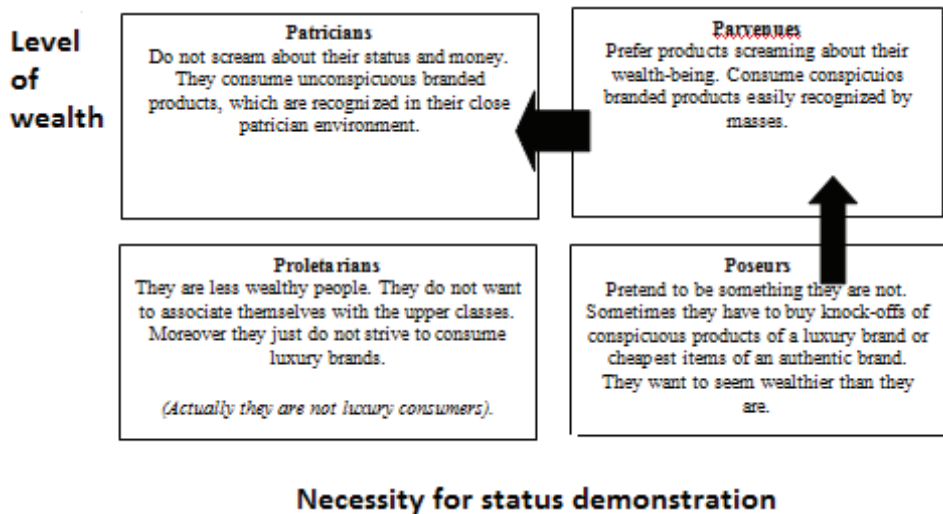


Figure 4. Segments of luxury brands consumers

Source: Young, Nunes and Dreze, 2010

Patricians are very wealthy and far from conspicuous consumption before masses. They want to be one of patricians and some quiet luxury branded products allow them to associate themselves with the other patricians. In our opinion, patricians can have aristocratic roots as well as they can be self-made people with high intellectual level and aesthetic taste. This group of people prefer mainly quiet products of brands. Some of the real luxury brands they can consume: Lange und Soehne (watches), Krug (champagne), Alaia (clothing), Wellendorff (jewelry). These brands are not very famous for broad masses.

Parvenus want to show everybody that they are wealthy and can afford to buy luxury brands. These brands should be easily recognized and their products must not be quiet. Paris Hilton with her pink Bentley is relevant to this segment.



Figure 5. Paris Hilton with her pink Bentley (<http://www.modificationcars.com/pink-cars-modifications-valentine.html/paris-hilton-pink-cars-modifications>)

Poseurs like to show off but because of small income they often cannot afford to consume an authentic product of a luxury brands. So if their cultural background is not very high, the people from this segment can buy even a knock-off. Anyway, poseurs have more chances to become successful luxury brands consumers in future and move to parvenus segment. Poseurs strive hard to achieve success. As for parvenus it can be very difficult for them to move to patrician segment because as luxury creators and experts like to tell: “Luxury is not about money, it is also about culture”. In some rare cases this movement seems to be possible, when parvenus work hard and increase their cultural level.

As we mentioned before, the brand Louis Vuitton has both the loud and quiet products, so both patricians and parvenus can satisfy their needs in different products of LV.



Figure 6. Quiet and loud products of LV (<http://www.louisvuitton.com>)

Majestueux Tote MM bag has strong visible LV identity as it combines famous monogram with parts of different leather. It costs a fortune as well as the bag for patricians, but it can be easily recognized in masses although the Alma GM is known among only connoisseurs. The choice between loud and quiet products depends on cultural level and values of customers. Some European consumers consider if brands can be easily identified it's a mauvais ton. In our opinion, there is no need to take into account proletarians - the people who do not strive for buying luxury.

If we do not analyze the way of getting money for buying luxury brands, we can use rather simple classification as “show-offers” and “connoisseurs”. However the way of getting rich is important. As in some cases when young people do not come into fortune, the luxury brands consumption can be the one of the incentives for getting prestigious education and well-paid job. People who inherit money they usually do not have to work hard. In this paper, we would like to offer the classification of luxury consumers based on need for showing off and way of getting rich.

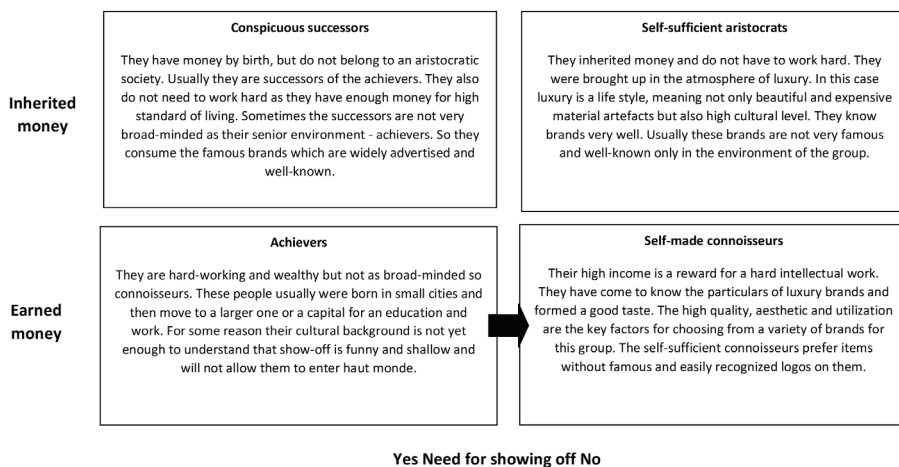


Figure 7. Classification of luxury brands consumers

In this classification self-made connoisseurs are free from logo mania. Their choice is based on high quality, aesthetic and utilization. These people do not inherit money, so they have to work hard to achieve prosperity and

status. Self-made connoisseurs are usually very broad-minded, travel a lot with cultural purposes and have prestigious education.

Achievers are also in a self-made category. They probably are born in small cities and then move to the capital for education and job. Their income is high but the cultural background is yet not enough to understand that show-off is shallow and funny. They are not broad-minded in comparison with self-made connoisseurs and prefer rather simple life style. Their life is primarily a combination of hard work and entertainment such as going to movie and café. These people are familiar with rather limited quantity of very famous luxury brands and think that their environment should recognize brands. Probably achievers will be able to move to a group of self-made connoisseurs if they work hard on their self-development and manage to raise their cultural level.

Self-sufficient aristocrats do not have to work hard because they have money and status by birth. Commonly they have a brilliant education and perfect taste. They visit opera, concert of classical music booking the best places in the best theaters and concert halls in the world. While going out they wear luxury clothing and jewelry that demonstrate their irreproachable taste and high social status. In most cases the self-sufficient aristocrats work and their work have strong social value. They can be professors, architects, actors, writers, even doctors or have family business. They do not understand how it can possible to do nothing. These aristocrats are of benefit to society in their deeds.

The last segment is conspicuous successors. They are usually children of achievers. They do not need to work hard for achieving high standard of living. Their close environment, which is achievers, determines their range of interests. They consume famous conspicuous items of luxury brands to make people know that they are luxury consumers. Moreover, their knowledge about brands can be rather narrow and based on advertisement. Besides, they cannot know about brands valuable among connoisseurs and aristocrats, as their cultural background is not very deep. These people rarely or never visit opera and concerts of classical music.

Methodology approach

The current investigation consisted of two parts. First, it was qualitative research as in-depth interviews with luxury brands consumers. The 4 in-depth interviews (2 from every country) were carried out. The people involved in luxury industry as the brand manager and fashion blogger from Russia and the researcher with the image consultant from Romania were interviewed. The interviews with Russian experts were organized off-line and lasted during 1 hour. Romanian qualitative part of research was done via Skype and also lasted during an hour with the every respondent. It allowed us to formulate the following hypotheses (research questions):

H1: *Romanian consumers prefer global luxury brands as well as Russian consumers.*

H2: *Both Romanian and Russian consumers buy the brands primarily to demonstrate their well-being.*

H3: *Luxury brands should be well known and with high level of awareness to be bought by both Russian and Romanian consumers.*

H4: *Louis Vuitton is № 1 (the most preferred luxury brand) in Russia and Poland.*

H5: *Consumers are ready to save money in favor of buying of luxury brands.*

H6: *Luxury brands consumers have higher education and strong cultural background.*

H7: *Real luxury is out of material artifacts.*

To prove these hypotheses we conducted on-line survey in which 45 female respondents from each country took place. All our respondents consume luxury from time to time, represent intelligent group of society and have income that is higher of an average country level.

The set of different questions, presented below, was asked.

№ 1. Please, value your reasons for buying luxury brands (5 - is the highest gauge, meaning the most

important motive):

Luxury brands have very high quality and perfectionism in details.

I like the atmosphere in luxury brands boutique.

I appreciate the history, the legend inherent in luxury brands. Moreover, famous people around luxury brands affect my decision.

I appreciate luxury brands because my environment (as colleagues, friends) sets so much store by these brands.

Luxury brands are about reward of my success and achievement of welfare. I want that people know I can afford the luxury brands.

№ 2. Which one of the following statements do you agree with:

The luxury brand must have some visible symbols (as logo, design, print and etc.) recognized by different people (the more people recognize the better).

The less luxury brand is recognizable in the masses it is better.

№ 3. Choose the one item from LV (figure 1) you are ready to buy:

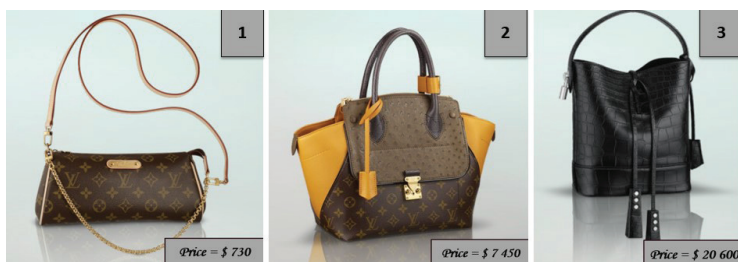
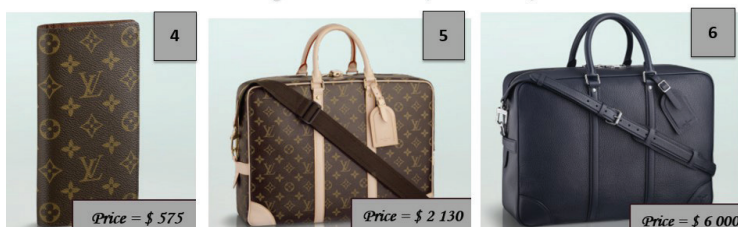


Figure 1 – LV items (www.lv.com)



№ 4. Would you please identify your brand №1 in the following categories:

Clothing

Accessories (like bags, belts, etc.)

Perfume

Watches

Shoes

№ 5. How often do you buy luxury brands?

1 item per 24 months

1 item per 12 months

1 item per 6 months

1 item per 3 months

I buy luxury brands as often as I want

№ 6. Are you ready hypothetically to save money to buy something from luxury brands?

Yes

No

№ 7. Please, indicate:

Your favorite composer

Your favorite movie

Your favorite book

Your favorite tourism destination

№ 8. Some social and demographic information about you:

Your age

Your gender

Your city where you are living now

Your professional activity

№ 9. In your opinion the real luxury is... (your answer can be philosophical)
Findings

The results of our research allowed us to check the hypotheses (answer the research questions) and to illustrate and compare luxury consumption in Romania and Russia. All our respondents from the both countries are from the segment of self-made connoisseurs. They have good education, high cultural level and work hard to keep high level of living. Their age range starts from 30 y.o. The eldest respondent is 47 y.o.

As can be seen from the study Russian and Romanian luxury brands connoisseurs have much in common. Both of them prefer global brands with some reasonable awareness to local ones. So the H1 and H3 were proved. Besides, the Kapferer's (2013) opinion that luxury brand must be international is true for Russia and Romania.

The majority of Russian respondents agree that luxury brands are bought to demonstrate the status and welfare (76%) or at least it is a kind of reward for being hard working (64%). So the H2 is true for Russians. As for Romanians, the key reason for luxury consumption is a very high quality and perfectionism in details (81%). Moreover, Russians appreciate more the atmosphere in luxury boutiques in comparison with Romanians. This fact can be positive for luxury on-line selling in Romania.

Although the consumers from the countries have shown some common characteristics, they are different in their attitude to LV (LV is not № 1 in Romania). What is more, the brands ratings are completely different in Russia and Romania.

Table 1. Brands ratings in Russia and Romania

Product categories	Brands preferences	
	Russians	Romanians
Clothing	Armani	Dolce Gabbana
Accessories	Louis Vuitton	Furla
Perfume	Dior	Chanel
Watches	Rolex	Swatch <i>(it was the most frequent answer, although this brand is not considered luxury)</i>
Shoes	Manolo Blahnik	Louboutin

So, H4 about LV is true for Russians. Russians, as well as Chinese, are ecstatic about this brand. If we compare what product from LV Russians and Romanians chose, we notice the evident difference. Russians chose the aesthetic and almost non-functional small bag with LV monogram, Romanian choice was a big bag, a kind of briefcase which is functional and also well-known because of the monogram. Romanians are more functionality-oriented, in Russia beauty is on the 1 place.

**Figure 8. Russian and Romanian choice**

Almost all our respondents can be called excursionist (Dubois, 1995). Russian respondents (80%) buy 1 luxury item per 6 months. Romanians (80%) buy 1 luxury item per 24 months. According to the survey, absolutely all Russians are ready to save money in favor of buying something from

luxury. As for Romanians, only 51% are willing to set aside money for luxury brands. It means that H5 is true again only for Russians.

All our respondents, as we mentioned before, have very strong cultural background: they visit opera, museums, listen to classical music and read serious books. Furthermore, their touristic destinations have cultural purposes as well. So, H6 was completely proved for the both countries. It means that people appreciate not only material brands, but also try to do their best to follow the cultural life style.

Both Russian and Romanian respondents were close in their answers about real luxury. Real luxury goes beyond material artifacts. Luxury brings some philosophical meaning. According to opinions of respondents from the countries, it is not about expensive things but about family, health, friends, passion... So, the last H7 was completely proved.

Conclusion

This study is only a first step to understanding the specificity of luxury consumption in Russia and Romania. Moreover, it entails some limitations. The research covered only limited quantity of cities from Russia and Romania as Moscow, Saint-Petersburg, Bucharest, Brasov. So, it does not reflect the whole countries. Besides, the limited quantity and quality of respondents were included in the sample (only 45 females from the each country). Moreover, one of the strongest limitations is basic statistics. Besides, the only genuine luxury brands were studied in the paper, the replicated versions left outside of our research. In future we hope to continue our mutual research with Romanian colleagues and include more consumers in our sample as well as to cover more cities.

In a nutshell, the research contributes to the general understanding of luxury brands consumption in Russia and Romania. The consumption is determined by different motives as mainly showing-off in Russia and rationality (craving for high quality) in Romania. Although both Russian and Romanian prefer international brands, their brands preferences are different as well as attitude to the place where the brands are bought. It

can be explained by different tastes and reasons for buying the brands. Besides various brands can be presented in the country and have different level of awareness and acceptance in the country. The study could be useful for both global and local companies, which plan to do business in these countries or already have been presented there.

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