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Title: **Naming Businesses: Names as Drivers of  
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**The relationship between consumer religiosity and luxury brand consumption: an investigation of the female luxury brand market in the UAE**

*The UAE is set for long-term growth, with luxury goods expected to grow by just over 30% in real terms between 2010 and 2015 to reach a value of AED10.8 billion (US\$2.9 billion).*

*(EuromonitorInternational 2010)*

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**Abstract**

Religiosity and the classification of people according to their devoutness are not new concepts. What is new however, is the systematic study of the effect of religiosity on consumers' purchase and consumption decisions. This study further expands research by investigating the relationship between consumers' religiosity and their consumption of one specific category of goods: luxury personal items. Focus groups and expert feedback were used to construct a Luxury Consumption Scale (LCS) to measure the actual luxury purchase while Tiliouine's Religiosity Scale (RS) was used to measure religiosity. Data from 730 female respondents was collected using person-administered questionnaires and advanced statistical tools were utilized in the analysis, including regression and post-hoc analysis. Research results show that the sample tended to be religious with moderate luxury consumption but no relationship was observed between religiosity and luxury consumption. Results demonstrate that brands transcend all boundaries; the ridges created by politicians and extremists are bridged by Burberry, Hermes, and Versace. Religious Arab women from a conservative society did not see a problem in being defined by international names from non-Islamic societies.

## **Keywords**

Luxury consumption, Islamic religiosity, Arab women, brands, GCC

## **Introduction**

For the past decade, the world of luxury brands which was worth 220 USD billion at retail (Keller 2009) has been witnessing a major shift in its growth patterns, expanding vigorously towards the Middle East, Asia, and Latin America. Alone, these emerging markets are estimated to represent at least 80% of the growth in the luxury industry by 2015 (McKinsey&Company 2010). As a result, the world's best known luxury brands are scrambling, rather than competing, to capture some of these unparalleled new growth opportunities that could provide new lifelines to replace those drying up at the luxury brands' traditional homeland markets.

This shift is creating unprecedented challenges and forcing firms to rethink their luxury brand strategies. The consumers in these new markets have different consumption drivers, motivations, and perspectives regarding the entire luxury consumption affair. This makes understanding the drivers of luxury goods consumption a necessity for successfully engaging these markets.

Like other international markets, the GCC luxury goods consumers, being among the most affluent in the world, have their own characteristics, which in turn elevate the need for localized luxury brand strategies. Being conservative Islamic societies, one of their most influential characteristics is religiosity and its various manifestations. However, despite the huge implications of understanding the role religiosity plays in luxury brand consumption in these societies, no records of any study in this regard exists. This religiosity-luxury research gap is further exacerbated by the sheer size of the market which is expected to reach a value of nearly 2.9 billion USD in the year 2015 in the UAE alone (EuromonitorInternational 2010).

However, the luxury goods market is varied and includes many categories, with some categories such as wine and tobacco clearly falling outside of the parameters of this study. Also, some of these categories were dominated by men rather than by women such as the luxury accessories. Moreover, the consumer targets of these goods are diverse, with some targeting men and others women, among many other segmentation variables. Therefore, because of the nature of some of the categories and because of the different segments targeted, the need to select a specific population and specific categories becomes evident. Using the Euro Monitor Luxury report 2010, it was clear that women dominate most categories while men dominate the luxury accessories and the tobacco and wine categories. However, since the latter is excluded for not falling within the parameters of this study, the report clearly demonstrates that the luxury market is overly dominated by female rather than male consumers.

### **The Muslim Consumer Luxury Markets**

Muslims form the largest consumer segment in the world (Alserhan 2012) with their numbers estimated anywhere between 1.5 billion and 1.8 billion. Moreover, the Muslim population is predicted to grow at about twice the rate of the non-Muslim population until 2030– an average annual growth rate of 1.5%, compared to only 0.7% for non-Muslims (PewResearchCenter 2011). These estimations have huge implications for businesses worldwide, representing both opportunities and challenges. The challenges lie in that Muslim consumers, like all other segments that are based on religion, have their own beliefs and value systems and thus need to be approached differently. This challenge is magnified by the fact that this segment has rarely been studied before. The opportunities exist however, in the fact that Muslim consumers are still ‘consumers’ albeit of the consumption guidelines provided by their religion, which in turn clearly recognizes their human desires but urges them to exercise moderation (IQBAL 1985) in

satisfying them and to avoid excessiveness and indulgence i.e. luxury consumption, which represents the main theme of this study.

While the Muslim luxury consumption market has been witnessing a huge surge in financial terms, this surge might seem tiny if considered only as an abstract percentage of the total World Muslim population. Moreover, while it is also understood that many of the Muslim consumers live in poverty and struggle to survive which means that luxury is not even a remote option for them, the small percentage of Muslims who are able to engage luxury translates into lucrative markets around the globe. In the Middle East, increasing numbers of affluent consumers who have been enjoying the oil generated wealth and the translation of luxury to mass markets (Atwal and Williams 2009) are demanding luxuries of all kinds and spending lavishly on them. In total, the Middle Eastern market was worth 5.45 billion USD in 2010, and it is projected to grow at 10-12% annually until 2015 (Editor 2011). In another example, Indonesia with its massive Muslim population, is forecasted to become the biggest market for luxury goods in Southeast Asia, and it is already attracting top brands from around the world. For example, LVMH (Moët Hennessy - Louis Vuitton) is planning to open 20-22 Sephora cosmetics outlets by 2015 in Indonesia. These brands will allow Indonesians to shop at home instead of having to travel abroad to Singapore or Hong Kong in search of luxury items (JG 2012).

Of course, Muslim luxury consumers do not come only from these two regions. The Organization of Islamic Cooperation has 57 member states. In addition to that, significant Muslim minorities exist in most countries of the world. Moreover, Muslim consumers do not only buy from outlets in their countries, but also from outlets in their holiday and business destinations. Luxury goods retailers, especially American and European, often make a sizable proportion of their sales to tourists (Wong and Ahuvia 1998), many of them Muslims.

### *Islam and luxury consumption*

Islamic scholars classified goods into four different levels and created what is called the hierarchy of products in Islam as shown in Figure 1 (Alserhan 2011). These levels are *Dharuriyyat* (necessities), *Hajiyyat* (needs), *Kamaliyyat* (improvements leading to perfection) (Chapra 2008) and *Tarafiiyyat* (extravagances, luxuries). While this classification applies only to Halal products, i.e. products approved by Islamic Shariah law, consumption at the higher level of Extravagances is clearly discouraged (IQBAL 1985).

Muslims are instructed by the teachings of their religion to show God's endowments to them. "Allah loves to see the sign of His Bounties on his servants." (Prophet Mohammad in (Annawawi.)), and "Say, "Who has forbidden the adornment of Allah which He has produced for His servants and the good [lawful] things of provision?" Say, "They are for those who believe during the worldly life [but] exclusively for them on the Day of Resurrection." Thus do We detail the verses for a people who know"(Quran 7:32). However, Muslims are also warned repeatedly in the Quran and by Prophet Mohammad of being wasteful, regardless of how wealthy they are: "Don't squander even if you are performing ablution from a running river" (Prophet Mohammad), and "O children of Adam, take your adornment at every masjid [mosque], and eat and drink, but be not excessive. Indeed, He likes not those who commit excess." (Quran 7:31).

To summarize, Islam's stand on luxury consumption is that it is Halal, or allowed. However, acquiring or using luxury products for the purpose of *snob appeal* or spending on permissible goods extravagantly or *Israaf* (IQBAL 1985) is strongly refuted. Luxury consumption for the purpose of causing harm or if it will lead to harm, even if that harm is unintentional but known or envisioned, renders consumption Haram, or not allowed. On the other hand, spending money on

forbidden things, luxuries or otherwise, is called *Tabdhir* (squandering), and it is outright impermissible.

Insert figure 1 here

Figure 1. Product Hierarchy in Islam

***The person as a sum of brands: a note***

According to a report by Euromonitor International, the GCC market is very much characterized as a “label me”. We have noticed that it is a common thing among our female students to talk about what brands they are wearing and from where they bought these brands. For example, it is considered prestigious to proclaim that “I bought this bag from London” or “I went to shop x in Paris”. The time our female students spent discussing brands and the knowledge they have about the numerous brands dwarfed our own as academics. We must admit that we are not as well versed in luxury brands as our students. However, their knowledge proved invaluable when constructing the Luxury Consumption Scale (LCS) used in this study.

Students not only conversed about brands, but they lived them. In many cases, it was astonishing how many luxury brands were being used simultaneously by one person, to the point where that person becomes a ‘sum of brands’ from head to toe. The notion of a person as a collection of brands – the brand collector -is troubling in some ways. What if this sum becomes a person’s self worth or community worth? Is the self or community worth of a person whose sum of brands is greater than another person also greater? Does that worth increase by engaging more brands and decrease by shedding them?

Unfortunately these questions, although raised during the course of this study, are not within its parameters and therefore, they will not be discussed further. However, they could be potential research topics for further analysis in future studies.

Finally, we were also amazed at how much consumers are willing to pay in order to acquire these brands. Rawdhah, who is a typical middle class housewife, for example, accepted a watch worth 1,000 USD in 2011 as gift from her husband only to be nice to him; she did not want him to feel bad about the cheap watch he bought for her. Amira, a 20 year old housewife who surely doesn't qualify as middle class, bought a Chanel bag for 3,000 USD, and that was considered a normal sum to pay. She actually kept the receipt in the bag to show it to people. The following is a table (1) composed of some brands three of our average respondents own and their prices as indicated during the interviews.

	Price is in UAE Dirham. Exchange rate is USD 1 = 3.68 Dirham		
	Name of Interviewee		
Product	Rawdhah (mid 20s)	Hessah (late 20s)	Fatima (mid 20s)
Watch	Stuart Scott: 180,000		
Watch	Charmet: 65,000		GF:3,000
Watch	Optima: 38,000		
Watch	Concord: 37,000		
Watch	Fendi: 6,000		Fendi:13,500
Watch	Aignor: 5,000	Versace: 35,000	Aignor:4,000
Watch	Rolex: 25,000	Rolex: 65,000	
Bag	Hermes: 45,000		Fendi:3,700



Bag	Chanel: 16,500	Chanel: 18,000	
Bag	Hermes: 5,000	Cartier: 7,000	
Bag	Aigner: 3,500	LV: 7,000	
Bag	Gucci: 5,800		Gucci:5,000
Glasses	Polo: 3,000	Hogan: 2,500	
Shoe	Dior: 5,000		
Shoe	Jimmy Choo: 3,800		
Shoe	1,800 slippers		
Accessories	Valentino: 1,800 earrings		
Perfume	Chopard: 500	Gucci: 500	
Perfume	Marc Jacobs: 500		
Lipstick	Lancôme: 380		YLS:189
Powder	Dior: 285		MAC:200
Mascara	Chanel: 430		MAX Factor: 60

Table 1. Examples of luxury brands owned by respondents

### ***Measurement of luxury consumption***

Because the region lacks academic studies about luxury consumption, defining and conceptualizing it as a research construct proved to be a major challenge in this study. The existence of a localized operational definition would have been of great assistance, at least as a starting point in the development of a measurement scale. However, no such definitions or scales existed, and the authors needed to develop an entirely new scale. The scale development was lengthy and elaborate, and a special procedure was devised as detailed below:

- 1- Two female sections (74 students) of Marketing Research class were asked to form teams of a maximum five students per team. The total number of teams was 20. The teams were given five days and were instructed to list all the brands of the luxury personal items they knew under five categories according to the price ranges of each brand. Each category could include one or more brands.
- 2- Once the teams submitted their lists, a master list was compiled of all the brands submitted. In total, students listed 123 different brands.
- 3- The compiled list was then circulated back to the teams and they were instructed to find any brands that might have been misplaced by other teams. Few changes were made at this stage.
- 4- A third list was compiled and circulated to the students and they were again requested to correct any brand misplacement. Only minor changes were made at this stage.
- 5- Once the teams submitted their revisions and an agreement was reached on where each brand should be placed, i.e. into which category, the final list was incorporated.
- 6- A person-administered questionnaire was distributed to 730 females in the United Arab Emirates.

## **Research Methodology**

Based on the above discussion, this research aims to answer the following question:

1. How does the local female consumer conceptualize luxury consumption?
2. Using the Luxury Consumption Scale (LCS) that will be developed, what is the luxury consumption score of female consumers in the UAE?
3. Using Tiliouine's religiosity scale, what is the religiosity score of females in the UAE?
4. What is the relationship between religiosity and luxury brand consumption?

To answer these questions the following set of hypotheses will be investigated:

- H<sub>1</sub>. The luxury consumption behavior of females in the UAE is extreme, i.e. they spend excessively on luxury personal items.
- H<sub>2</sub>. The religiosity of Muslim females in the UAE is high, i.e. they are very religious.
- H<sub>3</sub>. There is no relationship between the religiosity of females in the UAE and their luxury brand consumption, i.e. religiosity will not restrain their consumption.

Due to the exploratory-descriptive nature of this research, qualitative and quantitative research methodologies were used. While the first stage was composed of in-depth interviews and focus group discussions in order to understand how the local female market conceptualizes and defines luxury consumption, the second stage involved surveying a sample of 750 female consumers in various age groups. A structured questionnaire composed of three main parts was used. The first part included demographic questions describing the sample characteristics, the second part included 123 brands of personal luxury items classified into three main categories: affordable, moderate, expensive. The third part of the questionnaire included 16 items on a 5-point Likert scale to measure the religiosity of the respondents. Various statistical tests were carried out using SPSS 18.

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