Value Based Segmentation of Luxury Consumption

Behavior among Iranian Employed Women

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ABSTRACT

Luxury market has a continuous growth that proves the increasing demand of luxury around the world despite recession or other similar problems. For this reason luxury concept has been studied from several aspects in different regions around the world; but as the concept of marketing and consumer behavior can be customized based on culture and peoples beliefs and values in every region of the world; local studies are necessary for marketers and business owners in order to penetrate in different markets.

In this study the side of the consumer segments and perception of luxury is discussed. The purpose of this study is to explore and describe the luxury value perception among Iranian employed female population and to describe how the value perception can be used as a base for segmentation or in brief it is going to be discussed:

1. How value perception of Iranian employed females in purchasing from luxury brands can be described?
2. What segments can be created based on Iranian employed females’ value perception?

By knowing more about Iranian consumers’ value perception, better strategies can be devised and planned; and the results may be useful for the luxury business owners to make decision about based on which values they can attract more customers.

This study is performed based on a cross cultural framework which was suggested and examined by Weidman, Hennigs and Siebels (Wiedmann, Hennigs, Siebels, 2007) (Wiedmann, Hennigs, & Siebels, 2009) and therefore 8 hypotheses were presented in this study to be examined.

Quantitative approach was chosen as research methodology of this study and Data collection was made by online and printed questionnaires; the number of usable responds in this research is 972.

Factor analysis was used to extract the target factors out of defined variables in this study and finally 6 factors were extracted that present perceived values of target respondents.

In order to achieve relevant segmentation of the resulted factor in this study, hierarchical, k-mean and two-Step clustering process has been conducted based on the factors’ accepted items.

The finding of this research shows that the luxury market of Iranian working women is not homogeneous and 3 segments were found based on perceived luxury values.
# Table of Contents

1. Introduction ........................................................................................................................................... 5
   1.1. Background research ......................................................................................................................... 5
   1.2. Definition of luxury concept .............................................................................................................. 6
   1.3. Luxury Industry and its Market ......................................................................................................... 7
   1.4. Luxury Brands ................................................................................................................................... 7
   1.5. Research trends in luxury field .......................................................................................................... 8
   1.6. Consumers Perception of Luxury Brands ......................................................................................... 9
   1.7. Problem discussion ............................................................................................................................ 9
   1.7.1. Iran’s demographic and financial status statistics ........................................................................ 11
   1.8. Women as Target Market Segment .................................................................................................. 12
   1.9. The purpose of Thesis ...................................................................................................................... 12
   1.10. Delimitations .................................................................................................................................. 13
   1.11. Expected Contribution .................................................................................................................... 13

2. Literature Review .................................................................................................................................... 14
   2.1. What Is Luxury? ............................................................................................................................... 14
   2.2. Luxury Consumers ............................................................................................................................ 14
   2.3. Value and Consumer Perceived Value ............................................................................................. 15
   2.4. Value Dimensions ............................................................................................................................ 15
   2.5. Frameworks ...................................................................................................................................... 16
   2.5.1. Brand Luxury Index ....................................................................................................................... 16
   2.5.2. Wiedmann, Hennigs & Siebels Conceptual Model ................................................................. 17
   2.5.2.1. Financial Value .......................................................................................................................... 18
   2.5.2.2. Functional Value ....................................................................................................................... 19
   2.5.2.3. Individual value .......................................................................................................................... 19
   2.5.2.4. Social value .............................................................................................................................. 20
   2.6. Market Segmentation ....................................................................................................................... 21
   2.6.1. Gender Segmentation in Marketing Studies .............................................................................. 21
   2.7. Research History Based on Wiedmann and Hennigs Conceptual Model ....................................... 22
   2.8. Selected Framework ....................................................................................................................... 22

3. Research Methodology ............................................................................................................................ 25
   3.1. Introduction ...................................................................................................................................... 25
3.2. Type of Research

3.3. Research Approach

3.4. Sample Selection

3.5. Data Collection

4. Empirical Data and Analysis Process

4.1. Data screening and Cleaning

4.1.1. Online Questionnaire

4.1.2. Printed Questionnaire

4.2. Descriptive analysis

4.2.1. Validity Test

4.2.2. Reliability Test

4.3. Discussion

4.3.1. Factor analysis

4.3.2. Clustering

4.3.3. Number of Clusters

4.4. Introducing the Clusters

4.4.1. Cluster 1- Rational Hedonists

4.4.2. Cluster 2- Ostentatious Individualists

4.4.3. Cluster 3- Quality Seekers

5. Conclusion

6. Further research and managerial implications

Appendices

Online Persian Questionnaire Link

English questionnaire

General Questions

References
1. Introduction
In this chapter, general overview about luxury concept and luxury industry along with a brief history of luxury in different aspects is given; then the objectives and purpose of the thesis is discussed.

This introduction covers the background research, problem statement, aim and purpose of this research.

1.1. Background research
Nowadays the luxury concept is no longer limited to the western countries. Asian countries are identified as a big market for luxury brands to enter and grow; and even they are becoming the largest market for fashion industry goods. (Holmsäter, 2009)

The global growth of luxury market from €77 billion in 1985 to €223 billion in 2014 as it is presented in the following figure (Statista, 2015) shows the considerable demanding market growth of luxury products.

Figure 1-1: Value of the Personal Luxury Goods Market Worldwide (in Euro)

![Graph showing the value of the personal luxury goods market worldwide from 1995 to 2014](image)

Source: Statista.com; Value of the personal luxury goods market worldwide from 1995 to 2014
According to the continuous growing nature of this market, it is important for luxury marketers to know about the consumers’ reasons for buying luxury, their opinions and beliefs about what luxury is and in what way consumers’ perception of luxury value can affect their buying behavior (Wiedmann, Hennigs, & Siebels, 2009). Consumer behavior changes in luxury consumption time to time; for example global financial recession made the consumers change their behavior and preferences toward luxury in different ways such as renting luxury goods instead of buying them; or by growing the information technology and easy access to the information, new terms and expressions are aligned with luxury such as eco-awareness, green consumption, ethical life style, etc.... (Yeoman, 2011). In such a dynamic market, it seems that identification and profiling of different segments of the luxury consumers by performing consumer based researches in timely manners can be regarded as a major and necessary strategy for marketers. (Anderson & He, 1998)

1.2. Definition of luxury concept
Although the word “luxury” is clearly expressed in several dictionaries such as: “a condition or situation of great comfort, ease, and wealth” or “something that is expensive and not necessary” (Merriam-Webster online dictionary, 2014), however from the perspective of the marketing and business “luxury” is not clearly defined and it does not have a single definition (Kapferer J.-N. , 2010); or in the other word luxury is elusive in meaning as it changes based on several key components such as human involvement, recognition of key values and limited supply (Cornell, 2002).

Luxury can be regarded as an “absolute concept” by which elites and powerful peoples’ lives are imagined (Kapferer J.-N. , 2012). In the far past centuries the signs of luxury glittered in churches, temples and similar glorious buildings by which people tried to take mercies from God(s) and later luxury was the sign of rank in aristocratic societies. (Podolny, 2010). In the past, social stratification was the cause of luxury life while nowadays luxury causes social stratification (Kapferer & Bastien, 2009).

Generally the people’s idea about “luxury” conveys lifestyle elements than a special product; for example private airplanes, private islands for spending holidays, etc. (Kapferer J.-N. , 2012); but when it comes to “luxury brands” they clearly point to famous valuable brands such as Luis Vuitton, Prada, Gucci, etc. This shows that the concept of luxury is absolute and needs no special brand or product to be expressed (Kapferer J.-N. , 2012).

However in order to be more precise in this research, “Luxury” is defined as the “highest level of prestigious brands” in which different kinds of psychological and physical values exist (Wiedmann, Hennigs, Siebels, 2007).
1.3. Luxury Industry and its Market

Luxury industry is not considered as a huge industry regarding the number of companies and brands; however the scale of its market is considerably large in which billions of dollars exists (Tovikkai & Jirawattananukool, 2010). Normally the best quality in all dimensions of production, from design to packaging, makes a luxury product more attractive for consumers over Europe and U.S as well as emerging markets such as China, Brazil, India and Russia (Ko & M. Megehee, 2012). Even Despite the effects of recession on people’s income during 2007 to 2010, the demand of luxury products increased and the market continues its positive growth. (Verdict Market Report, 2013)

The growth rate in this area is attractive enough for producers, business makers and scientists (Tovikkai & Jirawattananukool, 2010). But despite the numerous scientific researches performed in this region, there are still some ambiguities defining the main concepts (Dubois, Laurent, & Czella, 2001). As an example, consumers confusing perception of luxury and prestige can be mentioned (Dubois & Czellar , 2002); therefore it seems that small number of scientific researches exist in this field while there must be more in order to cover the ambiguities.

1.4. Luxury Brands

Brand is identification of product which can differentiate itself from competitors by the use of logo and design and other visual signs and symbols (Heding & Knudtzen, 2008).

As American Marketing association describes: “A brand is a Name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers.” (AMA, 2014)

There is not a unique and clarified definition of “luxury brand”; or there are various definitions for it; however a more precise definition states that a luxury brand is exclusively different by owning the attributes of rareness, sophistication and high quality. (Chevalier & Mazzalovo, 2008).

To sum up the constituents by whom a luxury brand is identified, the following components are considered (Phau & Prendergast, 2000):

- A luxury brand elicits exclusivity.
- It owns an outstanding brand identity.
- Brand awareness and perceived quality is in high level.
- It retains sales level and customers’ loyalty.

In order to be more familiar with current global luxury brands, the following table represents the global top 10 luxury goods companies which carry the most well-known brand names all over the world in 2012 fiscal year. (DTTL, 2014)
Table 1-1: Global Top 10 Luxury Goods Companies

<table>
<thead>
<tr>
<th>R12 luxury goods sales rank</th>
<th>Company name</th>
<th>Country of Origin</th>
<th>FY12 luxury goods sales (US$ mil)</th>
<th>FY12 total revenue (US$ mil)</th>
<th>FY12 luxury goods sales growth</th>
<th>FY12 net profit margin</th>
<th>FY12 return on assets</th>
<th>FY10-12 luxury goods sales CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LVMH Moët Hennessy Louis Vuitton SA</td>
<td>France</td>
<td>21,060</td>
<td>36,143</td>
<td>18.2%</td>
<td>13.9%</td>
<td>7.8%</td>
<td>18.6%</td>
</tr>
<tr>
<td>2</td>
<td>Compagnie Financière Richemont SA</td>
<td>Switzerland</td>
<td>12,391</td>
<td>13,078</td>
<td>13.9%</td>
<td>19.8%</td>
<td>13.8%</td>
<td>20.4%</td>
</tr>
<tr>
<td>3</td>
<td>The Estée Lauder Companies Inc.</td>
<td>United States</td>
<td>10,182</td>
<td>10,182</td>
<td>4.8%</td>
<td>10.1%</td>
<td>14.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>4</td>
<td>Luxottica Group SpA</td>
<td>Italy</td>
<td>9,113</td>
<td>9,113</td>
<td>13.9%</td>
<td>7.7%</td>
<td>6.5%</td>
<td>10.6%</td>
</tr>
<tr>
<td>5</td>
<td>The Swatch Group Ltd.</td>
<td>Switzerland</td>
<td>8,319</td>
<td>8,319</td>
<td>15.3%</td>
<td>20.6%</td>
<td>14.3%</td>
<td>13%</td>
</tr>
<tr>
<td>6</td>
<td>Kering S.A.</td>
<td>France</td>
<td>7,990</td>
<td>12,522</td>
<td>26.3%</td>
<td>11.1%</td>
<td>4.3%</td>
<td>24.5%</td>
</tr>
<tr>
<td>7</td>
<td>L’Oréal Luxe</td>
<td>France</td>
<td>7,161</td>
<td>7,161</td>
<td>16.0%</td>
<td>14.2%</td>
<td>17.2%</td>
<td>11.2%</td>
</tr>
<tr>
<td>8</td>
<td>Ralph Lauren Corporation</td>
<td>United States</td>
<td>6,945</td>
<td>6,945</td>
<td>1.2%</td>
<td>10.8%</td>
<td>13.8%</td>
<td>10.8%</td>
</tr>
<tr>
<td>9</td>
<td>Shiseido Company, Ltd</td>
<td>Japan</td>
<td>5,522</td>
<td>8,200</td>
<td>-0.7%</td>
<td>-1.9%</td>
<td>-1.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>10</td>
<td>Rolex SA</td>
<td>Switzerland</td>
<td>5,122</td>
<td>5,122</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: Adapted from Deloitte Touche Tohmatsu Limited, 2014

1.5. Research trends in luxury field

The history of research in luxury field is divided into several categories such as luxury definition, luxury brands, luxury products, consumer attitudes towards this concept, etc... some researches points out to the relationship among art, necessity, morality and luxury and some other discuss about luxury market. (Ciornea, Pop, Bacila, & Drule, 2012)

Luxury consumers, their motivation, their attitude and behavior toward luxury and consumption models are other subjects based on which several researches have been conducted. (Ciornea, Pop, Bacila, & Drule, 2012)
Other concepts considering consumption of luxury, the growing nature of luxury market, the necessity to be aware of consumers’ perception of luxury for business owners, marketers and researchers, luxury consumers’ behavior and the reasons based on which they prefer to buy luxury. (Ciormea, Pop, Bacila, & Drule, 2012) (Wiedmann, Hennigs, & Siebels, 2009)

Other materials in this subject focus on strategic aspects which include general strategies or strategies regarding special products or brands in luxury domain, internationalization and brand counterfeits. (Ciormea, Pop, Bacila, & Drule, 2012)

1.6. Consumers Perception of Luxury Brands
Consumers have different perception of luxury brands that perhaps they are related to culture and the people concerned (Wiedmann, Hennigs, Siebels, 2007).

The motivation of luxury brand consumption and perception of luxury value is not just related to social values such as impressing others, showing off the social status, etc...; but also related to other utilities of luxury brands in individual, financial and functional aspects. For this reason it is important to synthesize all relevant cognitive and emotional value dimensions in a multidimensional model (Wiedmann, Hennigs, Siebels, 2007).

1.7. Problem discussion
The concept of luxury has been studied for many years in different aspects and it seems that the growing nature of luxury market makes this field attractive enough for scientists and researchers to extensively study luxury concept in all dimensions; however there is a lack of scientific study in this area which may be caused by some reasons as follows (Ciormea, Pop, Bacila, & Drule, 2012):

- Ambiguities in defining main concepts such as defining luxury goods (Vickers & Renand, 2003) create difficulties for performing a certain and obvious research. (Dubois, Laurent, & Czella, 2001)
- Major changes happened in luxury market over time which may affect this market in the future significantly and therefore more studies seems to be needed in that regard; For example:
  - In contradiction with the past, luxury consumers are not limited to affluents; therefore the demand of luxury goods is higher and the consumer behavior has been modified drastically. (Silverstein & Fiske, 2008) (Twitchell, 2003)
  - New more affordable luxury products emerged in this market, the number of luxury brands increased and some changes happened in products’ characteristics. (Silverstein & Fiske, 2008) (Vickers & Renand, 2003)
  - The size of international market (Cohen, 2007) and the growth rate in emerging markets (PWC, 2012) for luxury goods and services is large (Cohen, 2007).
The symbols that luxury consumption creates in the society (Sekora, 1977), the degree of flexibility of the market versus crisis such as recession, scandals, etc..., the stability of the luxury brands in the market for a long time make this market certain enough to growth and apparently cause less interest for scientific researches and the studies seems to be limited to practitioner-oriented journals (Reyneke, 2011).

Therewithal there are valuable market researches with regard to European and American consumers and it seems that they can be used as a pattern for other markets, however other similar researches show that there may be different perceptions, values, cultural factors and expectations that affect consumer behavior in each market (Teimourpour & Heidarzadeh Hanzae, 2011) (Tovikkai & Jirawattananukool, 2010).

As it is discussed in the following parts, Iran’s market can be beneficial and attractive for luxury marketers and business owners to penetrate in. But as none of the most popular luxury brands are originally Iranian, more comprehensive academic studies in this country whose market and consumer behavior especially in luxury consumption concept is almost unknown to non-Iranian marketers seems necessary to overcome the probable issues caused by cultural differences.

By knowing more about Iranian consumers’ value perception, better strategies can be devised and planned; and the results may be useful for the luxury business owners to make decision about based on which values they can attract more customers. (Heidarzadeh Hanzae & Teimourpour, 2012)

Luxury market has developed to “new rich” market nowadays; that means it does not just belong to western or developed countries (Bian & Forsythe, 2012). Iran as a vast country is not apart from the growth of luxury market, despite the damaged economy and sanctions in past years. For instance, Iran has experienced the luxury car booms in recent years (NYDailyNews, 2012); also it is estimated that Iranians spend about $12 billion annually on imported luxury goods, according to the Iranian Industry Business Minister (RFE/RL's Radio Farda and AP, 2014).

The business opportunities of this market is getting more clarified by Jean –Christophe Babin, the chief executive of Bulgari: “It’s very wealthy and you have a population in Iran which has been used to luxury. Iran will be the next big thing in the Middle East ... We were active in Iran years ago. So we know the market, and we have plans for that market.” (Flanagan, 2015)

Iran market is flooded by luxury products such as cars, shoes, clothes and furniture and there is a high taxation for importing those goods; so people would buy them even in higher prices than usual (Sinaiee, 2008). “Every day we see big stores with luxury decoration appears in every part of big cities in Iran. Some wealthy Iranians would pay up to $360,000 to buy Porsche car.
Nowadays in Tehran streets and some other cities of Iran, we can see people are driving not only BMW and Mercedes-Benz which would cost them from $30,000 to $370,000 but also Maserati and Porsche that could be from $220,000 to $470,000” (Nahavandian, 2013).

With the growing demand of Iranians for luxury items, it would be a great opportunity for Luxury brands to enter and grow their business.

Anyway it must be noticed that even if the luxury brands can appear in the same way in different regions of the world, it doesn’t mean that local consumers buy from them for the same reasons. The preferences, culture and consumers value perceptions can affect their decision making (Heidarzadeh Hanzae & Teimourpour, An empirical analysis of consumers’ luxury value perception, 2012).

The result of this research would help companies to determine the most effective strategies to penetrate Iran’s luxury market, identify and segment consumers in women sector and keeping the loyalty of customers.

1.7.1. Iran’s demographic and financial status statistics

Iran contains 5 or 6 million affluents whose wealth is not less than rich Americans according to the Iranian Minister of Welfare. Iranian elites spend approximately $7,000 in average for restaurants and hotels and nearly $11,000 for water and electricity each year. Similarly Central Bank of Iran stated that the average gross cost of one urban family in Iran is $9,200 (each family unit contains 3.47 people by average in 2012). The gross cost of living for richest Iranians was about $380,000 in 2012. (Tabnak, 2014)

Iran population in 2012-13 was approximately 77,890,000 (numbers are rounded up) in which about 25,700,000 women and 26,100,000 men live in urban areas (Iran, 2014).

Based on the current declaration of Iran’s Ministry of work, the total number of employed people in 2012-13 is approximately 21,340,000 in which about 3,144,000 women exist. (Aftab, 2014)

The following figure represents the distribution of the Iranian family members based on their activities and gender in 2012. (Central Bank of Iran, 2012-2013)
1.8. Women as Target Market Segment

In most cases women pay more attention to their physical appearance and though they have more positive trends toward luxury brands (Stokburger-Sauer & Teichmann, 2013). Iran is a vast country with the population of about 75,000,000 (Wikipedia, 2011) and women comprise about 49 percent of the whole population (Trading Economics, 2014). Nowadays in the world of economy women have a considerable place which is estimated to be even higher than some emerging markets. This wonderful growing market cannot be ignored by business owners and marketers and most of the companies try to find an effective strategy in order to penetrate into women segment market (Silverstein & Sayre, 2009) (Flanagan, 2015).

Women are selected as target segment in this research for they can play a big role in making buying decisions (Miglani et al., 2011) and the industries in which they normally spend more money are: apparel, beauty, fitness, financial services, food and healthcare (Silverstein & Sayre, 2009) and this shows the opportunities for luxury brands to devise a strategy for women sector.

1.9. The purpose of Thesis

The purpose of this study is to explore and describe the luxury value perception among Iranian employed female population and to describe how the value perception can be used as a base for segmentation. Therefore the following two research questions are stated:
1- How value perception of Iranian employed females in purchasing from luxury brands can be described?
2- What segments can be created based on Iranian employed females’ value perception?

The detailed hypotheses are presented in chapter 2.

1.10. Delimitations
In this study the following specific delimitations are defined:

1- The study focuses on Iranian women and more specifically Iranian working women, instead of the whole population.
2- As it was described in the purpose of the research, the achievement of this study is to make a segmentation based on financial, functional, individual and social values.
3- The scope of luxury brands covered in this study is limited to luxury brands in the retail sector such as bags, shoes, pants, belts, and leather products.

1.11. Expected Contribution
The achievements of this thesis would be useful to the companies/retailers who produce/sell luxury brands to better understand the perceived values of luxury products among working ladies in Iran and customize their strategies in order to attract more customers in this market.
2. Literature Review
The previous studies and researches on the subject of “consumers’ luxury brands value perception” are reviewed in this chapter and based on their achievements and results the suitable framework for this study is chosen.

2.1. What Is Luxury?
An old common idea states that luxury or status goods are the ones that belong to special brands and regardless of the functionality, dedicate prestige to the owner (Husic & Cicic, 2009). Some similar opinions also state that if things were only valued based on their functionality, logically there would be no place for luxury and this topic would become meaningless; but when social relationships and their consequences is considered, their related dynamics such as conspicuous consumption, comparing oneself to others in the social groups makes luxury meaningful and dedicate a social functionality to it (Kapferer J.-N., 2010). Beside all the definitions and expressions about luxury, Bernard Arnault, the Founder of famous LVMH, represents a modern definition of luxury as: “The ordinary of extraordinary people and extraordinary of ordinary people.” (Kapferer J.-N., Luxury after the crisis: Pro logo or no logo., 2010)

2.2. Luxury Consumers
According to continuous growing nature of luxury market, it seems considerably necessary for business owners, marketers and researchers to achieve precise information about luxury consumers and their perception, their behaviors and attitudes toward luxury concept and customer segments in this market (Wiedmann, Hennigs, & Siebels, 2009). Dubois and Duquesne also believe that in order to achieve a better understanding of luxury market, the relationship between consumers and brands should be identified. (Vigneron & Johnson, 2004)

As it was mentioned before, luxury is hard to be defined and despite the general idea based on which a luxurious item is defined according to its price, the more precise definition is inferred by following main components: (Vigneron & Johnson, 2004)

- Human involvement
- Limited number of produced items
- Recognition of their value by people

The phrase “more luxurious” is interestingly used in luxury world that shows the slippery nature of luxury definition (Vigneron & Johnson, 2004); for example in the world of luxurious fashion a Luis Vuitton hand bag maybe considered more luxurious than other similar luxurious brands such as Prada.
Luxury brands are defined as those brands in which compared to the other brands the price of goods and their quality is higher but with regard to the functionality component, they are not necessarily the best. (Wiedmann, Hennigs, Siebels, 2007)

Although the luxury items were assumed to be consumed by elites, however a new progress of “democratization” has started since 30 years ago based on which luxury brands produce more affordable items for the middle class to be purchased (Vigneron & Johnson, 2004); that shows luxury consumption does not belong only to rich people.

2.3. Value and Consumer Perceived Value
Similar to the main topic of this research, “Luxury”, scientific studies could not define “value” and “consumer perceived value” clearly and because of that various approaches were chosen to define these concepts (Sánchez-Fernández & Iniesta-Bonillo, 2007). However marketers have found out that recognition of “values” and “consumers’ perceived values” can be significantly important in strategic management (Mizik & Jacobson, 2003); They can create a competitive advantage for business owners (Wang, Po Lo, Chi, & Yang, 2004) and therefore bring them customer loyalty and profits (Khalifa, 2004).

As a whole, the outcome of variety of definitions presented by researchers and scholars, defines value as the result of an “evaluative judgment” which naturally is cognitive-effective, perceptional and preferential (Sánchez-Fernández & Iniesta-Bonillo, 2007) (Holbrook, 1986) (Zeithaml, 1988) (Babin & Attaway, 2000).

According to the definition of “value”, the interaction between a customer and a product or service can be implied which is called “consumer perceived value” (Payne & Holt, 2001) (Sánchez-Fernández & Iniesta-Bonillo, 2007).

2.4. Value Dimensions
Several studies related to luxury consumers and their behavior identify that luxury values have several dimensions in both personal and situational aspects. These dimensions include conspicuousness and snobbery that is considered as interpersonal dimension, hedonism and perfectionism that are related to personal aspect and other components such as social and political aspects that are related to situation. (Wiedmann, Hennigs, & Siebels, 2009)

According to micro-economic consumer theory, the patterns defined in conspicuous consumption can categorize consumers in two different groups: “Conformists” and “Snobbish” (Dubois, Laurent, & Czella, 2001). The main reason by which conformists are motivated to buy a product is that other people buy the same thing; while snobbish tend to buy the product that is less purchased by other people. Anyway the reason of the two behaviors is that they desire to be considered as high-class and rich and not as poor (Dubois, Laurent, & Czella, 2001).
The value dimensions extracted from most of earlier studies in both personal aspect (Vigneron & Johnson, 1999) and interpersonal aspect (Mason, 1992) are conspicuousness, uniqueness, quality, hedonic and extended-self which is described in next parts.

2.5. Frameworks

The earliest framework suggested by Vigneron and Johnson named as “Prestige-Seeking Consumer Behavior” (Vigneron & Lester, 1999) in which the behavior of consumers with regard to personal perceptions was described. This framework that was basically inspired by Manson’s “status seeking behavior” framework (Mason, 1992) was based on interpersonal aspect of consumers’ perceptions.

Based upon the results of preceding studies more comprehensive frameworks were suggested as shown in next subsections.

2.5.1. Brand Luxury Index

In 2004 a more complete framework was suggested by Vigneron and Johnson named “Brand Luxury Index” with regard to consumers’ decision making process based on previous accomplished researches. This framework is constructed on consumers’ personal and non-personal perceptions. Non-personal perceptions contain 3 components (Vigneron & Johnson, 2004)(Figure 2-1):

- **Perceived Conspicuousness:** People may consume luxury brands to find social status. For these people the high price of an item is a sign of luxury (Vigneron, 2000)
- **Perceived Uniqueness:** This dimension assumes that rarity and exclusivity of a luxury brand makes it desirable for people; and the more expensive the brand, the desirability increases. The perceived uniqueness of a luxury item can reduce its availability in the market and the reason could be for its limited edition (Vigneron, 2000).
- **Perceived Quality:** This component states that people may perceive luxury brands have better quality compared to other brands (Vigneron, 2000).

While personal perceptions included 2 components as:

- **Perceived Hedonism:** Luxury items could be consumed for it can bring the feeling of joy and pleasure to the consumer. In this case luxury brand consumer care more about the subjective emotional benefits than functionality of luxury item (Vigneron, 2000).
- **Perceived Extended self:** people may desire to imitate the affluent life style or distinguish themselves from non-affluent by consuming luxury brands. Therefore social referencing or construction of oneself can be considered as a determinant in luxury consumption (Vigneron, 2000).
2.5.2. Wiedmann, Hennigs & Siebels Conceptual Model

Wiedmann, Hennigs & Siebels in 2007 extended brand luxury index framework by considering other dimensions and making some modifications in it. In the new framework, dimensions extend to four values in which detailed values were included. (Figure 2-2) (Wiedmann, Hennigs, & Siebels, 2009)
Wiedmann cross cultural frame work has four main dimensions inside which there are several values.

**2.5.2.1. Financial Value**

As the name of this dimension implies, this component cares about the monetary aspect of consumers’ perception. The only element which is demonstrated in this dimension is “Price” that means the value of the item in a valid monetary unit such as dollars, Rials, Euro, etc. (Wiedmann, Hennigs, Siebels, 2007)

Some authors believe that the higher the item’s price is, the more it attracts luxury customers by creating a positive perception of the quality in their mind. (Wiedmann, Hennigs, & Siebels, 2009)
For some of the consumers, high price of a luxurious good indicates the prestige of the owner. In this regard, prestige-pricing has been defined as setting a high price for an item in order to demonstrate a higher status or quality for it. (Wiedmann, Hennigs, & Siebels, 2009)

2.5.2.2. Functional Value
In general, this dimension describes how much functional an item is to the consumer. It is included of three values as shown in Figure 1:

- **Usability value**
  Which mainly focuses on the core benefits of the product or item and the degree that it can cover the customers’ needs. It can be understood by examining how easy to use an item can be. According to primary usage, consumers expect an item to work properly in long period of time and meanwhile have a good look. (Wiedmann, Hennigs, & Siebels, 2009)

- **Quality value**
  States the consumers’ intention to buy a luxury good is that the brand itself which guarantees the superior quality of the items it produces; that means sometimes consumers relate the high brand quality to luxury items which shows they perceive more value of a luxury item (Wiedmann, Hennigs, & Siebels, 2009).

- **Uniqueness value**
  Based on an assumption, the rarer an item is, the consumer find it more desirable to purchase. In addition, the consumers’ desire increases when the price of the luxury item is higher. To sum up the value of uniqueness in consumer’s eye, it can also be stated that by purchasing an expensive luxury good, the consumers perceive themselves as more different and unique in the society. (Wiedmann, Hennigs, & Siebels, 2009) The perceived uniqueness value is called also as *snob effect*. (Husic & Cicic, 2009)

2.5.2.3. Individual value
This dimension addresses consumers’ personal perception regarding luxury consumption and the kinds of personal value(s) they perceive by consuming luxury. (Teimourpour & Heidarzadeh Hanzae, 2011) (Wiedmann, Hennigs, & Siebels, 2009) The most prominent perceived values are as follows:

- **Self-identity value**
Based on the definition in the theory of consumer’s purchasing behavior, self-congruity refers to the probability of “comparing oneself to other objects or stimuli” (Liu, Li, Mizerski, & Soh, 2012) and in the subject of brand purchasing behavior it is named as “Brand Self-Congruity which is made of three main components:

1. Brand Personality Congruity,
2. Brand User Imagery Congruity
3. Brand Usage Image Congruity

Brand User Imagery and personality Congruity address to the brand consumer’s perception by which they feel themselves as a typical user of the brand or by purchasing from the brand, they match their own personality to the perceived brand personality. (Liu, Li, Mizerski, & Soh, 2012)

• Hedonic value

According to definition, hedonic products are the ones whose consumption give the consumer a feeling of fun, fantasy, pleasure, enjoy and excitement. (Zhong & Mitchell, 2010) Thus hedonism points out to the self-pleasure and internal satisfaction achieved by consuming a luxury product. (Wiedmann, Hennigs, & Siebels, 2009) Therefore luxury goods can be regarded as hedonic products to which the consumers are emotionally attracted and they may find self-pleasure by using them (Wiedmann, Hennigs, & Siebels, 2009).

• Materialistic value

Materialism is defined as the degree of importance that people give to the materials rather than spiritual things (Merriam-Webster Online Dictionary, 2014). The literature of research with the subject of “Materialism” also suggests a framework with which it can be shown the link between individuals and their material possessions. Materialistic consumers prefer more to consume luxury products to represent their own social status to the other people or to evaluate their own or other people’s prestige by that. (Vigneron & Johnson, 1999)

2.5.2.4. Social value

Social value is discussed as another important dimension of this conceptual model as some consumers uses luxury products to impress other people and to increase their effect in the society (Husic & Cicic, 2009) or to link themselves to their desired social groups (Kastanakis & Balabanis, 2012). This perceived social value is also named as bandwagon effect. (Husic & Cicic, 2009)

According to the model, two key antecedent constructs of social dimension are:
• **Conspicuousness value:** In contrast with traditional belief which for a long while stated buying decision making happens privately and regardless of other factors, for the first time Veblen noted (Veblen, 1899) that as the wealth and richness increases in the society, people intend to follow higher social class behavior and the desire of belonging to a higher social class lead them to conspicuous consumption. (Kastanakis & Balabanis, 2012) The perceived conspicuous value is also named as *Veblen effect*. (Husic & Cicic, 2009)

• **Prestige:** Based on definition prestige is ***“a subjective evaluative judgment about the high social status of people or inanimate objects such as brands.”*** (Dubois & Czellar, 2002)

The definition of prestige may differ based on people’s social or economic status, thus people’s perception of a product or brand prestige level differs (Vigneron & Johnson, 1999) and in general luxury and prestige definitions are often used interchangeably by marketers. However consuming luxury brands, that can be called as prestigious brands either, dedicates social values to consumers and as well as interpersonal effects such as ostentation for Veblenian consumers, non-conformity for snob consumers and conformity for bandwagon consumers (Dubois & Czellar, 2002).

### 2.6. Market Segmentation

For the first time market segmentation concept was introduced in 1956 stating that instead of mass market, a much better market can be found for the goods by recognizing the real needs in different market segments. (Foedermayr & Diamantopoulos, 2008)

A similar definition states that market consists of heterogeneous customers with different wants. Customers pay differently for meeting their needs and wants and they have different lifestyle, therefore they buy different quantities. A market segment is a customer group that is similar in special characteristics that are significant for marketers. (Doyle, 1998)

Inferred by all above definitions market segmentation can be defined as a subdividing process in which customers with similar needs and behavior are gathered in separate subsets which is called “segment”. Each segment can be considered as target market for companies according to their strategies (Bennett, 1995).

#### 2.6.1. Gender Segmentation in Marketing Studies

Market segmentation based on gender is a popular form which is commonly used by marketers. Specifically “female” segment can be identified as an important segment in the market as the level of impulse buying, hedonic consumption and brand commitment is higher
in women than men (Tifferet & Herstein, 2012). Therefore women can be regarded as important targets in luxury market.

Nowadays women are inseparable parts of different industries of the world, including Iran, and they play different roles as employees in the society. The share of employment for Iranian women is 23.4% in agriculture 25% in industry and 51.6% in service industry (Irna, 2014). As the employment results to more independency in financial issues, it provides more choices for women to buy the items they desire. In this study, we are going to categorize and make segments of Iranian employed women, based on their perceived value in purchasing from luxury brands.

2.7. Research History Based on Wiedmann and Hennigs Conceptual Model

In 2009, Wiedmann, Hennigs and Siebels made a research in order to find out why consumers are interested to buy from luxurious brands and to recognize the types of consumers based on dimensions of the model. The output of this research suggested four clusters of consumers as Materialists, Rational Functionalists, Extravagant Prestige-Seekers and Introvert Hedonists (Wiedmann, Hennigs, & Siebels, 2009). Two other researches were directly performed in Iran the in the first one similar to the original research Iranian consumers were segmented and the resulted clusters were as Non-Luxury, Rational, Social-Value seeker and Materialistic consumers (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, 2012). Another research was made by the same group in order to investigate the impact of cultural factors on Iranian consumers according to purchasing from luxury brands and the dimensions of the framework (Teimourpour & Heidarzadeh Hanzaee, 2011).

2.8. Selected Framework

The purpose of the study is to explore the luxury value perceptions among Iranian employed female population and describe how they can be segmented based on the mentioned value perceptions or briefly this study is going to describe and explore:

**What are the perceived values among Iranian working women in purchasing from luxury brands and what segments can be created based on the mentioned values?**

To answer the above question a comprehensive framework including different value dimensions was required and therefore Wiedmann and Hennigs (2007) framework was selected as the main foundation of the current research, since it was found more comprehensive framework in which all preceding values described in literature are discussed and also other studies and papers referred to this framework.
As it was mentioned in previous section, Wiedmann and Hennings (2007) model was used in some Iranian studies. For it was necessary to translate and localize the questionnaire to be used in Iran, the questionnaire of Iranian study which was based on the selected framework was used as the base of this thesis (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, 2012). In Heidarzadeh & Teimourpour research the questions were modified based on Iranian culture, passed all the translation standards and approved by the ministry of science.

In this study as it was done in Iranian research (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, 2012), the price value is described considering quality, prestige and conspicuousness values.

Here is the hypothesis of our research based on the framework we chose.

**Hypothesis 1**
The perceived level of usability with regard to superior functional value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 2**
The perceived level of quality with regard to superior functional value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 3**
The perceived level of uniqueness with regard to superior functional value is an appropriate criterion for value based segmentation of Iranian working women.

**Hypothesis 4**
The perceived level of self-identity in terms of superior individual value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 5**
The perceived level of hedonism toward a luxury brand item with regard to superior individual value is a rightful criterion for value based segmentation of Iranian working women.

**Hypothesis 6**
The level of requirement to materials in terms of superior individual value, is a rightful criterion for value based segmentation of Iranian employed women.

**Hypothesis 7**
The perceived value of conspicuousness of a luxury brand item in terms of superior level of social value is an appropriate basis of value based segmentation of Iranian working women.
Hypothesis 8
The perceived level of prestige of a luxury brand item in terms of superior level of social value is an appropriate basis of value based segmentation of Iranian working women.
3. **Research Methodology**
In this part, the research purpose, research approach, data sampling, data collection method and analysis along with research strategy is being described.

3.1. **Introduction**
The analyses, which are being used, are Factor analysis and clustering. Factor analysis is used to determine the basis for classifying consumers’ perception of luxury value.

Factor analysis is a multivariate statistical technique by which a large number of variables are summarized into a smaller set of variables or factors (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). In factor analysis the number of items and the strength of the inter-correlations among the items are important issues. The factorability of the data is being assessed by two statistical measures in SPSS. Bartlett’s test of sphericity and Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

In the cluster analysis, classifying the respondents is the purpose. Cluster analysis is a multivariate statistical approach that combines items into homogenous groups or classify groups into the clusters that objects are similar to each other and are different from other objects in other groups or clusters. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)

3.2. **Type of Research**
There are three types of research designs:

- Exploratory
- Descriptive
- Casual design

When there are no clear questions and little theory available or when researchers find it so hard to formulate the basic research problem exploratory research is used to develop an understanding of research questions. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)

When we would like to describe a situation by using descriptive statistics we would use descriptive research. Usually descriptive statistics talk about frequency counts (how many) or use mean and mode and variations and so forth. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)

The most complex one is casual research design, in which if one event has influence the other is tested. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)
This study is based on previously tested model. The framework belongs to Wiedman and Hennigs framework (Wiedmann, Hennigs, & Siebels, 2009) but the questionnaire belongs to the Teimourpour and Heidarzadeh research (Teimourpour & Heidarzadeh Hanzaee, 2011) which was done based on Wiedman and Hannigs studies.

For Teimourpour and Heidarzadeh study the questionnaire that was derived from Wiedman and Hannigs was content validated by 15 marketing experts and face-validated by 65 respondents in identifying the vague items and reducing the total number. So finally there was a questionnaire of 63 items, including the demographic items and 53 items, excluding the demographic questions.

3.3. Research Approach

There are two possible research approaches; one is qualitative and the other one is quantitative. Effective decision-making requires qualitative study to develop ideas, which can be tested by quantitative approaches. Quantitative data is talking about measurements which numbers are used directly to show the characteristics of something. However, qualitative data describe things without assigning numbers to it directly. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)

Here in this thesis, quantitative approach is used to test hypothesis by applying statistical criteria to the measure and 3 steps were followed to analyze the data via SPSS ver. 21:

1- The pool of items is basically created based on the dimensions of the dedicated model.
2- Exploratory factor analysis and reliability test were conducted by which firstly validity and reliability of data is assured and secondly the factors into which the predefined variables can be reduced and combined, become uncovered and accept or reject the mentioned hypotheses.
3- Based on the factors Hierarchical and K-means clustering is conducted in order to reach to targeted segments of employed women.

3.4. Sample Selection

It is ideal to have data from all people under investigation, but in most situations it is impossible so a sample of the population is used. A sample is a subset of population.

Sample is drawn using either probability or nonprobability procedure. Probability sampling is used in quantitative approach in research. This consists of the random selection from the population to assure the objectivity in selecting data. Sample size is also very important in both qualitative and quantitative approaches. The sample should reflect the characteristics of the population so we need to have the minimum errors in having the sample. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)
The sampling has 5 procedures: (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011)

1) Defining the target population  
2) Choosing the sampling frame  
3) Selecting the sampling method  
4) Determining the sample size  
5) Implementing the sampling plan

Probability sampling is one way of sampling which is based on a random procedure that each sample has known and nonzero chance of being selected. This method is unbiased if is done correctly and properly.

Some researchers believe that a sample size of 500 is useful for showing the opinion of the target population of 15 million people (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). However the number of collected data in this thesis reached to more than 1000 which make the results more reliable.

Since we would like to have working women as target segment of our thesis some elementary information with regard to population of employed women in Iran is dedicated below:

Based on the latest report of Ministry of work, the number of working force in Iran in 2014 is 21,337,478 people; in which the number of men and women are 18,193,544 and 3,143,932 respectively. In addition, among all working people in Iran 15,100,061 are living in urban areas. The working women population who live in urban areas is 2,183,000 people. (Tabnak, 2014) (Central Bank of Iran, 2012-2013)

3.5. Data Collection

Data is very important regardless of whether the research approach is qualitative or quantitative. Data can be gained in various ways. This study is descriptive and needs a large amount of data gathered through large-scale survey. Nowadays information technology helps researcher to convey their survey fast (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011); so the online methods along with self-completion survey were used as an efficient way to gathering data in this study.

The questionnaire used in this study, belongs to Teimourpour and Heidarzadeh research (Heidarzadeh Hanzaee & Teimourpour, 2012). However the original questionnaire belongs to Wiedman and Hennigs study (Wiedmann, Hennigs, & Siebels, 2009) based on which Teimourpour and Heidarzadeh customized and translated the needed questions for their research in Farsi. In fact there is no significant difference between mentioned questionnaires
except that Teimourpour and Heidarzadeh omitted some of the questions for localization reasons.

The questionnaire consists of 63 items. The first 53 items are related to value dimensions and hypotheses and the rest are general demographic questions. The previously mentioned 53 items which are related to the research value dimensions are scored on a 5 point Likert scale as:

1- Strongly Disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree

Each respondent can choose one answer based on their own desire and personal opinions. Also, there are 10 regarding the demographic information of people who are asked to fill in the questionnaire.

The online form of questionnaire was prepared and became available to be submitted online through google drive service. People were invited to fill the form through popular social networks such as Facebook and popular communication tools such as Viber and WhatsApp and also the invitations were sent by emails to the friends and people to whom we were permitted to send email.

The printed questionnaires were distributed in some companies and also get offered to people in big luxurious malls.

As the research is not limited to Tehran, we tried to have respondents from all working women in Iran’s urban areas. To overcome the problem of time limitation for traveling, in addition to printed forms, we found internet and online form as a successful media to attract our target respondents from all over the country.

4. Empirical Data and Analysis Process
In this chapter the methods of data gathering and some statistics about participants are described. The reliability and validity, Factor analysis and also clustering are being discussed in this chapter.

4.1. Data screening and Cleaning

4.1.1. Online Questionnaire
As it was mentioned previously, online form was designed and prepared through google drive services to let the target respondents submit the information online. The link to the mentioned form was introduced on well-known social networks and famous social communication applications and also on the web sites which were specialized mostly for women under the
subjects such as women fashion, motherhood, women health, women legal rights, etc. the number of responds through this method reached to 618, in which 9 responds were incomplete and 22 respondents were men or unemployed women, which were out of the range of the target segment of this study and therefore they get eliminated from final database. The net responds achieved by this method was 587.

4.1.2. Printed Questionnaire

750 printed questionnaires were distributed among companies and in luxurious brand stores of Tehran. In this method 119 questionnaires were lost, 62 forms return with no answer and 184 forms were filled with incomplete or invalid data (men, unemployed women). The net responds achieved in this method was 385.

Therefore the number of usable responds in this research is 972 as the following table shows:

<table>
<thead>
<tr>
<th>Province</th>
<th>Mean</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tehran</td>
<td>31.95</td>
<td>613</td>
</tr>
<tr>
<td>East Azarbyjan</td>
<td>30.05</td>
<td>41</td>
</tr>
<tr>
<td>Ardebil</td>
<td>33.11</td>
<td>9</td>
</tr>
<tr>
<td>Ispahan</td>
<td>35.16</td>
<td>19</td>
</tr>
<tr>
<td>Alborz</td>
<td>36.47</td>
<td>19</td>
</tr>
<tr>
<td>Boushehr</td>
<td>30.82</td>
<td>17</td>
</tr>
<tr>
<td>Charmahal-Bakhtiar</td>
<td>31.00</td>
<td>4</td>
</tr>
<tr>
<td>Razavi Khorasan</td>
<td>26.77</td>
<td>35</td>
</tr>
<tr>
<td>Khouzestan</td>
<td>34.10</td>
<td>61</td>
</tr>
<tr>
<td>Sistan-Baluchestan</td>
<td>30.62</td>
<td>13</td>
</tr>
<tr>
<td>Kordestan</td>
<td>38.67</td>
<td>15</td>
</tr>
<tr>
<td>Kermanshah</td>
<td>37.50</td>
<td>14</td>
</tr>
<tr>
<td>Kohgilooeyh-Boyer Ahmad</td>
<td>33.95</td>
<td>19</td>
</tr>
<tr>
<td>Guilan</td>
<td>34.59</td>
<td>29</td>
</tr>
<tr>
<td>Lorestan</td>
<td>36.13</td>
<td>15</td>
</tr>
<tr>
<td>Mazandaran</td>
<td>25.00</td>
<td>5</td>
</tr>
<tr>
<td>Markazi</td>
<td>28.30</td>
<td>40</td>
</tr>
<tr>
<td>Hamedan</td>
<td>27.00</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>32.10</td>
<td>972</td>
</tr>
</tbody>
</table>
As can be seen in from the above table, more than 63% of respondents were from Tehran and complete demographic information can be found in table 4.1-4.

4.2. Descriptive analysis

According to the questionnaire we have 53 items or variables related to the hypotheses, which might need to be summarized to have smaller set of components or factors to be discussed easier.

Factor analysis is a method by which a smaller set of factors can be extracted out of a set of variables in order to better describe the interrelationship among them and the most common methods to perform it are: principal components, principal factors, image factoring, maximum likelihood factoring, alpha factoring, unweighted least squares and generalized least squares (Pallant, 2010). The most common method which is used in most of the studies is “Principal Components” with Varimax rotation (Pallant, 2010).

There are two main techniques in factor analysis: exploratory and confirmatory.

Exploratory is often used at the beginning part of the research to gather information about the relationship among variables. However confirmatory is used in later parts of research to test hypothesis. (Pallant, 2010)

This study has two main stages. The first stage is to find out the basis for classifying consumers’ perception of luxury values. In order to reach this purpose, factor analysis was performed on 53 items related to the chosen framework’s value dimensions out of 63 items which the rest belong to general demographic questions, in order to summarize related variables into smaller set of factors.

Therefore the various dimensions underlying luxury value perception were uncovered by a factor analysis using the principal component method with Varimax rotation.

In order to reach to satisfactory number of factors, it is recommended to use one of the following methods: Kaiser’s criterion, scree test and parallel analysis (Pallant, 2010).

Kaiser’s criterion or eigenvalue rule, shows the amount of total variance explained by that factor (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011), is the most common method by which the factors with an eigenvalue equal or more than 1 are kept to be investigated more in the research. (Pallant, 2010)

This study is originally based on Wiedmann and Hennings (2007) conceptual framework in which 9 value dimensions were examined; but as the tested and localized framework by Heidarzadeh & Teimourpour (2012) and their questionnaire examined 8 values by omitting the “Price” value stating this value is described considering quality, prestige and conspicuousness
values (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, 2012); in this study “price” value is omitted in a similar way in order to avoid major modifications in standardized questionnaire; also people’s motivation to keep their real income level hidden due to low rate of employment, unstable income in the society and other similar motivations (Mohanty & Misra, 2000) and also with regard to some factors such as Iran-Iraq 8 years of war and U.S. sanctions, Iran’s economy performance was under its full potentials (Valadkhani, 2003) it seems that Iranians less intend to talk about their true income which is necessary for evaluating “Financial” dimension. However with regard to the questions in which price and financial values of luxurious items are included, this dimension is indirectly considered. Therefore the ideal number of extracted factors is eight that is completely adapted to the original framework.

At the first step the factor analysis was performed using Eigenvalue extraction method (Eigenvalues>1) and fifteen factors were extracted and suggested in the result. As this study is based on Teimourpour and Heidarzadeh conceptual framework in which 8 factors (values) are given to be examined, again factor analysis was done using “Fixed number of factors” set to 8 and using this solution 52.3% of the total variance in 53 items was gained. The number of factors are fixed based on previous studies which was mentioned above and also based on the rule that states the number of total variance which shouldn’t be less than 50% of the whole population (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

Despite it was expected that related items of each factor appear inside its own related factor with high factor loading, some extracted factors comprise non-related items with higher factor loadings. This phenomenon is called “cross loading” and when it happens it doesn’t mean that factor is wrong or it cannot be used (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

Therefore among extracted 8 factors, 2 of them (prestige and self-identity) could not be proved since their items were totally diffused in different factors and nothing could be interpreted from their factor loading above 0.3 and therefore the hypotheses no. 4 (The perceived level of self-identity in terms of superior individual value is a suitable criterion for value based segmentation of Iranian working women.) and no. 8 (The perceived level of prestige of a luxury brand item in terms of superior level of social value is an appropriate basis of value based segmentation of Iranian working women.) Could not be proved.
As the variables achieved by factor loading which are not interpretable and are useless and their factor loading are less than 0.3 can be ignored, (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011) the variables belong to prestige and self-identity factors were also eliminated. Consequently factor analysis was performed again to check if elimination of those variables has any influence on others. Finally, some other variable among the rest were eliminated, on which we had cross loading. Finally 6 factors achieved using this method. This time each item was placed in relevant factor and was easy to interpret. The mentioned six factors explain 57.21% of the total variance (Table 4.6).

4.2.1. Validity Test
Validity test is “accurate measurement of a concept or construct”; (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011) and the tools by which this test is performed are as follows.

The KMO statistic is sampling Adequacy measurement. The KMO shows how small the partial correlations are. If variables have common factors then correlation should be small and the KMO should be close to 1.0. KMO value more than 0.8 is considered good which shows that the component for factor analysis is useful for variables. KMO value less than 0.6 would need remedial actions. It could be better by omitting offending variables or adding other variables. (Henry Kaiser and Barbara A.Cerney, 1977)

The calculated value of Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) in this stage must be more than 0.6 and the value of sig for Bartlett’s test of Sphericity must be so close to 0 to prove the value of Chi square parameter is significant and therefore it proves the inter correlation matrix of variables are suitable for factor analysis. In this study the value of KMO is .849>0.6 for 53 variables and .852 for 28 variables and the sig value for Bartlett’s test of Sphericity is 0.000, so factor analysis is appropriate technique and though the validity of data is proved.

Table 4-2: KMO and Bartlett’s Test for 53 variables and 8 factors

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Approx. Chi-Square</th>
<th>Bartlett’s Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25976.426</td>
<td>Df 1378 Sig. .000</td>
</tr>
</tbody>
</table>


4.2.2. Reliability Test

Reliability test is a common method by which the internal consistency or reliability of questionnaire items, usually in the form of Likert, is determined and it is normally measured with Cronbach’s alpha (Laerd, 2014).

Cronbach’s alpha measures the internal consistency, which means how much a set of items can be as a group. It can be a measure of scale reliability. “Cronbach's alpha is not a statistical test - it is a coefficient of reliability (or consistency).” Here is the formula for Cronbach’s alpha. N is the number of items and c-bar is the average inter item covariance and V-bar is average variance. Here can be seen that if the number of items increase, α is increased as well. If average inter-item correlation is low, alpha will be low and vice versa if the average inter-item correlation increase, alpha will increase (if we hold the number of items) (Idre, 2015)

\[
\alpha = \frac{N \cdot \bar{c}}{\bar{V} + (N - 1) \cdot \bar{c}}
\]

As a rule of thumb, the value of Chronebach’s alpha should be more than 0.7 in order to be acceptable and the value of 0.9 proves excellent strength of association. (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011) . As table 4-2 indicates, the value of Chronebach’s alpha resulted by reliability test in this study is 0.910 that confirms the strong internal consistency of items (Table 4-4).

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.910</td>
<td>.909</td>
<td>53</td>
</tr>
</tbody>
</table>

Another reliability test was performed after 2 value dimensions (Prestige and self-identity) and their related questionnaire items were removed as their relied hypotheses (4 and 8) could not
be proved. Though the new reliability test was done including 6 factors out of 8 and the value of Chronbach’s alpha (0.882) again presented a strong internal consistency of data (Table 4-5).

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.882</td>
<td>.884</td>
<td>28</td>
</tr>
</tbody>
</table>

**Table 4-5: Reliability Statistics (step 2)**

4.3. Discussion

4.3.1. Factor analysis

Rotated Component Matrix square presents “factor loading” for all variables. The correlation between factors and variables is called factor loading (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). The highest factor loading for each variable is chosen. Since we selected six factors, related variables with highest factor loading are grouped in each factor.

Table 4-6 shows a final summary output of factor analysis in three columns: Factor names that shows the name of a group of items, the second column is Items (variables) and their number and finally the last column which presents the factor loading. As it is presented in third column, all items’ factor loading are above 0.3 which is conventionally accepted by researchers (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

Six factors are included in table 4-6 that according to their items’ factor loadings their relied hypotheses could not be rejected and the other variables could not be correlated and make another factors since their factor loadings could not be accumulated in one specific factor.
Here the details of factors are discussed.
**Factor 1: Quality Value**

This value talks about the quality and performance. The highest loading belongs to variable “X18: The main reason for buying luxury goods is their quality” with 0.844 and followed by “X38: I think that the high price of luxury is for its quality.” with loading 0.831. We can interpret that people expect the luxury items to be expensive if they are qualified enough. The most important point is that quality and long lasting are the reasons, people buy luxury items and like to spend high prices for.

**Factor 2: Uniqueness Value**

People believe that luxury items are not produced in mass numbers. Rarity and uniqueness are values that people pay attention to when buying luxury items. In this factor the highest loading, belong to” X46: A luxury product should not be sold in normal stores.” So the service and atmosphere people expect to buy luxury products are important as well.

The second place belongs to X39 in which people believe “luxury items cannot be mass-produced”.

**Factor 3: Usability Value**

The biggest factor loading in this factor belongs to variable number 23, which says that the quality of life will increase by using luxury items. However, variable X15 shows working women believe “having luxury items is not necessary” but anyway they desire to have it.

**Factor 4: Conspicuousness value**

The item that can best describe this factor is X37, which has the highest loading in this factor. It says that working women like others to know the price of the luxury items they buy. In addition, X47, showing off is the second strongest variable that can describe this factor. The interesting point is that in Wiedman research in value based segmentation of luxury consumption behavior (Wiedmann, Hennigs, & Siebels, 2009), it seems that conspicuousness value was not proved. Nevertheless, in Iran, most of the women like to show off with their luxury items and it is a part of the culture. The idea that was proved by Iranian study of Teimourpour and Heidarzadeh, in their study the conspicuousness value has the highest total variance in Factor analysis and the hypothesis was proved. See (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, Segmenting Consumers Based on Luxury Value Perceptions, 2012)
**Factor 5: Hedonic Value**

X34, Self-satisfaction is the most important value in this factor by loading number of 0.805.

It indicates that working women says luxury items should give them self-satisfaction and make them happy and should make them feel much better in their life.

**Factor 6: Materialistic value**

This factor shows that Iranian working women believe the rate of people’s assets shows the degree of success in life. The more someone has, the more success he or she has gained. This value has the highest factor loading, 0.733, which is followed by X23, describing that people are assessed by the amount of money they have. This factor shows that people believe life would be better by having money and money brings happiness.

Here we take a look at our hypothesis again:

**Hypothesis 1**
The perceived level of usability with regard to superior functional value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 2**
The perceived level of quality with regard to superior functional value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 3**
The perceived level of uniqueness with regard to superior functional value is an appropriate criterion for value based segmentation of Iranian working women.

**Hypothesis 4**
The perceived level of self-identity in terms of superior individual value is a suitable criterion for value based segmentation of Iranian working women.

**Hypothesis 5**
The perceived level of hedonism toward a luxury brand item with regard to superior individual value is a rightful criterion for value based segmentation of Iranian working women.

**Hypothesis 6**
The level of requirement to materials in terms of superior individual value, is a rightful criterion for value based segmentation of Iranian employed women.
**Hypothesis 7**
The perceived value of conspicuousness of a luxury brand item in terms of superior level of social value is an appropriate basis of value based segmentation of Iranian working women.

**Hypothesis 8**
The perceived level of prestige of a luxury brand item in terms of superior level of social value is an appropriate basis of value based segmentation of Iranian working women.

As we can see, the result of factor analysis is six factors so the hypothesis number 1, 2, 3, 5, 6 and 7 cannot be rejected and hypothesis 4 and 8 are rejected.
4.3.2. Clustering

Cluster analysis is a multivariate approach by which objects are united into groups in a way that objects of each group are similar to each other and meanwhile they differ from objects of other groups. Clustering can be performed in hierarchical and nonhierarchical procedures (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

In order to achieve relevant segmentation of the resulted factor in this study, hierarchical, k-mean and two-Step clustering process has been conducted based on the factors’ accepted items. The number of not-accepted items which were removed from clustering process was 11 and also the 14 items belong to self-identity and prestige values were completely eliminated as they could not be proved as an effective perceived value in factor analysis process for their factor loading was less than 0.3 (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). Therefore the total number of values by which clustering was performed is 28 out of 53 items.

4.3.3. Number of Clusters

Before partitioning the data using k-mean clustering method, a hierarchical clustering with ward method was performed in order to identifying the number of clusters and maximizing the heterogeneity as well as homogeneity within and between them (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). The number of clusters was estimated 3 and this result was either confirmed by two-step clustering method.

Then a k-mean clustering has been conducted in 2 steps in which the number of segments was set as 3 and 2 respectively. Despite in 3 clusters stage the population of one cluster contains only 1 percent of the sample; it was decided to keep it and to accept 3 clusters.

According to the result of final k-mean clustering (Table 4.1-1), the most important values which played main roles in characterizing the clusters are “Conspicuousness” and “Uniqueness” within which the highest F ratios exist (X37, X44, X47), (X5, X17, X46).

F ratio indicates the result of comparing “Variance between groups (VB)” and “Variance within groups (VW)” and it is used in ANOVA test which is used as a part of clustering procedure. The higher F ratio, the more significant differences between the groups and most probably null hypothesis will be rejected (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011).

In a simple word the above definition for F ratio can be shown as below:

\[
F = \frac{\text{Variance between groups (VB)}}{\text{Variance within groups (VW)}}
\]

Table 4.1-1 also reveals the detailed information about created clusters, their related means and F values. The average for each factor’s group of means is calculated in each cluster in order to simplify reading the whole table. The results in this table are going to be more described and interpreted in section 4.4 (introducing the clusters).
### 4-1: Clusters Statistics

<table>
<thead>
<tr>
<th>Value</th>
<th>Items Used in Clustering</th>
<th>Cluster 1 (n=392) Mean</th>
<th>Cluster 2 (n=11) Mean</th>
<th>Cluster 3 (n=569) Mean</th>
<th>Factor Loading</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conspicuousness</strong></td>
<td></td>
<td>3.48</td>
<td>3.64</td>
<td>2.98</td>
<td>0.315</td>
<td>26.431</td>
<td>.000</td>
</tr>
<tr>
<td>X27: I tend to buy the luxury item that is a new style.</td>
<td></td>
<td>X37: I like people to know the price of the goods I bought.</td>
<td>2.85</td>
<td>4.36</td>
<td>1.66</td>
<td>0.714</td>
<td>270.863</td>
</tr>
<tr>
<td>X44: Having luxury products, I can show people that I am rich.</td>
<td></td>
<td>X47: I tend to show off the luxury item I bought.</td>
<td>3.18</td>
<td>4.09</td>
<td>1.92</td>
<td>0.513</td>
<td>232.685</td>
</tr>
<tr>
<td>X52: Others’ opinions about my look are an important issue for me.</td>
<td></td>
<td></td>
<td>3.08</td>
<td>3.09</td>
<td>2.00</td>
<td>0.692</td>
<td>178.797</td>
</tr>
<tr>
<td><strong>Hedonic</strong></td>
<td></td>
<td>3.26</td>
<td>3.28</td>
<td>1.97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X19: Luxury products should make me happy.</td>
<td></td>
<td>X31: Luxury products should make me feel better about myself.</td>
<td>4.13</td>
<td>4.27</td>
<td>3.22</td>
<td>0.471</td>
<td>113.057</td>
</tr>
<tr>
<td>X44: Having luxury products, I can show people that I am rich.</td>
<td></td>
<td>X47: I tend to show off the luxury item I bought.</td>
<td>3.99</td>
<td>3.91</td>
<td>2.95</td>
<td>0.428</td>
<td>137.666</td>
</tr>
<tr>
<td>X52: Others’ opinions about my look are an important issue for me.</td>
<td></td>
<td>X53: Luxury consumption should bring me self-satisfaction.</td>
<td>4.47</td>
<td>3.64</td>
<td>3.94</td>
<td>0.805</td>
<td>43.901</td>
</tr>
<tr>
<td><strong>Materialistic</strong></td>
<td></td>
<td>4.19</td>
<td>3.94</td>
<td>3.37</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X14: I think that my life would be better by buying luxury products.</td>
<td></td>
<td>X26: The criterion for assessing people is the amount of money they have.</td>
<td>2.73</td>
<td>2.73</td>
<td>1.75</td>
<td>0.315</td>
<td>164.427</td>
</tr>
<tr>
<td>X36: I believe that money brings happiness.</td>
<td></td>
<td>X48: The rate of people’s assets in society shows the degree of success in life.</td>
<td>3.00</td>
<td>3.36</td>
<td>2.46</td>
<td>0.670</td>
<td>29.211</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td></td>
<td>3.16</td>
<td>3.52</td>
<td>2.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1: One of the main characteristics of luxury products is quality.</td>
<td></td>
<td>X6: Luxury products are long lasting.</td>
<td>3.95</td>
<td>2.09</td>
<td>3.55</td>
<td>0.710</td>
<td>35.170</td>
</tr>
<tr>
<td>X18: The main reason for buying luxury goods is their quality.</td>
<td></td>
<td>X30: You always should pay more for the best quality.</td>
<td>3.47</td>
<td>4.00</td>
<td>3.19</td>
<td>0.809</td>
<td>11.568</td>
</tr>
<tr>
<td>X33: Luxury items are expected to observe high standards.</td>
<td></td>
<td>X38: I think that the high price of luxury is for its quality.</td>
<td>3.49</td>
<td>2.64</td>
<td>2.95</td>
<td>0.844</td>
<td>25.291</td>
</tr>
<tr>
<td><strong>Uniqueness</strong></td>
<td></td>
<td>3.80</td>
<td>2.94</td>
<td>3.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X5: I enjoy having things that others do not have.</td>
<td></td>
<td>X11: I can spend lots of money for rare things.</td>
<td>3.58</td>
<td>2.55</td>
<td>2.09</td>
<td>0.325</td>
<td>207.344</td>
</tr>
<tr>
<td>X17: Few people own a true luxury product.</td>
<td></td>
<td>X32: In my opinion, products that all can afford are less valuable.</td>
<td>3.00</td>
<td>4.00</td>
<td>2.13</td>
<td>0.522</td>
<td>98.315</td>
</tr>
<tr>
<td>X39: Luxury products cannot be mass produced.</td>
<td></td>
<td>X45: I do not like to buy products that the majority of people can afford to buy.</td>
<td>3.23</td>
<td>1.36</td>
<td>1.99</td>
<td>0.730</td>
<td>171.147</td>
</tr>
<tr>
<td>X46: A luxury product should not be sold in normal stores.</td>
<td></td>
<td>X47: I tend to show off the luxury item I bought.</td>
<td>3.19</td>
<td>1.09</td>
<td>2.10</td>
<td>0.482</td>
<td>168.085</td>
</tr>
<tr>
<td><strong>Usability</strong></td>
<td></td>
<td>3.21</td>
<td>2.22</td>
<td>2.22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X3: I tend to use luxury items.</td>
<td></td>
<td>X15: In my opinion, having luxury goods is not necessary.</td>
<td>4.15</td>
<td>1.55</td>
<td>3.45</td>
<td>0.477</td>
<td>125.186</td>
</tr>
<tr>
<td>X23: Using luxury products increases the quality of life.</td>
<td></td>
<td>X25: In my opinion, luxury products are good products.</td>
<td>2.80</td>
<td>2.00</td>
<td>1.82</td>
<td>0.751</td>
<td>147.045</td>
</tr>
<tr>
<td>X46: A luxury product should not be sold in normal stores.</td>
<td></td>
<td>X47: I tend to show off the luxury item I bought.</td>
<td>3.32</td>
<td>4.00</td>
<td>2.40</td>
<td>0.624</td>
<td>93.563</td>
</tr>
</tbody>
</table>

40
**Discriminant analysis** is defined as a statistical procedure by which an individual’s membership to group can be predicted by using two or more metric independent variables by which it examines difference in groups; or it finds discriminant functions (linear combination of independent variables) that determines the differences between group means (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011). Discriminant analysis was done in this research in order to verify cluster grouping results; as one of the several purposes of this analysis is classifying cases to groups and statistical significance tests confirm how well the functions separated the groups.

To perform discriminant analysis in this study, the number of detected clusters calculated by clustering procedure, used as grouping variable which was 3 (dependent variable in discriminant analysis). Thus the defined range for grouping variable was set to 1 as minimum and 3 as maximum. The number of discriminant functions is always equal to the number of dependent variables minus one; so with regard to the number of dependent variables, the number of discriminant functions is 2 in this study as it is stated in the **table 4.1-2** either.

Like other similar statistical analyses, the first job to be done in discriminant analysis is to check how much significant is the statistical relationship between dependent (clusters) and independent variables. **Table 4.1-2** is the answer to this question for it presents a summary of canonical discriminant functions.

**Table 4.1-2** shows a summary output of discriminant analysis in this study. According to the number of introduced groups (3), two discriminant functions are presented. Based on definition two value of Eigenvalue indicated how well a function differentiates the groups, the higher this value, the better the identification is (BÖKEOĞLU & BUYKOWTURK, 2008). Eigenvalues table shows that the first function accounts for 84.2% of discriminating ability of the discriminating variables and the second function accounts for 15.8. This also can be statistically calculated and re-confirmed by achieved eigenvalues shown in the table. Canonical correlation shows the correlation between groups and functions. The sig value (.000) of Wilk’s Lambda that evaluates the statistical difference or significance between groups (Hair JR, Wolfinbarger Celsi, H.Money, Samouel, & J.page, 2011) shows that Wilk’s lambda is highly significant and therefore the results can be trusted for further discussions. The value of 0.179 in Wilks’ Lambda’s first row indicated that 17.9% of total variability is not explained which is acceptable for this research. The value of chi-square checks if the value of canonical correlation of each function is zero or it tests the null hypothesis for each function that assumes each function has no discriminant ability (idre, 2015), which is rejected in this study according to the values of canonical correlation and Chi-square.
Table 4-2: Summary of Canonical Discriminant Functions

<table>
<thead>
<tr>
<th>Function</th>
<th>Eigenvalue</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Canonical Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.700a</td>
<td>84.2</td>
<td>84.2</td>
<td>.854</td>
</tr>
<tr>
<td>2</td>
<td>.508a</td>
<td>15.8</td>
<td>100.0</td>
<td>.580</td>
</tr>
</tbody>
</table>

a. First 2 canonical discriminant functions were used in the analysis.

<table>
<thead>
<tr>
<th>Test of Function(s)</th>
<th>Wilks' Lambda</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 through 2</td>
<td>.179</td>
<td>1642.357</td>
<td>56</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>.663</td>
<td>392.315</td>
<td>27</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4.1-3 contains the centroid (mean) of each group’s discriminant scores. According to the centroids for function 1, cluster 1 and 2 have positive values while cluster 3 has negative value which means function 1 separated cluster 3 from clusters 1 and 2; but for function 2, cluster 1 and 3 have positive values and cluster 2 has negative value and it means that function 2 has separated cluster 2 from the others.

Table 4.1-3: Functions at Group Centroid

<table>
<thead>
<tr>
<th>Cluster Number</th>
<th>Function</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>1.962</td>
<td>1.59</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>1.474</td>
<td>-6.619</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>-1.380</td>
<td>0.019</td>
</tr>
</tbody>
</table>

Table 4.1-4 presents correlation between all the independent variables and discriminant functions. By the provided information in this table it can be said that which variable(s) is more important for each function. In the following table the stared items (rows from X37 to X6) are important for first discriminant function while variables from X3 to X33 are concerned more by the second discriminant function.
Table 4.4: Structure Matrix

<table>
<thead>
<tr>
<th>Items</th>
<th>Function 1</th>
<th>Function 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>X37: I like people to know the price of the goods I bought.</td>
<td>.436*</td>
<td>- .299</td>
</tr>
<tr>
<td>X44: Having luxury products, I can show people that I am rich.</td>
<td>.415*</td>
<td>- .176</td>
</tr>
<tr>
<td>X5: I enjoy having things that others do not have.</td>
<td>.395*</td>
<td>.109</td>
</tr>
<tr>
<td>X46: A luxury product should not be sold in normal stores.</td>
<td>.394*</td>
<td>.259</td>
</tr>
<tr>
<td>X47: I tend to show off the luxury item I bought.</td>
<td>.370*</td>
<td>- .028</td>
</tr>
<tr>
<td>X45: I do not like to buy products that the majority of people can</td>
<td>.363*</td>
<td>.050</td>
</tr>
<tr>
<td>afford to buy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X14: I think that my life would be better by buying luxury products.</td>
<td>.354*</td>
<td>- .025</td>
</tr>
<tr>
<td>X17: Few people own a true luxury product.</td>
<td>.346*</td>
<td>.240</td>
</tr>
<tr>
<td>X32: In my opinion, products that all can afford are less valuable.</td>
<td>.333*</td>
<td>.304</td>
</tr>
<tr>
<td>X15: In my opinion, having luxury goods is not necessary.</td>
<td>.332*</td>
<td>.112</td>
</tr>
<tr>
<td>X31: Luxury products should make me feel better about myself.</td>
<td>.324*</td>
<td>-.011</td>
</tr>
<tr>
<td>X19: Luxury products should make me happy.</td>
<td>.293*</td>
<td>-.044</td>
</tr>
<tr>
<td>X11: I can spend lots of money for rare things.</td>
<td>.265*</td>
<td>-.166</td>
</tr>
<tr>
<td>X23: Using luxury products increases the quality of life.</td>
<td>.263*</td>
<td>-.112</td>
</tr>
<tr>
<td>X39: Luxury products cannot be mass produced.</td>
<td>.254*</td>
<td>.220</td>
</tr>
<tr>
<td>X36: I believe that money brings happiness.</td>
<td>.236*</td>
<td>-.085</td>
</tr>
<tr>
<td>X48: The rate of people’s assets in society shows the degree of</td>
<td>.181*</td>
<td>-.086</td>
</tr>
<tr>
<td>success in life.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X34: Luxury consumption should bring me self-satisfaction.</td>
<td>.175*</td>
<td>.128</td>
</tr>
<tr>
<td>X26: The criterion for assessing people is the amount of money they</td>
<td>.147*</td>
<td>-.058</td>
</tr>
<tr>
<td>have.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X27: I tend to buy the luxury item that is a new style.</td>
<td>.142*</td>
<td>-.031</td>
</tr>
<tr>
<td>X52: Others’ opinions about my look are an important issue for me.</td>
<td>.138*</td>
<td>-.135</td>
</tr>
<tr>
<td>X38: I think that the high price of luxury is for its quality.</td>
<td>.136*</td>
<td>.089</td>
</tr>
<tr>
<td>X18: The main reason for buying luxury goods is their quality.</td>
<td>.132*</td>
<td>.098</td>
</tr>
<tr>
<td>X6: Luxury products are long lasting.</td>
<td>.087*</td>
<td>-.082</td>
</tr>
<tr>
<td>X3: I tend to use luxury items.</td>
<td>.239</td>
<td>.453*</td>
</tr>
<tr>
<td>X1: One of the main characteristics of luxury products is quality.</td>
<td>.112</td>
<td>.275*</td>
</tr>
<tr>
<td>X30: You always should pay more for the best quality.</td>
<td>.159</td>
<td>.218*</td>
</tr>
<tr>
<td>X33: Luxury items are expected to observe high standards.</td>
<td>.087</td>
<td>.137*</td>
</tr>
</tbody>
</table>

Table 4.1-5 presents a summary of classification procedure results including number and percent of items that are classified correctly in discriminant analysis process. This output shows that 96.4% original and cross validated grouped cases classified correctly.
### Table 4.1-S: Classification Results

<table>
<thead>
<tr>
<th>Cluster Number of Case</th>
<th>Predicted Group Membership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Original Count</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>371</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>94.6</td>
<td>.0</td>
</tr>
<tr>
<td>2</td>
<td>.0</td>
<td>100.0</td>
</tr>
<tr>
<td>3</td>
<td>2.5</td>
<td>.0</td>
</tr>
</tbody>
</table>

| Cross-validated Count |    |    |       |
| 1                      | 371| 0  | 21 392|
| 2                      | 0  | 11 | 0   11 |
| 3                      | 14 | 0  | 555 569|
| %                      |    |    |       |
| 1                      | 94.6| .0 | 5.4 100.0|
| 2                      | .0 | 100.0| .0 | 100.0|
| 3                      | 2.5| .0 | 97.5 100.0|

a. 96.4% of original grouped cases correctly classified.

b. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

c. 96.4% of cross-validated grouped cases correctly classified.
4.4. Introducing the Clusters

According to the output of k-mean clustering and discriminant analysis, the resulted clusters seem close regarding the nature and effective parameters; however by taking more precise look to the results, the clusters can be defined as follows.

4.4.1. Cluster 1 - Rational Hedonists

This cluster contains 392 people or 40.3% of the whole sample in which the mean age is 31.28 and the majority of women are single and the income is normally higher than RLS 10,000,000 which is considered as average revenue (Table 4.1-6).

4-6: Cluster’s Demographic Information

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>%</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Cluster 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-65 (Mean=32.10)</td>
<td>972</td>
<td>100</td>
<td>39.3%</td>
<td>1%</td>
<td>59.7%</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>418</td>
<td>44.8</td>
<td>21.6%</td>
<td>0.1%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Married</td>
<td>554</td>
<td>55.2</td>
<td>18.2%</td>
<td>0.7%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under Diploma</td>
<td>8</td>
<td>0.7</td>
<td>0.2%</td>
<td>0</td>
<td>0.5%</td>
</tr>
<tr>
<td>Diploma</td>
<td>92</td>
<td>8.4</td>
<td>4.1%</td>
<td>0.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>514</td>
<td>52.7</td>
<td>20%</td>
<td>0.4%</td>
<td>32.3%</td>
</tr>
<tr>
<td>Master Degree or above</td>
<td>358</td>
<td>38.2</td>
<td>15.4%</td>
<td>0.3%</td>
<td>22.4%</td>
</tr>
<tr>
<td>Income (Rials)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;=3,000,000</td>
<td>29</td>
<td>3.0</td>
<td>0.5%</td>
<td>0</td>
<td>2.5%</td>
</tr>
<tr>
<td>&lt;3,000,000, &gt;=6,000,000</td>
<td>31</td>
<td>3.1</td>
<td>1.0%</td>
<td>0.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>&lt;6,000,000, &gt;=10,000,000</td>
<td>96</td>
<td>9.8</td>
<td>5.0%</td>
<td>-</td>
<td>4.7%</td>
</tr>
<tr>
<td>&lt;10,000,000, &gt;=20,000,000</td>
<td>212</td>
<td>20.8</td>
<td>8.3%</td>
<td>-</td>
<td>12.6%</td>
</tr>
<tr>
<td>&lt;20,000,000, &gt;=50,000,000</td>
<td>325</td>
<td>31.8</td>
<td>13.1%</td>
<td>0.4%</td>
<td>18.3%</td>
</tr>
<tr>
<td>&lt;50,000,000</td>
<td>196</td>
<td>21.6</td>
<td>9.5%</td>
<td>0.3%</td>
<td>11.8%</td>
</tr>
<tr>
<td>no Income</td>
<td>86</td>
<td>9.9</td>
<td>2.4%</td>
<td>-</td>
<td>7.5%</td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal (Owner)</td>
<td>414</td>
<td>42.1</td>
<td>12.1%</td>
<td>0.3%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Rental</td>
<td>291</td>
<td>29.6</td>
<td>15.5%</td>
<td>0.4%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Parent House</td>
<td>258</td>
<td>27.2</td>
<td>11.5%</td>
<td>0.1%</td>
<td>15.6%</td>
</tr>
<tr>
<td>Dormitory</td>
<td>9</td>
<td>1.0</td>
<td>0.7%</td>
<td>0.3%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
With regard to discriminant as well as descriptive information, the highest average means in this cluster belong to **Hedonic, Quality** and **Usability** values respectively. This result identifies that beside self-pleasure, the functionality of luxurious goods is important to the consumers. According to the items, highest means in each value such as “Luxury consumption should bring me self-satisfaction” and “Luxury items are expected to observe high standards” it can be inferred that the quality (or functionality) of luxury good should satisfy the consumer in this cluster to give her the feeling of enjoy and happiness of luxury consumption.

### 4.4.2. **Cluster 2- Ostentatious Individualists**

This cluster is the smallest one regarding the size which comprises 11 people or only 1 percent of the whole sample and regarding the demographic information includes younger women. The mean age in this cluster is 28 and the majority of women are married. The average income is more than 20,000,000 Rials which is absolutely good revenue.

Regarding the discriminant and descriptive information, “Hedonic”, “Materialistic” and “Conspicuousness” values are the most important perceived values in this cluster. Similar to first cluster, hedonic value has a high value in this cluster, specially the item “Luxury products should make me happy” carries a high mean, but the means more than 3 and 4 in “Conspicuous” and “Materialistic” values are more considerable: “I like people to know the price of the goods I bought”, “Others’ opinions about my look are an important issue for me” and “Having luxury products, I can show people that I am rich”, “I believe that money brings happiness” and “The rate of people’s assets in society shows the degree of success in life”. From all above items it can be inferred that consumers in this segment who are rich and younger women care more about show-off in their social life and beside that luxury consumption brings them self-pleasure and happiness. The high means in materialistic dimension also emphasize on strength of individual dimension which indicates that women care less about the quality or functionality of luxury goods as they prefer to enjoy and show-off by spending money to have luxury goods.

### 4.4.3. **Cluster 3- Quality Seekers**

This cluster which is the biggest one regarding the size, includes 569 (59.7%) women whose average age is 32.7 which is older than cluster 1 and 2 and they are mostly married.

According to discriminant and descriptive information, it can be seen that similar to the cluster 1, consumers in this cluster perceived “Hedonic” and “Quality” as the most important values; however “Hedonic” items have smaller means than cluster 1, which identifies that quality plays
a bigger role in their value perception. This result can be seen in the items such as: “Luxury items are expected to observe high standards”, “You always should pay more for the best quality”, “One of the main characteristics of luxury products is quality” and “Luxury products are long lasting”. Other items including the social and individual items were not perceived as a value in buying luxury goods.

By emphasizing on quality, the consumers in this cluster do not care about individual or social dimension in luxury consumption. Although some of the hedonic value items such as “Luxury consumption should bring me self-satisfaction” and “Luxury products should make me happy” own means above 3 in this cluster, however they seems not to be effective in buying luxury items as quality.
5. Conclusion

In this part, what can be concluded from this study will be discussed.

The main purpose of this study was to explore and describe the luxury value perception among Iranian employed female population and to describe how the value perception can be used as a base for segmentation. To make this happen, in first step factor analysis was performed on the achieved data gathered based on printed and online filled questionnaires. The factor analysis led to having 6 main factors instead of 8 which was adapted to Teimourpour and Heidarzadeh (Heidarzadeh Hanzaee & Teimourpour, 2012) study. Based on achieved 6 factors items, 3 segments were created using the popular clustering methods (Hierachical, Two-Step and K-Means clustering and discriminant analysis). In order to compare the results of this study with previous studies, the resulted clusters base on previous valid studies, (Heidarzadeh Hanzaee, Teimourpour, & Teimourpour, 2012), (Wiedmann, Hennigs, Siebels, 2007), are reviewed as follows:

Wiedmann, Hennigs, Siebels Study results

1- **Materialistic**: this cluster had the most positive attitude toward luxury objects. They believe materialistic and usability are important. People in this cluster like to have luxury products in their life. (Wiedmann, Hennigs, & Siebels, 2009)

2- **Rational functionalist**: this cluster had the highest mean rating of all groups of quality. Hedonic value is being considered as unimportant value, which is unlike other clusters. People in this cluster had superior quality standard. Same as group one they believe individual needs are far important that having the others good attention. (Wiedmann, Hennigs, & Siebels, 2009)

3- **Extravagant prestige seeker**: they are prestige seekers. They pay more attention to the social value aspect of luxury. In this cluster, prestige value is followed by Hedonic value. When they want to buy something, it is important for them to check which brand influence others more. (Wiedmann, Hennigs, & Siebels, 2009)

4- **Introvert Hedonists**: they believe luxury products shouldn’t be mass-produced. The two most important values they perceive in this cluster are Self-pleasure and life enrichment.

Teimourpour-Heidarzadeh Study results

In this study in which the population were Iranians, for all ages above 18 and including both genders, they found 4 clusters as following:

1- **Non-luxury Consumers**: believe that luxury products are not vital for life. People in this cluster don’t pay attention to other people’s opinion and believe luxury products don’t have higher quality.
2- **Rational Consumers**: which is the largest cluster in terms of number of people. They believe luxury is for they own sake not for other people’s opinion.

3- **Social value seekers**: It has the highest rating in conspicuousness followed by uniqueness and usability and quality and hedonic value.

4- **Materialistic consumers**: this cluster has the highest rating in materialistic value. Being rich is very important for people in this cluster. Financial status is a criterion for evaluating people in this group. People in this cluster buy luxury to change their mood. They think luxury products should be rare. They think luxury items are expensive not just because they have high quality. When they buy luxury items, they feel more confident.

**Results of the current Study:**

The first finding of this research was that the luxury market of Iranian working women is not homogeneous. Even if consumers buy the same luxury products, their perception regarding the luxury values can be different.

The second finding was that in the Wiedman/Hennigs study result it was seen that conspicuousness value was not proved among all perception values. It can show that people in this study sample and population are not into showing off and don’t consider conspicuousness value as luxury values. However in Teimourtouri/Heidarzadeh study it was proved as one of the perceived values in luxury brands. In this study, since again Iranians are population of the study, in the same way, with some differences in target population (just working women), we realize that among Iranian conspicuousness value is still one of the main perceived values.

Also three segments were defined and named considering the results in descriptive and discriminant analysis as follows:

• **Rational Hedonists**
• **Ostentatious Individualists**
• **Quality seekers**

Another finding of this research was that despite the expectation to take the same results as the main authors of the conceptual model in extracting 8 or 10 standard factors (values), with the real gathered data it did not happen in this study and therefore the hypothesis of some values could not be proved. So based on the highest factor loadings and by referring to valid given references, 6 factor were extracted. The reasons of the unexpected findings of this study versus the previous ones would be:

• Target market segment is considerably different from the previous researches. It is focused to employed women in Iran which is much more limited.
• Despite the efforts to gather enough samples in a permitted given time for data gathering and even the rules of sampling confirms the sufficiency of data, it might be more regarding the size.
• Some regions of Iran are considered as “deprived regions” in which luxury brands do not exist and therefore people are not familiar to the concept of luxury brands or luxury consumption. It may be better to remove them from the sample.
• With regard to sensitivity of this study to “Employed Women”, maybe the target segment of this market should be limited to the provinces in which population of working women is more.

6. Further research and managerial implications
In this chapter, some suggestions for further studies are provided and also where and how these conclusions of this study would be useful, is discussed as well.

As it was mentioned before, women play an important role in purchasing decision. It is suggested to compare perception of luxury values among working women and household women. Or even compare the perception among population of both genders.

It is also highly advisable to conduct luxury brand marketing management with multiple brand-positioning strategies, such as enhancing consumers’ social status by providing them with an impression management function, or enhancing their individual status for meeting personally oriented consumption goals.

Accordingly, the advertising message may be changed, stressing the perceived values and emphasizing the benefits of the luxury brand over competing brands.

Thus, marketers should first explore the values expressed by their brands, products, and market communications, then compare them to their customers’ luxury value systems.

Because the luxury market is not homogeneous, product category and situational characteristics play an important role. From a consumer perspective, each product can provide a certain set of values and may be more appropriate in certain situations than in others.
Appendices

Online Persian Questionnaire Link
https://docs.google.com/forms/d/1pMD_njhKjQqL-4ClYtJx2xl2Z38m10zfl6578nFThw/viewform

English questionnaire

This questionnaire is related to a research regarding the **Iranian working women** value perception in consuming luxury products or brands. It is necessary to be mentioned that “Luxury” points to those products which belongs to famous brands in the market, their price is high and buying them can bring prestige to the consumer. For example in cloth market, Louis Vuitton bags or shoes, or Rolex watches can be mentioned as luxurious goods.

We deeply appreciate you for putting your precious time to fill out the following questionnaire.

1. One of the main characteristics of luxury products is quality.

2. Having luxury products is enjoyable.

3. I tend to use luxury items.

4. People who buy luxury products try to differentiate themselves from others.

5. I enjoy having things that others do not have.

6. Luxury products are long lasting.

7. Buying a high-priced brand makes me feel more valuable.

8. Having luxury brands has an effect on my self-confidence.

9. I like to know what products are valuable to others.

10. In my opinion, luxury is not necessary, and it is just swanky.

11. I can spend lots of money for rare things.

12. Using famous brands draws attention from others.

13. I tend to know people’s opinion about expensive goods that I want to buy.
14- I think that my life would be better by buying luxury products.

15- In my opinion, having luxury goods is a necessity of life.

16- The performance of luxury goods should match what it promised.

17- Few people own a true luxury product.

18- The main reason for buying luxury goods is their quality.

19- Luxury products should make me happy.

20- In my opinion, people notice that you are rich when you use the most-expensive brand of a product.

21- In my opinion, aesthetics is one of the important features of luxury products.

22- Luxury products should match my personal ideas.

23- Using luxury products increases the quality of life.

24- People who buy luxury brands are more respected by others.

25- Luxury products do not affect my self-confidence.

26- The rate of people’s assets in society shows the degree of success in life.

27- I tend to buy the luxury item that is a new style (a la mode)

28- I often consult my friends to choose the best alternative available from a product category.

29- In my opinion, having luxury items is a sign of social standing.

30- You should always pay more for the best quality.

31- Luxury products should make me feel better about myself.

32- In my opinion, products that all can afford are less valuable.

33- Luxury items are expected to observe high standards.
34- Luxury consumption should bring me self-satisfaction.
35- Luxury consumption can be a way to reduce stress.
36- I believe that money brings happiness.
37- I like people to know the price of the goods I bought.
38- I think that the high price of luxury is for its quality.
39- Luxury products cannot be mass produced.
40- If you always buy cheap products, your friends will respect you less.
41- I tend to use the products that rich or famous people use.
42- I would be happier if I could afford to buy all of the things I’d like.
43- I buy luxury goods for my own sake not to impress others.
44- In my opinion, people notice that you are rich when you use the most-expensive brand of a product.
45- I don’t like to buy products that the majority of people can afford to buy.
46- A luxury product should not be sold in normal (ordinary) stores.
47- I tend to show off the luxury item I bought.
48- The criterion for assessing people is the amount of money they have.
49- It doesn’t bother me if I can’t afford to buy all of the things I’d like.
50- I buy the goods that can impress others.
51- Others’ opinions about the expensive goods I buy are not important to me.
52- Others’ opinions about my look are an important issue for me.
53- One of the important wishes in my life is to have expensive goods.
**General Questions**

54- Age (in years):

55- Gender: a. Male b. Female


57- Marital Status: a. Single b. Married c. Other

58- Education: a. under diploma b. Diploma c. Bachelor Degree D. Master Degree or above E. Religious Studies

59- Birth Place (Province): (a full list of all provinces in Iran is given to respondent such as: ) a. Tehran b. Azarbajjan c. Ardebil d....

60- Value of Personal Assets (in Tomans): a. Less than 10 million b. 1001000 to 20 million c. 2001000 to 40 million d. 4001000 to 70 million e. 7001000 million and above e. No personal assets

61- Monthly income (in Tomans): a. less than 300,000 b. 301,000 to 600,000 c. 601,000 to 1 million d. 1 million to 2 million, e. 2 million to 5 million, f. no personal income, g. 5 million and above


63- Accommodation Status: a. owner b. Rented c. Parental house d. Dormitory e. other

64- Which one of the following items can better express the way you spend to buy luxury items?
   a. I never buy luxury items by my own personal income
   b. I specify a part of my personal income to buy luxury items
   c. I will spend my whole income to buy a luxury item if it is necessary
   d. To buy my favorite luxury good, I am ready to borrow money or take loans.
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