

The Quality of Luxury versus the Luxury of Quality

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Abstract

Even we believe that quality and luxury should be the same, there are numerous differences between them. We tend to use “luxury” and “quality” with the same meaning, but in reality, something expensive is not necessarily high in quality. In this paper the two concepts are analyzed both separately and in terms of the synergy it develops, taking as well into account a number of antagonistic aspects and factors of influence.

Key words: quality, luxury, market, products.

J.E.L. classification: A13, M31, M37, O35

1. Introduction

It is no longer valid the idea that only the rich people can buy quality, because linked to luxury, both are at the moment accessible almost to everyone. Luxury items are expensive because of the psychological satisfaction obtained from their purchase or use, but quality has some justification for its higher price where luxury is just for enjoyment. Very often luxury and quality are combined or at least can't be differentiated. The difference is their perceived value in the customer current state of mind. Usually the term “luxury” is applied to items or enjoyments that we don't really need for survival, things bought with disposable income (jewelry, cruises, etc.). Quality, is associated with how well something is made, more of a measure of how good something is, and how much care was taken to produce it. Quality and luxury should not be confused. Most luxury products are made for status, recognition and, most importantly, for quality. Naturally, the quality of luxury products is superior and, as a result, reflected in price. The more expensive a product is, the more luxurious is considered. (Balaban, 2015). But leaving aside the psychological side, the practical functions of luxury products are almost the same as those of ordinary products. On the other hand, increasing quality is one of the paths leading to excellence, and excellence is directly related to the perception of luxury. It does not just matter how to make luxury products, but the way to offer the consumer services capable of enhancing and highlighting the unique value of products. Luxury consumers are increasingly willing to invest not only in consumer goods but in services that will enrich them with memorable experiences. In the luxury industry, customers look for uniqueness, exclusivity and experiences.

2. Theoretical background

The couple quality - luxury needs to be analyzed with great care, because if quality is often costly, a high price does not always indicate high quality and not necessarily a luxury product. Both concepts are deeply researched separately but not enough from the point of view of their relation and synergy. Even this issue is not enough analyzed at the moment, there are studies demonstrating that the industry and consumption of luxury has been influenced by a number of factors, like globalization or cultural changes. (Vigneron et al, 2004).

Quality is in relation with functionality while luxury is linked to a status. In order to make wise purchasing choices the modern consumer must understand the difference between cheap, quality, and luxury.(Miller,2017)

At that moment, "modern consumers have more access to information than ever before, and as such are extremely well informed about the Known Value Items (KVIs) that make up products". (France,2017)

In the present context, it is very important for researchers and marketers to understand why consumers buy quality and luxury, and how is influenced their buying behavior by the quality/luxury relation.

3. The luxury industry and the quality

Luxury is quite difficult to define. From the business, brand and marketing perspective the high-quality is identified as a luxury symbol.(Sozzani,2011)

The term "luxury" is originated from Latin, "Luxus," meaning "indulgence of the senses, regardless of cost".(Salehzadeh et al,2016)

In economics, "a luxury good" is a good for which demand increases more than proportionally as income rises, in contrast to a "necessity good"; in that case the demand usually increases less than income. Luxury goods are often "synonymous with superior goods and Veblen goods".(https://en.wikipedia.org/wiki/Luxury_goods)

Brands competing in the luxury space must increasingly adapt to consumer shopping habits and quality requirements in order to avoid decreasing sales and notoriety.(Adams,2013)

If luxury is determined by value, quality and craftsmanship and the sign of true authenticity is a vision that has remained consistent over the time. The term "luxury good" is not linked to the goods' quality, it is in fact considered to be a good at the highest level in terms of quality and price.

Classic luxury goods include haute couture, clothing, accessories, and luggage.

There are markets having a luxury segment, like for example:, automobile, yacht, wine, bottled water, coffee, tea, foods, watches, clothes, jewelry, etc. Services may also be of luxury, the level of quality being very difficult to evaluate or measure.(for example, domestic servant or some financial services).However, for that category of goods there is a point where value or return is greatly diminished.(Miller,2017)

And otherwise it is not recommended to buy something of doubtful quality because it has a low price. Many companies sometimes don't sell products or services at a low price in order to avoid devaluing their brand and looking "cheap". Anyway, an easy availability to the luxury products underscores the luxury.(<http://knowledge.wharton.upenn.edu/article/illusion-not-quality-the-transformation-of-the-luxury-niche-into-a-global-mass-market/>)

The luxury goods industry met big challenges over the past twenty years. The economic trends, the digital changes and consumer preferences evolution created a new competitive context which have determined changes in the traditional corporate strategies.

The economic climate for luxury goods companies is, on balance, positive, but there are risks and problems nonetheless. "On the positive side, the economies of the U.S., Europe, and Japan all appear to be on the rebound. Asset prices, including property prices, have done well, thus boosting the purchasing power of upscale consumers.

Overall, however, luxury goods companies should be pleased that, after many years of stagnant growth, the global economy is mostly on a positive path.(Brun et al,2012)

The world's 100 largest luxury goods companies generated sales of US\$217 billion in FY2016 and the average luxury goods annual sales for Top 100 companies is now US\$2.2 billion.

(<https://www2.deloitte.com/global/en/pages/consumer-business/articles/gx-cb-global-powers-of-luxury-goods.html>)

Then arises several questions regarding what kind of relationship exists between luxury and quality and if luxury is more important than price in relation with quality; another dilemma refer to what is the difference between luxury and quality? This relation is a very complex one and couldn't be resumed in few words, but it is obviously that both are priceless.

4. Quality and luxury

Most consumers consider superior quality as a constitutive characteristic of luxury products and they perceive that quality relies on the following criteria: manufacturing characteristics: expertise of manufacturer and manufacturing complexity; concrete product characteristics/product attributes: material & components; construction and function principle; workmanship; features: product size; service; abstract product characteristics/product benefits: durability & value; comfortable & usability; functionality & performance; safety. (Vigneron et al, 2004).

However, for a product to be called "luxury" it is not enough for it to have superior quality and particular design; it should also have a specific symbolic meaning behind the product to be linked to the consumer's perception of luxury. In this matter, branding can add this value to the company's products. (Seo, 2015)

Having in view the relation between quality, luxury and price, when comparing quality vs. luxury: "there's often a noticeable gap between the two in price"; when comparing cheap vs. quality: it is important to predict which good will produce the best return for the investment. (Miller, 2017)

In this context, it is very important what factors to take in to consideration when comparing goods/services to another, and when is justified paying more for quality or for luxury. Unfortunately, this is not always the case as some marketers will take advantage of the luxury's positive connotations and use it to up their product's price with no correlating increase in quality. Speaking about what makes quality we have simply refer to two main things: materials and method.

The quality of the products represents the main premise of luxury and relies on: the expertise of the producer and the complexity of the production process; technical skills due to the long tradition; the importance given to innovation/development; stylistic competences (in relationship with designers and artists); craftsmanship; attention to detail, rarity and preciousness. (Heine, 2012)

In high-luxury companies, quality issues are perceived as critical elements to be monitored by every company department or employees, like in the quality management system; in other companies the approach towards quality is more similar to the one of "mass-market companies". (Brun et al, 2012)

A luxury product requires perfectionism in workmanship with a zero-tolerance. Consequently, the manufacturing of luxury products requires much stronger efforts in quality control. It is known that some luxury products also feature some "planned imperfections" as a result of handmade manufacturing, which do not reduce, but rather prove the quality of these products. (<https://www2.deloitte.com/global/en/pages/consumer-business/articles/gx-cb-global-powers-of-luxury-goods.html>)

It is obviously that nowadays the consumers, not the designers or brand managers, are the final arbiters of quality and luxury. That means that luxury has a new sense for consumers who are seeking for innovative ways to express and live in a luxury lifestyle.

5. Conclusions

In the past few years, technology has advanced and the Internet has captured mankind. People are more knowledgeable, demands are more diverse, have different personalities and multiple expectations, know how to make a difference between a quality product and a weaker one, understand the importance of the report quality-price and is willing to allocate a larger budget to a product that besides being in the trend is reliable and safe for use or consumption. Analyzing the relation quality-luxury, there are studies highlighting that luxury brands have emerged as a special form of branding, often with no link to quality. The luxury industry hinges on a fragile paradox: is one industry that cannot be popular without losing its identity. Luxury's philosophy must be able to transcend the characteristics of the market, because luxury is supposed to be immune to market fluctuations and its stock simply cannot go down. What makes luxury products more special and therefore more expensive is the materials used, the manufacturing

process and, of course, the name. On the other hand, luxury services are easier to identify by the direct addressability.

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