



Factors Influencing Buyer Behaviour in the Luxury Goods Market (Comparing France & Lebanon)

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Luxury has been proven to provide consumers with an aspirational thrill and a sense of belonging. Luxury gives consumers a unique sense of connoisseurship as well as a feeling of self-reward (HavasLuxHub, 2015). Throughout the years, spending habits on luxury have slowly changed. However, the sense of self-reward and a sense of belonging haven't. People today are becoming more and more cost-conscious and more financially efficient when it comes to luxury spending (HavasLuxHub, 2015).

Globally, the view on luxury is different when comparing people from different countries. Consumers in a more developed market have a different experience with luxury, and they approach luxury differently in comparison to consumers from an emerging market. Political and economic factors play a significant role in the luxury industry (Saade, 2007). This is especially noticed in many emerging markets. However, there is an almost collective universal understanding of luxury that does not significantly vary in emerging and developed markets (HavasLuxHub, 2015).

The different touchpoints on luxury between the emerging and developed markets are similar. However, they might vary in weight. Consumers from a specific market might value one touchpoint more than the other when looking to indulge in luxury goods in comparison to consumers from another market (HavasLuxHub, 2015). However, the touchpoints that prompt these consumers to purchase luxury are almost the same in most markets.

The following report will assess two different markets where luxury goods are heavily valued. The chosen emerging market is the Lebanese luxury market, and the developed is the French luxury market. An analysis of both markets will be conducted by assessing the two luxury markets, the consumer behaviours in both markets, and the factors that affect both markets. A comparison of the points of differences and similarities between both markets will then be conducted in order to compare and contrast the two markets.



LEBANON



Luxury Market in Lebanon

Style in Lebanon is heavily influenced by years of cultural exchanges. The roots of influence come from Arab, Roman, Ottoman, Greek and Western cultures (Rabimov, 2019). The capital, Beirut, once considered as the “Paris of the Middle East” acquires a rich and sophisticated legacy that is highly influenced by French culture merged with the country’s Arabic roots (Rabimov, 2019). The country was colonised by the French between 1920 to 1943. This colonialism plays a part in the French influence on Lebanon today (Chadwick, 2020).

The most developed luxury sector in Lebanon is fashion retail (Bassett, n.d). A high majority of luxury brands are present in Beirut. Alexander McQueen, Balenciaga, Burberry, Celine, Chanel, Hermes, Chloé, Yves Saint Laurent, Christian Dior, Gucci, Fendi, Louis Vuitton, and Lanvin are some of the many international luxury fashion brands that are present in Beirut. A majority of luxury watches and jewellery brands are also present in Beirut. These brands include Cartier, Piaget, Rolex, Audemars Piguet, Bvlgari, Jaeger – LeCoultre, Chopard and many more.

Statistically, the numbers surrounding the luxury market in Lebanon are a mystery (Schellen, 2013). However, the presence of all these prominent luxury fashion brands in the country shows that demand for Luxury is relatively high. Although, this demand is unstable due to the ever-changing economy and political instability that surrounds the country.



Lebanese Consumer Behaviour

Regarding the psychological factors that prompt the Lebanese consumer to purchase luxury goods, a strong sense of conformity to local societal expectations is observed (Farah and Fawaz, 2016).

Based on a study conducted by researchers from the Lebanese American University, a majority of Arab consumers emphasize the importance of quality when looking to purchase an item. The emphasis on quality then prompts others to perceive this item as a luxury product (Farah and Fawaz, 2016).

Those who are able to afford such items are often seen in a more favourable manner by members of their social group. This helps these consumers to showcase an aspirational version of themselves and maintain their social standing in order to join the societal group they desire.

The study also shows that consumers from the Levant region are more focused on face-saving and societal association (Farah and Fawaz, 2016).



Aishti

Aishti is a well-known luxury department store in Lebanon. The founder is Tony Salameh, a Lebanese businessman. Salameh has mentioned that Aishti's annual revenue around the years 2012, 2013, 2014, and 2015 is estimated to be close to \$250 million. He has also stated the increase in revenue in comparison to \$100 million in 2006 (Donadio, 2015). Aishti is a private company so accurate finances are difficult to verify (Donadio, 2015).

According to the revenue data provided by Salameh, and Aishti being a hub for luxury, it seems that the demand for luxury fashion in Lebanon is growing at a slow burn rate. An increase from \$100 million to \$250 million in a time span of 10 years is not a significant change, however, it still signifies a slight growth in demand.

The struggle of the rise in demand is due to the political and economic factors that surround the country. It also appears that there might be a common occurrence of rises and falls in demand due to the mentioned factors.



Factors Affecting the Luxury Market in Lebanon

In 2007, amidst the political and economic factors Lebanon was facing at the time, many retailers in the country were facing hardships in maintaining their businesses (Saade, 2007). Aishti CEO, Salameh, stated that they had lost almost \$20 million that year and Soha Farah, the co-owner of IF boutiques, lost around 30% of her income due to the conflicts that had occurred. Salameh also mentions that politics have a significant influence on the economy in Lebanon. When conflicts like this occur, it discourages tourists who usually shop in Beirut to visit the city, making it harder for these business owners to generate steady income (Saade, 2007). Additionally, the conflicts also constrict Lebanese consumers from purchasing luxury goods as there would be a decrease in major events and galas leading to a decline in purchasing habits.

The revival of luxury sales occurs during the more stable periods in Lebanon. More Lebanese people are willing to shop and indulge in luxury during these stable times and tourists are more inclined to visit Lebanon and shop for luxury (Saade, 2007). Soha Farah has stated that sales are also significantly higher during the holiday season as people are “excited to go out and buy again and feel the Christmas spirit”.

The population in Lebanon might be another factor that can serve as a hindrance to the luxury market. The population is estimated to be around 6 million. With a population that is not as high as those of a more developed market, the luxury market in Lebanon is left with fewer luxury consumers.

Verified data regarding the luxury market in Lebanon might be scarce, however, the political and economic situations is evidently playing a major role in the demand for luxury in the country. Demand is growing at a very slow rate, largely due to political and economic factors. However, judging by the recent estimates on yearly revenues of various luxury department stores and shopping centres, it seems that there might be a small group of constant consumers, foreign or local, who are driving the market during the periods of low demand, regardless of the highs and lows the market goes through. If these customers were not actively consuming luxury goods in Lebanon the luxury market itself would not exist in this capacity in the country.

CHANEL



FRANCE



Luxury Market in France

France is widely known to be the centre of luxury fashion. Paris, the capital, is a hotspot for trendsetting couturiers who flock to the city to showcase their latest collections. The reputation Paris holds makes it distinctly recognised as the “fashion capital of the world”.

In 2018, the French luxury goods sector generated over £12 billion in revenue (Simpson, 2018). However, most of the spending on luxury is done by tourists rather than locals (Simpson, 2018). Moreover, France is the second-largest market in the world in regard to foreign spending on luxury goods. France is also the most popular destination for Chinese tourists (Roberts, 2014). France had over 85 million tourists entering the country in 2016 making them the most visited country by tourists in the world (Roberts, 2017). The Chinese tourist makes up 2% of these trips and were estimated to reach over 2.6 million by 2020 (Roberts, 2017). The expenditure of the Chinese tourist was also estimated to reach \$1 billion by the year 2018 (Roberts, 2014).

France is also the birthplace of a plethora of luxury fashion brands, including Christian Dior, Chanel, Hermès, Lanvin, and Louis Vuitton, amongst many more. In the United States and China, fragrance takes the lead on luxury spending. In France, fashion and couture lead the way (Baschet-Vernet, 2021).



Galleries Lafayette

Galerie Lafayette, one of the most popular luxury department stores in France usually generates over \$2 billion in a year showing high purchasing activity in the French luxury market (Chitrakorn, 2020). Additionally, some sources report a revenue upwards of \$4.5 billion (Guilbault, 2019).



Factors Affecting the Luxury Market in France

There is a clear French dominance in the luxury fashion industry. As mentioned, many of the reputable luxury brands that dominate the market today are French. This gives the international consumer more of an incentive to purchase luxury brands either by visiting France for luxury shopping purposes or by targeting French brands in other countries around the world.

The allure of Paris, especially when it comes to luxury shopping, can be explained by pointing out the fusion of new and old art and commerce (Langer, 2021).

French craftsmanship is another asset to the French luxury market. French luxury brands build brand equity based on a long-term plan (Langer, 2021). This allows them to maintain traditional craftsmanship and deliver effective execution. In return, this strategy sets a high standard amongst luxury brands and the majority of the leading French brands uphold this standard, one that is hard to match (Langer, 2021). In summary, the value of quality craftsmanship gives French luxury brands a highly sophisticated reputation amongst luxury fashion consumers. It is also a standard that French luxury consumers are accustomed to.



French Luxury Consumer Behaviour

France has a wide-ranging high-income population (Roberts, 2014). This allows for more people to indulge in luxury as disposable income is more accessible allowing demand for luxury in France to develop in a healthy space. In a survey conducted by the Associate of Consumer Research in the year 1993, an evident “luxury maturity” is witnessed amongst French consumers (Dubois and Laurent, 1993). It also states the due to the economic factors, French luxury consumers buy more than other European consumers (Dubois and Laurent, 1993). In 2018, there were 40 new luxury store openings in France, compared to 46 in the year 2017. Additionally, there are 48 luxury flagship stores in France (Vevaud, 2019). The excess of Luxury boutiques in France is an indication to the high level of demand that is present in the country.

French expertise is highly valued when it comes to luxury fashion. The “made in France” tag is considered reassuring to luxury consumers (Roberts, 2014). This serves as an inclination for these consumers to purchase French luxury products.

Additionally, in France, an evident shift in brand recommendations in peers was noticeable. In the year 2013, only 29% of French consumers took brand recommendations from their peers into account compared to an increase to 63% in the year 2015 (Savenier, 2015). This shows that consumer feedback whether it be from friends or online reviews is becoming more and more central in relation to the buying behaviour of the French consumer.



Comparing the Luxury Markets





Similarities

Both markets are similar in regard to tourist spending. In both markets, a majority of the revenue generated by luxury retailers comes from tourists. However, due to the political climate in Lebanon tourist spending is not always guaranteed as many tourists prefer to travel elsewhere in times of conflict in the country. Due to the more stable political climate in France, there is less ebb and flow in touristic spending as the political climate allows for tourists to visit the country in a more periodic manner.

In regard to consumer behaviour, research shows that consumers from both countries have a developed sense of luxury as Lebanese consumers have been found to value quality and the French consumer have been described as having a sense of "luxury maturity". This is due to the excess of luxury fashion brands in both countries. Having many luxury fashion brands to choose from and indulge in gives both the Lebanese and the French consumer a heightened sense of awareness on luxury. This is due to the excess of international brands that are available in both countries. Consumers are able to assess how different luxury is depending on the heritage of these brands. In return, this gives both consumers a widened knowledge on luxury.

Lastly, many Lebanese designers such as Elie Saab and Zuhair Murad are no strangers to Paris Fashion Week, with many designers including the aforementioned showcasing their collections regularly on the Parisienne catwalk (Rabimov, 2019). Some Lebanese designers have also worked for established French fashion houses. Tony Ward, an established Lebanese designer, worked at Dior, Chloë, and Lanvin (Rabimov, 2019). He now has several of his own well-received collections showcased during Paris Fashion Week. Lebanese designers are also prominently worn by many celebrities on red carpets. Elie Saab has dressed the likes of Julia Roberts, Angelina Jolie, Halle Berry, Mila Kunis, and many more. Reem Acra, and Rami Kadi, also established Lebanese designers, whose dresses are frequently worn by celebrities on the red carpet (Rabimov, 2019).



Differences

As mentioned, the data surrounding the Lebanese market is difficult to assess as these numbers are not widely available (Schellen, 2013). However, looking into the data provided by Tony Salameh, CEO of Aishti, it is clear that the Lebanese luxury market is much smaller than the French. 250 million dollars in revenue for one of the biggest luxury department stores in the country is not high in comparison to an estimated \$2 billion dollars in revenue for Galerie Lafayette in France.

The comparison between the two department stores shows the difference between the two markets and how developed the France market is in comparison to the Lebanese market. This, as mentioned, is due to the differences in the economic and political factors of the two countries. France, being the more stable one, allows for more spending on luxury goods which in return generates more demand due to their stable economic and political climates.

Additionally, the difference in population plays a substantial role in demand for luxury in the two countries. France's population is around 67 million while Lebanon is estimated to be around 6.8 million. France having a significantly higher population than Lebanon as well as more economic stability ensures a higher rate in consumer spending and demand on luxury goods.



Conclusion

Research has shown that political and economic factors play a huge role in the luxury market growth. As mentioned, these factors can serve as a hindrance in demand and luxury spending. A more stable political and economic environment allows for a much smoother flow in luxury demand and purchasing.

The population is also a factor that might affect the luxury market. However, consumer perception towards luxury is more or less the same as the researcher has found that the approach of both consumers to luxury are similar to one another. The Lebanese consumer is very much aware of the different faces of luxury as are the French consumers. This demonstrates that consumers who are exposed to different international luxury brands through their market acquire unique understandings of the brands' varying attitudes towards luxury. The differences, however, are in the numbers. In a more developed and populated market revenues are much higher, which is expected. Additionally, in a more stable economy revenues and spending is also much higher.

This comes to show that the biggest difference between the Lebanese and the French luxury markets is the factors that surround them. The economic and political factors in the case of Lebanon is a hindrance to the development of the market and in the case of France, is more or less an asset to the market.

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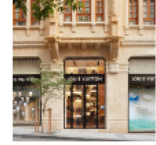
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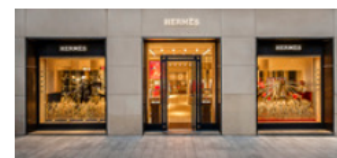
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