**The Influence of Social Media on the Buying Behavior Process of Luxury Brands Amongst the Armenians**

By

**Eleonora Kopyan**

Presented to the

Department of English and Communication

In partial Fulfillment of the

Requirements for the Degree of Bachelor of Arts

American University of Armenia

Yerevan, Armenia

May, 2021

1. **Introduction**

Since 1980s luxury brands are growing worldwide for about ten percent per year, which is much higher than the world economy growth, and so it makes luxury industry a relevant economic factor (Heine, 2012, p. 10). Also, according to personal observations, luxury brands are becoming a widespread phenomenon in Armenia. With the growing popularity and demand of different social media networks, luxury brands began taking on a better way of communication with their customers for having a greater influence on them. Accordingly, with the increase of communication techniques of luxury brands within different social media platforms, people became more attached than before towards luxury products.

The objective of this research is to find out the extent to which social media influences on Armenian consumer buying behavior towards luxury brands, what stimulates people to engage with ads of luxury products on social media, and what other factors influence the Armenian customers' consumption while buying luxury goods. The research is done both with primary and secondary data analysis by studying the similar phenomenon introduced by different marketing professionals and observing the situation of Armenia.

The topic opposes The Law of Demand, according to which when the price of a product increases, the demand for it decreases (Marshall, 1879, p. 78). With the luxury goods the situation changes, as the high prices of luxury products don’t decrease its demand. So, it is a particularly interesting idea to be discussed to understand why it happens and what are the possible reasons for it.

Another interesting aspect of the topic is the consumer buying behavior through social media. The reason is that the social media platform influence on luxury brands is a quite new phenomenon within recent years throughout the world (Kim & Ko, 2010, p. 164). According to the assistant professor in consumer behavior studies Angella Kim and professor in luxury brand management Eunju Ko, social media sites such as Facebook and Instagram became an important part of almost every luxury brand, and had been evaluated as business lifting tools. What is important to find out, is whether this phenomenon is similar for the Armenian consumer buying behavior or not.

To the question about why the topic is important and worth consideration, the answer is because Armenia is not considered a rich country with high salary rates. According to the Statistical Committee of the Republic of Armenia, for the year of 2021 the average monthly income in Armenia is 170000 AMD, which approximately is $350 (Statistical Committee of the Republic of Armenia, 2021). According to my personal observations, the possession of luxury goods is currently spreading among the Armenians. Also, a wide boost of social media use is apparent within the Armenian population, which stresses the visibility of luxury good possessions even more. And so, the topic is of great importance to understand how and to what extent social media plays its role in consumer buying behavior of luxury brands among the Armenians.

The paper covers the review of existing literature about luxury brands, social media and consumer-brand engagement, particularly discussing how social media contributes to brand perception and to what extent does it influence consumer values. Afterwards, I introduce the research questions and methodology. The methodology section presents a detailed analysis of the survey done within Armenians in order to observe the situation in Armenia, and detailed analysis of the interviews done with the manager of a leading luxury shop in Armenia and with a luxury goods online buyer, in order to understand the luxury products buying behavior from the sellers’ point of view.

1. **Literature Review**

The literature review of my capstone consists of three main themes. Accordingly, the first theme is about the concept of the brand and specifically the luxury brand. I define the principles of luxury brands, their characteristics, and their levels according to the luxury hierarchy. The second theme is about the social media and social media marketing of luxury brands. I talk about social media and how it influences the marketing of luxury brands. And the last theme is about consumer buying behavior. First, I differentiate luxury product consumers into two categories. After, I introduce consumer-brand engagement and its potential to influence consumer behavior within social media platforms.

***2. 1.*** ***The concept of brand and luxury brand***

For understanding some branding basics, it is important to start with defining the principles of branding. As stated by the American Marketing Association (AMA), a brand is a distinguished symbol, design, name, etc., that puts a certain good and/or a service into a certain category by distinguishing it from its competitors with the help of branding (1960). Consequently, according to the AMA branding is the phenomenon of providing consumers with a sense of familiarity, as most people prefer choosing what is familiar to them. Branding leads the consumers to organize their understanding of a certain product and service so they differentiate and choose it among other brands.

While there is no clear definition of the concept of ‘luxury,’ it became a trending label for almost anything. A lot of non-luxury brands portray their products as luxury or so-called “masstige” (mass prestige) while brands, such as Christian Dior and Louis Vuitton, are also considered to be luxuries. Without a clear understanding of luxury, we may not reach a consensus, and so, the discussion about luxury may address different objects of investigation. For having a clear approach towards the concept of ‘luxury’ Heine, an associate professor of luxury marketing, defined luxury products by ‘concrete and abstract’ product-related characteristics (2012, p. 72). Accordingly, brands that have certain similar features about aesthetics, extraordinariness, value, rarity, symbolism and quality can be evaluated as potential luxury brands.

 After understanding the characteristics that the luxury products must possess, it still seems that not all luxury brands may have equal characteristics. Thus, it seems reasonable to separate products and brands according to different degrees of luxuriousness by creating a ‘hierarchical relativity.’ Heine (2012, p. 64-65) defines four levels of luxury brands: Entry-level, Medium-level, Top-level and Elite-level.

It is important to mention that all the luxury brands in these four levels are ranked in comparison to the other brands, and these categorizations can change over a certain period (some brands can go up to the luxury hierarchy, and some might go down with a destroyed brand image). For this research, the emphasis is on the Medium-level and Top-level luxury brands. These two levels are in the middle of categorization, and so they are neither too expensive nor too cheap. Medium-level luxury brands have a wide recognition, while they are not the top of luxury. Examples of such brands are Ralph Lauren, Balenciaga, Armani, etc. And Top-level luxury brands, which according to Heine (2012, p. 65) are the current leading brands are Gucci, Yves Saint Laurent, Louis Vuitton, etc.

***2. 2.*** ***Luxury brands on social media***

*2.2.1. What is social media*

As there is no one precise definition for the concept of social media, the most common indication may be recognized as being a platform of online technologies for interaction, collaboration and sharing over the internet (Kaplan and Haenlein, 2010, p. 61-62). Also, Kaplan and Haenlein mention that social media is “a platform for self-presentation where people try to control the impressions others form of them.”

*2.2.2. Social media marketing of luxury brands*

According to Kim and Ko (2010, p. 166) social media has a significant impact on a brand’s status. As a means to provide a value to their customers through a successful communication, a lot of luxury houses created social media platforms for a two-way communication for interaction and for sharing information and ideas. And so, the companies that are not engaged or are not acting actively in social media platforms as a way of marketing strategy don’t have the perspective of reaching their customers.

Contradictory to the characteristics of luxury brands’ such as its exclusiveness and scarcity, its existence in social media platforms doesn’t affect its reputation; moreover, it positively impacts brands outcomes and increases its awareness (Kim & Ko, 2010, p. 166). Luxury brands benefit from the development of social media, as their involvement in different networking sites helps them to contribute to the current trends. According to Kaplan and Haenlein (2010, p. 63) social networking sites are social media platforms that allow users create personal information profiles and invite others to have access to those profiles. The personal information may include any type of information such as photos, videos, blogs, etc. Such social networking sites are Facebook, Instagram, Twitter and others.

***2. 3.*** ***Consumer buying behavior***

*2.3.1. Consumer characteristics*

Husic and Cicic (2009) differentiate two groups of consumers of luxury products: “old aristocracy” and “new money.” Accordingly, the "old aristocracy" refers to the group of people respected for high social position and wealth and have the money for buying the luxury goods they want, while the “new money” refers to the so-called followers of the "old aristocracy" who pay more than can in order to make an impression on others with their ability to pay a high price for a luxury product. This means that indeed many consumers purchase a certain luxury product mainly for satisfying their ‘appetite’ for the symbolic meanings, and/or for being associated with the group of people who are regularly using that brand (Husic and Cicic, 2009).

*2.3.2. Consumer-brand engagement*

According to existing marketing studies, consumer engagement with luxury brands is defined as a psychological process that arises from consumers’ interaction with the focal brand (Brodie et al., 2013, p. 5). Accordingly, it is logical to assume that consumer-brand engagement should be considered as a major factor that influences consumer behavior, activates them physically, cognitively and emotionally, enhances purchase intentions and brand loyalty. According to one of the pioneer studies, introduced by Hollebeek, Glynn & Brodie (2014, p. 148) consumer brand engagement has three processes related to consumer interaction with the brand: cognitive, emotional and behavioral. The cognitive process is connected to the consumers’ perception of a brand identity, the emotional process is connected to the positive feelings related to the brand which enhances purchase intentions, and the behavioral process is connected to the process of making the final purchase decision.

*2.3.3. Consumer-brand engagement & social media*

Customers’ brand engagement via social media platforms has a great potential to influence consumer behavior (Brodie et al., 2013, p. 3). Kim and Ko (2010, p. 164), defined five properties of luxury brands’ consumer-engagement: word-of-mouth, entertainment, trend, interaction, and personalization. Word-of-mouth is the information exchange between luxury brand customers on social media platforms and is a behavioral consumer brand engagement process. Entertainment is about the social media content provided by brands, which is an important attribute in order to create interaction with customers. The trend is about brands being up to date and providing necessary information to customers. Interaction is about sharing brand information to promote customers’ reactions to the brands’ posts. And personalization is the brands’ strategy of direct communication with individual customers both in-person and via social media, which excludes the mass media communication.

1. **Research questions**

The aim of the project is to understand the effects of social media on luxury brands, and the influence it has on the Armenian consumers. Accordingly, the primary research question of the project is the following: How and to what degree does the social media influence on the Armenian consumers’ buying behavior of luxury brands?

And a secondary research question that follows the primary one is: What other factors (besides the social media) affect the relationship between Armenian consumers and luxury brands?

1. **Methodology**

Since there is no existing literature about social media influences on Armenian consumer-brand engagement and buying behavior, my capstone project findings are based on both secondary and primary data collection. Accordingly, the findings from the research are analyzed and connected to the theoretical framework in order to answer the research questions.

The primary data collection is obtained either through doing observations or through direct communication with focus groups (Kothari, 2004, p. 95). In particular, the primary data collection for my capstone include the two most common methods: interviews and surveys.

***4. 1.*** ***Interviews***

I conducted two face-to-face interviews, first with Shake Abrahamyan, the supervisor and chief buying officer of LaGalleria luxury boutique, and second, with Anna Manukyan, luxury products buyer of an online Instagram store @aphilosophy\_. According to Kothari (2004, p. 97), face-to-face interviews may be either in the form of direct personal investigation or in the form of indirect oral investigation. For my capstone project, I did indirect oral examinations that are about cross-examining the interviewee about the information that is under investigation. The interview with Shake Abrahamyan contained 11 questions, and the interview with Anna Manukyan contained 10 questions in total. The questions were pretty similar to each other, first asking several demographic questions such as the nationality, gender and age of their customers. Then came a couple of questions about the shops and their social media accounts and activities, and lastly came questions asking about customer buying behavior and the social media influence on the buying behavior process. In total the interviews lasted more or less an hour and besides the prepared questions, there were a couple of other ideas touched during the interviews concerning the regular and new consumers’ buying behavior differences.

***4. 2.*** ***Survey***

A survey is the most appropriate data collection for social and behavioral sciences and is suitable for obtaining a large amount of information at a low cost (Kothari, 2004, p. 120). On February 22, the survey was sent out via Instagram and Facebook to my friends and relatives, who also distributed it throughout their social media accounts for getting a wider audience. Also, I sent it out to the current most popular Instagram account called @anannymous\_ that is one of the influential Instagram pages about lifestyle and fashion with 5K followers. The respondents were given 48 hours to answer the survey, and it was completely voluntary and anonymous. The survey results included not only Armenians but also people of other nationalities. And because the survey was intended only for Armenians (both living in Armenia and abroad), I eventually received 254 responses within Armenians.

The survey was conducted through bothqualitative and quantitative data collection for getting the needed information and for answering the research questions. Accordingly, the primary aim of the survey was to identify the role social media plays on luxury goods buying behavior, and to identify the most influential social media platforms and the way they affect consumer buying behavior.

In order to make the survey effective, the questions were asked in a logical sequence by first asking opening questions such as the respondents’ gender, age, working status, household monthly income and marital status. Thus, the sequence of questions went from general to more specific, asking whether the respondents use social media platforms, and how much time they spend on them. Then questions about whether they pay attention to the brand name when buying something, whether they possess luxury products (of Medium-level luxury and Top-level luxury), and how and why did they possess them. Afterwards, the questions investigate the social media role on luxury brands’ buying behavior, asking whether social media influenced them to buy luxury products and if yes, then which social media particularly (Instagram, Facebook, Pinterest, others). And the last questions of the survey were left open-ended so the respondents had the opportunity to answer in their own words. The open-ended questions were about what are the reasons for buying luxury products, and whether luxury brands would be interesting if there was no social media.

1. **Research Findings and Analysis**

***5. 1.*** ***Survey***

The total quantity of the survey participants was 254, which was a quite surprising result for a 48-hour time period survey. The questionnaire overall included 22 questions, and was separated into 3 groups: demographic, psychological and open-ended questions. In the following section the survey questions are summarized and the findings are analyzed according to the three groupings.

*5.1.1. Demographic data analysis*

The demographic questions were asked to identify the respondents based on personal information gathering, such was residence location, age, gender, occupation, marital status, etc. This information was discussed for analyzing the respondents and for seeing whether all the respondents associate with the objectives and the agendas of the research.

Because the aim of the research was to focus on the buying behavior of specifically Armenians, the survey results were optimistic as the 100% of the respondents were Armenians. While the survey included the question about nationality, there was also a question observing the residence location of the respondents, so to understand whether the survey results would be based on Armenians living in Armenia only or not. And, according to the results, the majority of respondents, 90% were Armenians living in Armenia. Successively, 4% of respondents were Armenians from the USA, 3% from Russia and 3% from Western Europe. The countries are not separately analyzed, but while speaking about the consumer buying behavior process there are several reflections done to pinpoint the mindset difference within Armenian consumers living abroad while Armenian consumers living in Armenia.

One of the limitations of the survey results are concerning the fact of 96% of respondents being females, and the remaining only 4% being males. This means that female respondents were more enthusiastic in answering the online questionnaire, while this does not mean that females are more eager to buy luxury goods than males. Accordingly, the survey results are analyzed based on the answers of female consumers, and so the results show the point of view of females only.

According to the survey results, 70% of the respondents are females between 18 and 25 years of age, 20% females between ages 26 and 35, 9% females under age 18, and merely 1% of the respondents between 36 and 50 years old. While we see such results, we should not conclude that the Armenian youth aged 18 to 25 are the majority of luxury goods consumers. What this means is that these are the consumers who were enthusiastic to take part in the online survey and express their opinions about purchase decision making.

According to the survey results, 50% of the respondents are employed while the other 50% are unemployed. And because there is a similar case, the research analysis is based on both employed and unemployed consumers to better understand whether there is a big difference between luxury goods buying behavior despite the employment status or not. Accordingly, the majority of the employed respondents spend 1-2 hours per day on social media. While, the majority of the unemployed respondents spend 2-4 or more hours a day on social media. The survey shows that the unemployed consumers are more influenced by social media while making purchase decisions (they are influenced by Instagram, Pinterest, celebrities); meanwhile the employed consumers are influenced both by social media and by their friends.

The question about consumers’ average monthly income is one of the most controversial ones, because there is no one general monthly income average specified according to the results. Important to mention, that the average monthly income in Armenia in 2021 is 170000 AMD ($350). And so, according to the results nearly half of respondents belong to the wealthy consumers having an average monthly income above 1.000.000 AMD which is equivalent to $1900. More specifically, the 23% of respondents have a monthly income of 2.000.000 AMD ($3800) and above, and another 23% refers to the consumers with monthly income between 1.000.000 AMD to 2.000.000 AMD. Next come less affluent consumers (13%) with average monthly income between 800.000 AMD ($1500) and 1.000.000 AMD, and another 13% between 600.000 AMD ($1150) and 800.000 AMD. The quantity of the price-sensitive consumers is also not little (28%) from which 17% indicates the consumers earning between 200.000 AMD ($380) and 400.000 AMD ($770), and the rest 11% earning under 200.000 AMD.

**Figure 1: Average monthly income**

To the question about the respondents’ marital status 63% responded that they are single, 17% are engaged and 20% are married. Since all the respondents answered that they own luxury products, the answer to this question was important enough to see whether they got luxury goods as gifts from their husbands or boyfriends, or whether they could buy it for themselves. Accordingly, this question was complimented with one of the closing “open-ended” questions asking about reasons for buying luxury goods, to which the majority of the respondents answered that they got their first luxury items as gifts. To conclude, this means that in Armenia we face both the situations of purchasing luxury goods for themselves and getting them as gifts from parents and/or partners.

As the topic of the research was to understand the social media influence on the consumers’ buying behavior process, the question about which social media platforms the respondents used was of major importance. Three most relevant social media platforms, particularly Facebook, Instagram and Telegram were introduced as the possible answers, while the option to answer also contained an empty box for the respondents to put another media platform name if necessary. The responses were quite interesting to the point that all the 244 respondents chose Instagram, while 156 of them also chose Facebook and 154 chose Telegram.

The next couple of questions were for identifying the time period the respondents spend on Facebook and Instagram, considering them as the two most popular social media platforms in Armenia. According to the results, Instagram has a huge influence on the respondents, since according to the results the 40% of them spends 2-4 hours, and the 30% spends more than 4 hours per day on Instagram. Successively, 24% spend 1-2 hours and the rest 6% spend 1 hour or less. Why Instagram has a huge influence is because compared to Facebook (which is another popular media platform within Armenians), only a little minority of the respondents spends more than 2 hours a day on it. 30% claimed that even though they have Facebook accounts they don’t use Facebook in general. 50% claimed that they spend 1 hour or less on Facebook, 13% stated that they spend 1-2 hours and only the 7% stated that they spend 2-4 hours per day on Facebook. Relatively, further in the study we will investigate the impact of Instagram specifically, because of its popularity among the Armenian luxury goods consumers.

*5.1.2. Psychological data analysis*

The psychological data was introduced in the survey in order to gain a broader knowledge on the purchase behavior of the consumers, considering the social media impact on the brand name, while trying to find other factors that may influence them to make purchase decisions.

The first question of the psychological section was designed to give an overall picture on whether the Armenian luxury products consumers consider the brand name while making a purchase decision. The 76% respondents gave positive responses answering either “always” or “most of the time.” Consequently, 12% responded that sometimes they consider the brand name, 8% responded that they rarely consider it, and the rest 4% responded that they never consider it. The results introduce that indeed the brand name consideration in general plays an important role for the Armenian consumers purchase decision.

The next couple of questions were presented in order to acquire an overall understanding of the respondents’ luxury good possessions. Taking into consideration Heine’s recognition of 4 levels of luxuries (2012, p. 64-65), the questionnaire indulged in only the Medium-level and Top-level luxury brands, considering them neither too expensive nor too cheap for the Armenian luxury goods consumers. Accordingly, the questions were asking about how many goods the respondents had from Medium-level and Top-level luxury brands. In order to clarify the differences of brands’ levels, several brand names were introduced within the questions put in brackets, e.g. Medium-level luxury brands (Ralph Lauren, Dolce&Gabbana, Marc Jacobs, etc.) and Top-level luxury brands (Louis Vuitton, Gucci, Valentino, etc.). 53% of the respondents answered that they own “very many” or “many” Medium-level luxury goods, 30% answered that they own “some” Medium-level luxury goods, and the rest 17% answered that they have “a few.” Meantime, to the next question about Top-level luxury goods, only the 25% answered that they own “very many” or “many” of them. Accordingly, 35% answered that they own “some” Top-level luxury goods, 23% answered that they own “a few” Top-level luxury goods, and the rest 17% answered that they have “none.” The results were positive in the sense that in general all the respondents owned luxury goods, however not all of them possessed Top-level luxury products. This means that indeed all the 244 respondents are luxury good consumers and so all the responses in general can be considered within the scope of the analysis.

**Figure 2: Medium-level luxury goods possession**

**Figure 3: Top-level luxury goods possession**

Another question worth consideration was about the duration of the time the respondents think before making a luxury good purchasing decision. The question was important to the point that it shows whether customers are prone to making spontaneous purchases and to what extent. According to the results the 50% of the respondents think at least a week, 28% decide within a few minutes, 12% decide a few weeks, and the rest 10% decide for some months. Since the survey already asked the respondents about their monthly income, an important point of observation was to see whether there is a difference in spontaneous purchase decision making of respondents making more money and those making less. According to the results, from the 28% of respondents (who answered that they think for a few minutes before purchase decision making), the 26% were those belonging to the half of respondents who have 1.000.000 AMD and above monthly income. An interesting finding was that from 50% of respondents (who answered that they think for at least a week before purchase decision making), the 37% were less affluent consumers with average monthly income between 800.000 AMD and 1.000.000 AMD; and 7% were those with income between 600.000 AMD and 800.000 AMD. The results are interesting to the point that show how the average monthly income is not an influential aspect when considering the purchase decision making duration; since less affluent people may also make fast purchase decisions.

**Figure 4: Purchase decision making duration**

The acknowledgment of need is the basic process while making a purchase decision. This means that the customer gives a though to whether he/she needs the product or not. However, when considering the case of luxury goods, the situation is quite different, since here the customers’ basic process is the acknowledgment of desire. It subsequently refers to the acknowledgment of need in order to satisfy the desire, which itself is a psychological process consisting of cognitive, emotional and behavioral processes. Here, cognitive process is defined in terms of ‘absorption’ of the brand identity, emotional process is defined in terms of getting positive feelings towards the brand which enhances purchase intentions, and behavioral process is defined as the process of making the final purchase decision based on need (Hollebeek, Glynn & Brodie, 2014, p. 148). In order to understand whether the situation is the same in Armenia, one of the survey questions was asking whether the respondents’ purchase decision is based on need or want. 85% of the respondents answered that it is based on want, while the rest 15% answered that it is based on need. To the question about why they answered the way they did, a lot of respondents who’s purchase decision was based on want gave answers similar to “I needed it because I wanted it.” While there were other answers as well, the good majority of the responses were based on wanting to buy something because of thinking they need to buy or to possess it. This affirms the case of the psychological process of cognitive, emotional and behavioral processes introduced by Hollebeek, Glynn and Brodie.

To get insights for the secondary research question about what factors besides social media may influence consumers’ purchase decision, a question was introduced in the form of a grid. The task was to put the most probable consumer influencing factors in the personal choice order (i.e. first option, second opinion, third option, etc.). According to the eventual results, for the majority of the respondents the first choice was “Instagram,” then came “friends” with only a little less response percentage to align with Instagram, the third choice was “bloggers,” the fourth choice was “Pinterest,” and only the last fifth choice laid on “Facebook.” The survey reveals the multidimensional nature of consumer engagement as the optional choices for Instagram and friends had nearly the equal influence towards the respondents. Since Instagram provides wide opportunities for the users to interact with friends, bloggers, celebrities, brands, etc., we can consider Instagram as a platform including consumer-to-consumer interaction and brand-to-consumer interaction (Brodie et al., 2013, p. 8). Consequently, this leads to seeing Instagram as not the only, but one of the platforms how friends and bloggers may influence the consumers during the process of purchase decision making. And so, as a complement to the secondary research question we may put friends and bloggers as factors affecting the relationship between Armenian consumers and luxury brands.

In order to understand the level of engagement on the current most popular social media platforms in Armenia, the survey included a question about whether those popular media platforms affect the consumers’ purchasing behavior. Since 156 survey respondents mentioned that they use Facebook, one of the social media platforms to consider was Facebook. And so, according to the survey results 83% of the respondents chose the answer “I am not affected by Facebook,” 10% chose “I get inspired but I don’t purchase as a result,” and only 7% chose the answer “I get inspired and make a purchase decision because I saw it there.” Since only the minority of the respondents were getting inspired by Facebook, the conclusion proves the validity of the previous question analysis where Facebook was introduced as the last (the fifth) choice of the consumers being engaged by. What we can conclude is that Facebook is not the current most popular media to consider as a source of inspiration for purchase making.

To the question about whether Instagram affects the consumers’ purchasing behavior, 64% of the respondents gave a positive response, choosing the answer “I get inspired and make a purchase decision because I saw it there.” This shows that Instagram has a high appeal among consumers and that consumers tend to shop more often after seeing something on Instagram. Nowadays, Instagram is the fastest growing social media platform which provides vast opportunities for the users to keep them engaged. Instagram gives the possibility of discovering, sharing posts, tagging other users, using hashtags, commenting under others' posts, reacting to each other’s' stories, and more. Instagram’s visual components (i.e. images, videos, boomerangs, stories, live interactions, etc.) connect perfectly with fashion brands giving the users the opportunity to follow brands, influencers, friends and others living around; easily contact with shops and purchase different products or brands directly from Instagram. Consumers are inclined to shop more often on social media platforms which give them opportunities of having direct interaction with brands' posts, which consequently raises the level of engagement with those brands (Brodie et al., 2013, p. 13). According to Instagram statistics, 70% of the entire Instagram users are shopping enthusiasts who turn to Instagram for product discovery. Also, according to Instagram “Instagram makes it easy for online shoppers to fall in love with your products and quickly make them their own” (Instagram, 2021).

Pinterest was also questioned, in order to see whether it might affect the Armenian consumers’ purchasing behavior. According to the results, Pinterest comes second after Instagram as an influencing platform on purchase decision making. 32% have chosen the answer “I get inspired and make a purchase decision because I saw it there,” 16% responded “I get inspired but I don’t purchase as a result,” and 52% responded “I am not affected by Pinterest.” While more than half of the respondents answered that they are not affected by Pinterest, the next half responded that they are. Even though Pinterest doesn’t have so much influence on the consumers’ purchase decision making process, still it has some effect from the point of view of inspiration.

*5.1.3. Open-ended questions analysis*

The open-ended questions were an important part of the survey, because despite giving their opinions, the respondents could also help to develop unforeseen insights about the topic. To the question of whether the respondent-consumers would be interested in luxury goods if there was no social media, nearly 64% gave negative responses, while the rest 36% gave positive responses. More specifically, those giving negative responses were about being influenced by Instagram, by famous bloggers and celebrities who inspire them to make purchase decisions. And the 36% of respondents giving positive answers were about owning luxury products for many years, and/or inheriting vintage luxury goods from their mothers. As Husic and Cicic (2009) introduced, there are two categories of luxury products consumers, that are “old aristocracy” and “new money.” Also, what they refer to is that consumers of luxury products behave similarly throughout the world despite their financial situation and social surroundings. According to the survey results, this is the case in Armenia as well. On one side there are consumers, namely the “old aristocracy” who introduce the 36% of the survey respondents, and the “new money” who introduce the 64% of the respondents. As Husic and Cicic further mention in their article (2009), the “old aristocracy” purchases luxury goods in order to differ from others and who have the status of “trend setters,” while the “new money” consumers purchase the products they were influenced by, in order to imitate the “old aristocracy.”

According to Heine, the associate professor of luxury marketing, luxury products have certain similar features concerning the extraordinariness, aesthetics, values, quality, rarity and symbolism. When answering the last two questions of the survey, about how they would define luxury products and why do they buy luxury products, the respondents gave answers connected to Heine’s ‘concrete and abstract’ product-related features, while having the full potential of the expansion of their ideas. The most frequent answers were:

1. Rarity
2. Quality
3. Name
4. Symbolism

Furthermore, several responses also included answers such as “wearing luxury products enhances my self-fulfillment,” “luxury is an overpriced trend,” and answers similar to “it represents social class.” The majority of responses were representing combinations of brand quality and name, including answers similar to “Luxury products are timeless, and they have the ability to make you feel on top of the world,” “It brings you a security of owning a piece of fashion that is durable,” “Overpriced while very durable products.” An interesting aspect was that the 10% of the respondents, who, according to the observations, were those who own a few medium-level and top-level luxury goods, introduced luxury products as overpriced goods that have no special quality. Such answers were similar to “You pay a high price only for its name,” “The products have no special quality and just have a higher price tag attached on them,” and “It represents the socioeconomic status and nothing more.” What to conclude is that Heine’s definition of luxury in general matches with the Armenian consumer’s definition, while adding some other meaning to it, when considering consumers’ personal relationship with the concept of luxury.

***5. 2.*** ***Interviews***

*5.2.1. Interview with Shake Abrahamyan*

The supervisor and chief buying officer of LaGalleria luxury boutique Shake Abrahamyan was first given a short introduction about the study. She was told that the interview is an important part of the thesis study, that aims to investigate the degree to which social media influences the Armenian consumers’ buying behavior of luxury brands.

The interview lasted about an hour, and notes were taken very roughly in order not to omit a single idea. The findings of the survey were also used for the development of the interview questions, in order to compare the results with one another.

As already mentioned, the starting questions were demographic questions for gaining some demographic data about the respondents. The first question was asking about the nationality of the consumers, so to make sure that the answers refer to only Armenians. According to Mrs. Abrahamyan, the 95% of customers are Armenians, from which approximately 5-7% are Armenians living abroad. And so, as to gain knowledge about Armenians only, we decided to talk about that 95% of the consumers.

Next came the question about consumers’ gender. The question was of major importance, since the survey findings introduced only females’ ‘point of view’ about the topic, as the 96% of the survey respondents were females, and only 4% were males. According to Mrs. Abrahamyan, the customers of LaGalleria luxury boutique are 50% female and 50% male, and so the interview data introduces the ‘point of view’ of male customers as well.

The question about the age range of the customers was interesting to the point that it did not quite correspond to the survey respondents’ age range. While the 70% of the survey respondents were between 18 and 25 years old, and 20% between 26 and 35 years old, nearly the 80% of the customers of LaGalleria luxury boutique (both female and male) are in between 36 to 65 years. Mrs. Abrahamyan mentioned that they are of course having younger customers between ages 18 to 25; however, they are not a majority. This means that the young generation aged 18 to 25 is more enthusiastic to do online purchases (according to the survey findings), while the elder generation is more prone to do in-person shopping (according to the interview).

To the question about the social media platforms of the shop, Mrs. Abrahamyan answered that LaGalleria luxury boutique has Instagram and Facebook pages, and also, they have an official website for the shop, [www.lagalleria.am](http://www.lagalleria.am).

To the question whether promotions in social media platforms play an important role on the consumers’ purchasing behavior, she gave a positive response, stating that social media is the strongest marketing strategy for reaching the women customers. According to her, women are more engaged in social media platforms, particularly when it comes to investigating the social media accounts of shops. They may see a product via the shop’s internet page, and come to the shop exactly knowing what they want to buy. According to Kim and Ko, social media has a significant impact on a brand’s status, and companies who are not engaged in social media platforms don’t reach their customers (2010, p. 166).

Besides the engagement of luxury shops in social media, there is another quite important phenomena from Kim and Ko’s five properties of luxury brands’ consumer-engagement, that is word-of-mouth (2010, p. 164). It is a behavioral indication of the consumers in response to the other consumers’ activities. Unlike the other four properties (entertainment, trend, interaction, and personalization), word-of-mouth is about the influence consumers have on consumers, and not the influence the brands have on consumers. This means that besides following the social media pages of luxury shops and brands, consumers are also engaged in other consumers’ activities and lifestyles. This leads to what Husic and Cicic call “new money” consumers, and refers to the category of those who are influenced by others to purchase a certain product, and what they want is to imitate them, whom Husic and Cicic call “old aristocracy” (2009).

Important to note that the above-mentioned statements are true for women and not for men when we refer to Armenian consumers. According to Mrs. Abrahamyan, men are not engaged in social media platforms when it comes to investigating the website pages and media accounts of shops and/or of other influencers. “While for women customers the major influencer is our Instagram stories, renewed daily with dozens of pictures about our collection, for men customers it is not the case. Men are not prone to follow any social media platform,” says Mrs. Abrahamyan. Accordingly, as stated by Kim and Ko’s five properties of luxury brands’ consumer-engagement, personalization is the important factor for the consumer-engagement process especially for men. The reason is that consumers (especially men) entering the luxury boutique want to be treated in special manners, for example to be consulted, and to be asked whether they want coffee or tea. Personalization enhances the consumers' commitment to the shop and focuses on treating customers as individuals, which is much more effective than a mass-directed social media strategy (Kim and Ko, 2010, p. 165).

Next couple of questions referred to whether the customers come to the boutique exactly knowing what they want to buy and whether they spend too much time in the shop. According to Mrs. Abrahamyan, it depends on the customers, but mostly the consumer behavior differs from men to women. She stated that men spend less time in the store than women. However, if men come together with their wives, they stay longer. “Women need more time to think before buying,” said Mrs. Abrahamyan, “they need to hear the opinion of their husbands, to ask for advice to their friends, and parents. However, a lot of cases happen when they come to the shop already knowing what they need, because they saw it in our official website or in the Instagram publications.”

The next question was about the duration of the time customers think before making a luxury good purchasing decision. Since the survey results showed that 28% of the respondents make purchase decisions within a few minutes, the results were introduced to Mrs. Abrahamyan for consideration. She mentioned that it may happen but not too often, as it all depends on the mood of the customers. Her eventual answer was at least a week if we refer to the majority of the customers, which compliments the results of the survey study, according to which the 50% of the customers (female customers) think at least a week. According to her, a lot of cases happen when customers, especially men, come to the shop to get dressed since they need to go somewhere afterwards. In that case they may spend a bit longer time in the shop than usual, however they may eventually purchase everything needed.

The next few questions referred to the impulse purchase decision making. The questions were introduced in a way to get more insights into the secondary research question, that is to understand whether the customers are affected by any factors (besides the social media) that drive them to do impulse purchases. Mrs. Abrahamyan introduced several personal experiences stating that not all of the customers are affected by social media, especially when we refer to customers of older ages. They like wearing rare and expensive products to show their status, identity, and good taste; however, it doesn’t refer to impulsiveness, since “here we are dealing with goods with quite high prices.” Even though they like a certain product, they need to think of it before buying it. And so, the decision-making process is closely connected with the right treatment and respect that is shown to the customers. The according next question was quite similar to the previous one, again referring to the impulsive purchase decision making. However, here the question was about doing impulsive purchases for others as gifts. Mrs. Abrahamyan stated that indeed Armenians are more prone to make impulse purchases for others as gifts rather than for themselves. This shows the importance of brand image and the degree how they value the person to whom they give it as a gift. So, what drives them to impulse purchase making is the thought about their self-esteem and identity (Hollebeek et al., 2014, p. 148).

*5.2.2. Interview with Anna Manukyan*

The interview with the luxury products buyer of an online Instagram store @aphilosophy\_ Anna Manukyan was again conducted in-person and lasted for half an hour in total. Again, she was introduced to the thesis study and its aims to investigate the degree to which social media influences the Armenian consumers’ buying behavior of luxury brands. The questions were quite similar to the ones prepared for Shake Abrahamyan; however, here the stress was put on the social media specifically.

The first question, similar to the previous interview, was about the nationality of the consumers. According to Ms. Manukyan, the majority of her customers are Armenians or Armenians living abroad. “Unfortunately, I don’t have so many foreign customers since it’s easier for them to purchase something online from the EU or US due to shipping terms,” she added.

The next question referred to the customers’ gender, to which Ms. Manukyan answered that her customers are females only. Also, she mentioned that sometimes they may order luxury goods for men as well; however, men don’t write to her directly, so women are those who keep in touch with her.

Through the survey results we saw that the majority of respondents purchasing luxury goods were aged from 18 to 25, while the majority of LaGalleria luxury boutique customers were aged from 36 to 65. According to Ms. Manukyan, her customers’ age range is from 18 to 35, and she cannot break down that age range to more specific groupings.

The next question was about whether Ms. Manukyan communicates with all the customers directly or whether there is another administrator sharing the work with her. The question was asked in order to see whether Ms. Manukyan possessed the necessary information about the consumer purchase decision making fully or partially. The answer was positive, stating that she keeps in touch with all the customers in person.

To the questions about approximately how often the customers send an Instagram blogger’s or an ordinary Instagram user’s post to order a product that person is wearing or advertising, Ms. Manukyan answered “very often.” According to her, “Despite other bloggers and Instagram users, my customers usually follow my advice because I am very honest with my personal attitude and opinion about specific products. That’s the reason I can tell that bloggers and influencers do have their influence on consumers.” This compliments the survey results according to which 64% of the respondents get inspired and make a purchase decision after seeing something on Instagram.

To understand the impulsiveness of the consumers’ decision making, a question was asked about whether the majority of consumers write to Ms. Manukyan exactly knowing what they want to order. According to Ms. Manukyan, she faces both the cases. “Sometimes they write to me to order an exact product (with a small guidance of mine) and sometimes I need to ask dozens of questions to find out their taste from A to Z and help them to understand what exactly they want,” said Ms. Manukyan. To the compliment question about how long the consumers think before purchase decision making, she answered “at least a week,” which confirms both the interview and the survey results of the same question.

***5. 3.*** ***General Analysis***

*5.3.1. Primary research question*

Considering the survey and interview results, the conclusions are driven due to how and to what extent social media influences the Armenian consumers’ buying behavior of luxury brands.

Overall, Instagram is considered as the largest influence that results to a purchase decision making among the female Armenian luxury goods consumers. The following conclusion is based on female’s behavior only, since the survey results are analyzed based on the answers of female consumers (females represent the 96% of the overall survey respondents). Also, the conclusion is driven by:

 1) the survey results according to which 64% of the respondents get inspired by Instagram and make a purchase decision after seeing something there, and also by choosing Instagram as their first choice among the five factors (Instagram, Friends, Bloggers, Facebook, Pinterest) which may influence them for purchase decision making,

2) the interview analysis with Shake Abrahamyan, according to whom for women customers the major influencer is the shop’s Instagram stories,

3) the interview with Anna Manukyan, according to whom her customers may “very often” send her an Instagram blogger’s and/or an ordinary Instagram user’s post so as to order a product that person is wearing or advertising in it.

Furthermore, in compliance with the fact that the results represent females’ behavior, it is important to mention that the majority of female consumers, who consider social media as an influential factor for purchase decision making of luxury brands, are females aged 18 to 35, who occupied the 90% of the overall survey respondents. While being more enthusiastic to take part in the online survey and express their consumer buying behavior, the conclusion is also based on Mrs. Abrahamyan’s response according to whom the majority of the customers of LaGalleria luxury boutique are between the ages of 36 to 65. This means that while the older generation is more prone to do in-person shopping (according to the interview analysis), the younger generation aged 18 to 35 is more enthusiastic to do online purchases (according to the survey findings). The interview results with Ms. Manukyan also confirmed the case, since according to her investigations, her customers are in the age range from 18 to 35.

While Pinterest was found to be a source of inspiration for the half of the survey respondents, for the next half it was not. Although Pinterest doesn’t have so much influence on the consumers’ purchase decision making, still it has some effect from the point of view of inspiration, which cannot be said about Facebook. Considering the survey results, Facebook has no major influence both on purchase decision making and on inspiration.

 While considering male consumers of luxury goods, according to the interview with Mrs. Abrahamyan what is concluded is that men are not engaged in social media platforms when it comes to purchase decision making. “While for women customers the major influencer is our Instagram stories, renewed daily with dozens of pictures about our collection, for men customers it is not the case. Men are not prone to follow any social media platform.”

*5.3.2. Secondary research question*

Considering the consistency of the survey respondents’ answers and the ideas touched during the interviews, hereby are introduced the factors that affect the relationship between Armenian consumers and luxury brands, again keeping in mind the primary research question about social media influence.

First of all, the study shows that brand influence has a huge impact on the Armenian luxury products consumers. Why can an ordinary woman in the age range of 26-35 and who's monthly income is from 600.000 AMD ($1150) to 800.000 AMD ($1500) purchase a top-level luxury brand (e.g. Louis Vuitton) bag that runs at least around $1200? Or how can a girl in the age range from 18-25 spend her monthly income that’s around 200.000 AMD ($380) and 400.000 AMD ($770) to purchase a medium-level luxury brand (e.g. Ralph Lauren) shoes that cost at least around $400. The answer lies on the notion of who the person is as an individual and what is his/her place in society. The Louis Vuitton bag and Ralph Lauren shoes are not necessities because instead of the Louis Vuitton she could have bought a cheaper bag, which is true for the Ralph Lauren shoes as well. These are nothing more than parts of social protocol where one’s self-esteem is recognized by the visible brands introduced on his/her body. Also, the survey shows that 76% of the respondents “always” or “most of the time” consider the brand name while making purchase decisions, and so they are prone to buying recognized luxury brands which gives them positive feelings about themselves. A compliment to this is the result of the question about whether the purchase of a luxury good is based on want or need, to which 85% respondents answered that it is based on want. What to conclude is that one factor that affects luxury purchase decision making is the desire of the customers, which is the psychological process of cognitive, emotional and behavioral behaviors, where customers make purchase decisions going through the process of the acknowledgment of need in order to satisfy the desire.

Successive to the brand influence, Armenian luxury products consumers seem to think about luxury brands as status symbols. According to the survey results, the most frequent motivators to purchase luxury products are the rarity of the product, its name, symbolism, specialness, self-fulfillment, etc. Responses such as “wearing luxury products enhances my self-fulfillment” or “it represents social class” show that the Armenian consumers see luxury brands as status symbols. Meanwhile, it must be kept in mind that whilst nearly half of the survey respondents belong to the wealthy consumers having an average monthly income above 1.000.000 AMD ($1900), this includes the Armenians living abroad, who in general occupy the 10% of the overall survey respondents. According to the results of “open-ended” question-answers, this 10% belong to the “new money” luxury good consumers who are the so-called followers of the "old aristocracy" who pay more than can in order to make an impression on others with their ability to pay a high price for a luxury product. In general, the “new money” consumers introduce the 64% of the overall survey respondents, who are seen to be influenced by others to purchase a certain product. They make a purchase for not only a product, but also for an identity and a feeling of being part of a particular rank.

Friends and bloggers are also considered as important factors that influence the customers to make purchase decisions. As introduced in the survey results, friends are as influential as Instagram when considering the purchase decision making process. This phenomenon is affirmed by Mrs. Abrahamyan, according to whom some customers need to hear the opinion of their friends before making a purchase. Bloggers are also considered to be an influential factor, after friends. However, since both bloggers and friends are part of social media, we may conclude that they have influence both in offline context and in an online environment. In general, the phenomenon of word-of-mouth introduced by Kim and Ko (2010, p. 164) pretty much indicates the influence of friends and bloggers, since consumers believe in the suggestions of other consumers, and so they are engaged in other consumers’ activities and lifestyles.

The purchase of luxury goods among the Armenians is not regular due to employment status and/or the average monthly income of the consumers. According to the survey responses there is no one general monthly income average to specify the luxury goods consumers. Also, due to the results of the “open-ended” question asking about reasons for buying luxury goods, the majority of the respondents answered that they got their first luxury items as gifts. What this indicates is that in Armenia we face both the situations of purchasing luxury goods for themselves and getting them as gifts from parents and/or partners.

Another important aspect to consider is that female consumers are less likely to do spontaneous purchases than men. According to the survey and the interview results, female consumers’ purchase decisions are not merely spontaneous purchases but rather decisions made at least within a week. According to Shake Abrahamyan, men are more likely to do impulse purchases, while women need “to hear the opinion of their husbands, to ask for advice to their friends, and parents.”

However, it is important to keep in mind that all the results introduced and concluded are applicable to the group of luxury good consumers under this study. The results may differ if the sample group of consumers is broadened and if it involves also those who do not belong to the category of luxury consumers.

**6. Limitations and Avenues for Future Research**

 The research attempted to provide insights into the social media influence on the Armenian consumers’ buying behavior of luxury brands; however, despite the contributions there were several limitations which provide a platform for undertaking future research in this specific area.

If further research will be conducted, it would be of great importance to concentrate on men as luxury good consumers. This research was mostly based on female’s point of view, since the survey respondents were mostly females, which concluded the idea that females are more prone to participate in online surveys. However, when considering the luxury goods consumers in general, it is important to do research on both men and women.

Another limitation is the age range of the online survey respondents. Accordingly, 70% of the survey respondents were people between 18 and 25 years of age, while this does not mean that the Armenian youth aged 18 to 25 are the majority of luxury goods consumers. What this means is that they are more enthusiastic to take part in the online survey and express their ideas. What could be done for future research is to consider another platform for doing primary research analysis, so to engage consumers of older generations as well.

Even though the research was about Armenian luxury goods consumers, a data about how much percentage of Armenians do own luxury goods could not be collected. Accordingly, the approximate percentage of Armenian luxury goods consumers in general remains for further research.

Finally, another aspect for the future research may be the study of desire for luxury products among the Armenians who can’t afford them; which often leads to faux luxury purchases. The topic is important to the point to see how much percentage of Armenians consider only the brand name and those who consider the good and not the brand name on it.

**Additional bibliography**

American Marketing Association (1960). *Marketing Definitions: A Glossary of Marketing*

*Terms*. American Marketing Association.

Brodie, R., Ilić, A., Jurić, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand

community: An Exploratory Analysis. *Journal of Business Research*, 66(1), 1-16.

Heine, K. (2012). *The Concept of Luxury*. Technische Universität Berlin.

Hollebeek, L., Glynn, S., & Brodie, R. (2014). Consumer brand engagement in Social Media:

Conceptualization, Scale Development and Validation. *Journal of Interactive Marketing,* 28(2), 148-165.

Husic, M. & Cicic, M. (2009). Luxury consumption factors. *Journal of Fashion Marketing and*

*Management,* 13(2), 231-245.

Instagram, 2021. Instagram Shopping. [online] Available at:

<https://www.facebook.com/business/instagram/shopping>

Kaplan, A, & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities

of social media. *Business Horizons*, 53(1), 59-68.

Kim, A., & Ko, E. (2010). Impacts of Luxury Fashion Brand’s Social Media Marketing on

Customer Relationship and Purchase Intention. *Journal of Global Fashion Marketing,* 1(3), 64-171.

Kothari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Age International

(P) Limited, Publishers.

Marshall, A. (1892). *Elements of economics of industry*. Macmillan and co.

Statistical Committee of the Republic of Armenia, 2021. Statistical Indicators. [online] Available

at: <https://www.armstat.am/en/?nid=12&id=08001>