

## **Do They Care What They Believe? Exploring the Impact of Religiosity on Intention to Purchase Luxury Products**

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### **Abstract**

This paper aims to examine whether religion influences the purchase decision of potential customers. It is generally believed that Islam is a religion which provides holistic guidelines to its followers regarding all facets of life. Thus, it is interesting to know how strongly Islam impacts consumers' decision making. Islamic marketing is an emerging discipline which has initiated numerous interesting scholarly debates and resulted in conducting empirical studies in order to gauge the extent to which Muslim consumers follow religious teachings when it comes to decision making regarding purchase of products and services. In the same vein, this paper has examined the impact of religion on purchase intention of luxury products in Pakistan. In a bid to collect the data, mall intercept survey was performed. Data was analyzed using Smart PLS. Findings of the study indicate that religiosity does not moderate the relationship between attitude, belief, perceived behavioral control, subjective norms and purchase intention towards luxury products. This paper would provide useful implications to marketers of luxury products as they would get an insight regarding the effect of religion on consumers' purchase decisions; thus, they can come up with effective marketing strategies and offer products and services which are compatible with consumers' religious beliefs.

**Keywords:** religiosity, purchase intention, luxury goods, Muslim consumers, religious beliefs.

## 1. Introduction

Marketing as a new and separate discipline is almost a century old but authentically, the historical foundations of marketing are deep rooted in conceptualizations of capitalism and sociological perspectives on consumerism (Alom & Haque, 2011). The proper roots of conventional marketing are embedded in economics. Generally speaking, marketing can be considered as a practical version of applied economics (Shaw & Jones, 2005). So we can say that the origin of marketing is linked with economics as it rests on the principle of free market where there are no external interventions from the government or other agencies. Moreover, it advocates for *laissez faire* Principles which consider market forces or competition as an invisible hand that controls market economy. Furthermore, marketing is also somewhat aligned with Karl Marx's school of thought which regards society and the world as materialistic, Max Weber's conceptualization of man as being rational economic and Charles Darwin's notion of survival of the fittest (Weber, 1930; Alom & Haque, 2011).

On the contrary, Islamic marketing is emerging as a new discipline in the recent days. It is gaining momentum both in research and practice. The major reason for this is a viable market of 1.57 billion Muslim consumers. Akin to the cases of various non-mainstream customer segments like Blacks, Asians and Hispanics in the USA, the overwhelming presence of Muslim customers is highly visible because of their purchasing power (Sandikci, 2011). Similarly, being the custodian of oil, gold and other natural resources as well as other unique location specific and geographic advantages has resulted in making many Muslim countries as business and commercial hubs. Consequently, a large number of Muslim consumers are regarded as among the richest consumers in the world (Alsehran, 2010). Besides, many Muslim countries are considered among world's largest consumer markets because of their population size; Indonesia and Pakistan are noteworthy examples in this regard.

However, if we properly dig down and go in the background of the field, the foundation of business studies and hence marketing products and services started 1400 years back. It is quite important to highlight that Islam regards business and trade as an elementary contributor in life of individuals as well as society. Life of Prophet Muhammad PBUH who became an exemplary tradesperson before his Prophetic life is a testament to the aforementioned statement (Antonio, 2007). In this regard, Islam has given some codes of conducts for doing business; the Islamic marketing which is a new emerging discipline must be based on the Islam and not on western model of business that is ultimately based on capitalism. We need to rethink our conceptualization of "Islam" and "Islamic societies" with a new insight (Jafari, 2012). We are in the trap of Orientalism even when Islamic marketing field is concerned. While normally, Muslim consumers have shown the need for Halal food (Ahmed, 2008; Tieman et al., 2012; El-Bassiouny, 2014), Halal Certifications (Rajagopal et al., 2011), Concerns for offensive advertising & promotion (Akhter et al., 2011; Cyril De Run et al., 2010; Anwar & Saeed, 1996) and boycotting products due to the influence of religion (Al-Hyari et al., 2012); yet, these studies are not enough to prove that a new paradigm namely 'Islamic Marketing' is needed. All these studies are just depicting that Muslim consumers constitute a separate profile and they need to be targeted by making a separate segment of them.

Many of the aforementioned needs of Muslims can be fulfilled by traditional marketing as well. To develop a new paradigm, it requires to identify a strong need in Muslim

societies for abolition of Capitalism and building the business on the foundation of Islamic Principles of moderation, refraining from all kinds of fraudulent or otherwise harmful business practices where sellers prosper and buyers suffer, rescinding the transaction if someone repents in sale or purchase, equality of the prices for all customers as Islam promotes healthy competition and fair play (Hussnain, 2011).

As aforementioned, this paper aims to unveil whether any relationship exists between religiosity and luxury consumption. This paper utilizes theory of planned behavior and cognitive dissonance theory and to support the research framework. Theory of Planned behavior was formulated by Icek Ajzen who suggested that intentions are influenced by beliefs, attitudes, perceived behavioral control and subjective norms. Whereas, cognitive dissonance theory was put forward by Festinger (1957) who stated that humans have an internal desire to hold all our attitudes and beliefs in harmony and avoid any disharmony (or dissonance). The relevance of these theories in context of religiosity and luxury consumption is discussed in further detail in literature review. Although there are previous studies that have attempted to investigate the relationship between religiosity and luxury consumption in other countries namely Malaysia, Indonesia, Qatar, Tunisia, Iran; however, there is dearth of literature regarding the aforesaid relationship in Pakistan. Thus, this paper tries to fill this gap by exploring the aforementioned relationship in the perspective of Pakistan which is 2<sup>nd</sup> most populous Muslim country in the world. This paper would provide valuable implications for marketers regarding framing appropriate advertising and other marketing policies to Pakistani consumers. Moreover, it would provide an extended insight to academics who have interest in exploring the phenomenon that how religion affects consumers decision making regarding luxury products.

## **2. Literature Review**

### *2.1 Luxury Products and Luxury Consumption*

Although, there are numerous objective as well as subjective dimensions (price, conspicuousness, quality, uniqueness and intrinsic aesthetic value etc.) which strike through one's mind while attempting to conceptualize 'luxury'; yet, the list is neither fully exhaustive nor completely satisfying (Djelic & Ainamo, 1999). The term 'luxury' has its foundations in the historical background of great civilizations of the primitive world: luxurious products have often been linked with riches, distinctiveness and power, and they have primarily been associated with gratification of higher order wants rather than mere satisfaction of lower order basic needs (Brun et al., 2008). Thus, Luxury products do not simply aim to satisfy fundamentally biological needs, but also target to gratify the exclusive 'ego' and 'esteem' related wants of an individual's "self" (Khabiri et al., 2012). Hence, the focus of luxury products is more towards customization rather than standardization. Thus, they are not considered as 'me too' products; rather, they are recognized as highly distinctive brands. They entail in themselves exclusivity, pride and likeability which exceeds far beyond their basic functional utility and endow their users with a distinguished status through possession and ownership (Moore & Birtwistle, 2005).

However, the status of luxury consumption is changing nowadays as its use is no longer restricted to affluent or elite class only. In the recent past, producers and marketers have tried hard to bring luxury products in affordable range for customers belonging to

working class as well as upper and lower middle classes. In addition, there exist a sizeable number of financial institutions which offer credit facilities to consumers and facilitate in raising their standard of living. Consequently, the modest or even the struggling middle class individuals can look for emulating the wealthy and high class consumers by driving luxurious automobiles, wearing trendy dresses and dining in upscale restaurants (Truong et al., 2008). However, there is lack of significant empirical evidence which may conclusively point towards products and services categories that are regarded as luxuries by middle class (Hauck & Stanforth, 2007). This recent trend of middle class imitating the rich by purchasing the luxury products makes Pakistan as one of the most important target markets to study conspicuous consumption. The rapidly rising demand for wearing fashion brands and the emerging economy of Pakistan have intrigued domestic as well as international brands to provide their products and services to Pakistani customers (Zeb et al., 2011).

### *2.2 Luxury Consumption in Islam*

The most authentic literature on luxury consumption in Islam can be found in Quran and Hadees. Islam has asked Muslims to spend a moderate life. Allah said in Quran,

*“O Children of Adam! Take your adornment (by wearing your clean clothes) while praying and going round the Ka’bah, and eat and drink but waste not by extravagance, certainly He (Allah) likes not Al-Musrifin (those who waste by extravagance).” (Surah Al-A’raf, Verse31).*

This literature suggests above that Muslims who are follower of Islam must spend moderately. However, the empirical evidence is needed that what are the needs and wants of Muslim consumers in 21<sup>st</sup> century as far as luxury consumption is concerned.

### *2.3 Underlying Theories*

This paper has employed the theory of planned behavior and theory of cognitive dissonance as underpinning theories to support the research framework. The relevance of the aforesaid theories with research framework is discussed below.

The theory of planned behavior (TPB) is a blend of interactions and linkages that explain how intentions to undertake a particular decision are formulated and consequently lead towards the intended behavior (Ajzen & Fishbein, 1980). The components TPB which comprise of attitude, belief, perceived behavioral control and Subjective norms lead towards shaping intentions which ultimately influence decision to undertake or refrain from a particular behavior. Attitude refers to positive or negative evaluation of a particular object or action. Belief refers to perception of reality pertinent to a particular object or behavior. Subjective Norms refer the perceived social pressures to engage or not to engage in a particular behavior (Ajzen, 1991). Perceived behavioral control refers to one’s capability to independently control one’s action or behavior.

Theory of planned behavior has been used in accessing behaviors of people in different situations and areas of life until now (Al-Swidi et al., 2014). Ever since its postulation 25 years ago, TPB is regarded as among most authentic and credible models to predict consumer decision making in social settings. The evidence of its credibility, acceptance and popularity among social scientists is that the scholarly citations of TPB have exceeded 50,000; making it among the most cited social sciences theories to date.

Therefore this study has a rationale of using TPB as a research framework to measure the purchase intention of Luxury fashion Products.

In addition to theory of planned behavior, theory of cognitive dissonance developed by Festinger (1957) also provides the support to research framework presented in this paper. Theory of cognitive dissonance stated that human seek for consistency in their beliefs, attitudes and behavior. If there is inconsistency, they experience dissonance. They theory states that we as humans desire to avoid inconsistency or disharmony. In context of religion and luxury consumption, it can be argued that if we want to purchase luxury product but our religious beliefs discourage spending on luxury products, it would lead to cognitive dissonance as we would be forced to comply with religious beliefs against our desire to purchase luxury products. Festinger and Carlsmith (1959) describe this phenomenon as 'forced compliance'. However, they revealed that to counter and cope with forced compliance, human do 'mental maneuvers' to minimize the inconsistency in their beliefs, attitudes and behavior. Thus, although religious belief might discourage spending on luxury goods; yet, consumers might purchase those goods not to belittle others but to gratify their social image, identity and personal satisfaction (mental maneuver to counteract forced compliance).

### *2.4 Religiosity*

'Religion' left undefined has had some worthy advocates (Nadel, 1954; Harrison, 2006). However some scholars tend to define it in terms of values, holy objects, beliefs, rituals, prayers, norms, do's and don'ts (Fam et al., 2004). Although difficult to define, but religiosity can influence several and diverse functions of life. Religion can make significant contribution in lives of individuals. It can shape one's life by bestowing the feelings of contentment, satisfaction, self-actualization and accomplishment, assurance and guidance regarding access to social contacts and to engage in interpersonal relationships; hence, providing a complete package of standards and principles to evaluate and steer one's actions (Rohrbaugh & Jessor, 1975).

The extent to which an individual follows one's religion determines the degree on one's religiosity. Religiosity has been selected as a moderator for this study in order to examine its moderating effects on the relationship between predictor and criterion variables as shown in figure 1. Religiosity in this study differentiates between intrinsic and extrinsic religiousness. Both intrinsic and extrinsic religiousness are due to different level of motivation. The "extrinsically motivated person uses his religion, while intrinsically motivated person lives his religion" (Allport, 1950). The difference between the two can explain the trend of any society. Through this impact, the religious level of society will be established that will eventually help in knowing the foundation of Islamic marketing. Religiosity is chosen as a moderator as it is one of the critically significant cultural factors which are regarded as among the most universal and influential social institutions which can make a strong impact on people's attitudes, values, and behaviors at individual as well as societal levels (Teimourpour & Hanzabee, 2011). Likewise, past research has also revealed that higher levels of religiosity discourages consumers tendency towards materialistic possessions (Burroughs & Rindfleisch, 2002).

With respect to relationship between religiosity and luxury consumption, there are mixed findings in the literature pertinent to various countries' and cultural contexts. In a study conducted in Malaysia, Ahmed et al. (2013) revealed that religiosity influenced

consumers' decision to visit US fast food restaurant. Similarly Al-Hyari et al. (2012) unveiled a strong and positive relationship between religiosity and consumer behavior (mainly rejection) in Arab (Islamic Collectivist) cultures. Likewise Kassim and Zain (2016) found that religious (Islamic) beliefs do affect intentions of Qatari consumers towards luxury goods and services. However, there exist some contrasting views which reveal that religion does not affect consumers' decision to purchase luxury products. Alserhan *et al.* (2014) revealed that religiosity did not affect luxury brand consumption decision among Arab women in UAE. Similarly, Arli et al. (2016) found in their study conducted in Indonesia that religiosity and luxury consumption are not mutually exclusive. They emphasized on a more balanced approach between material possessions and religiosity. Likewise Dekhil et al. (2017) found positive effect of religiosity on orientation towards luxury brands in Tunisia. Moreover, Teimourpour et al. (2014) argued in their study in Iran that religion cannot be considered as a distinguishing factor between Muslim and non-Muslim market. They emphasized that there are many other factors which must be considered in order to identify the differences and similarities in Islamic versus non-Islamic luxury markets.

### 3. Research Methodology

Conceptual framework maps out the direction of the study by synthesis of literature by a researcher. The conceptual models made are based on the remarkable theory of planned behavior (Ajzen, 1991). Attitude, Belief, Perceived Behavioral Control and Subjective Norms are independent Variables while Intention to purchase luxury fashion products is a dependent variable. Religiosity is a moderating variable as depicted in the framework in figure 1 as follows:

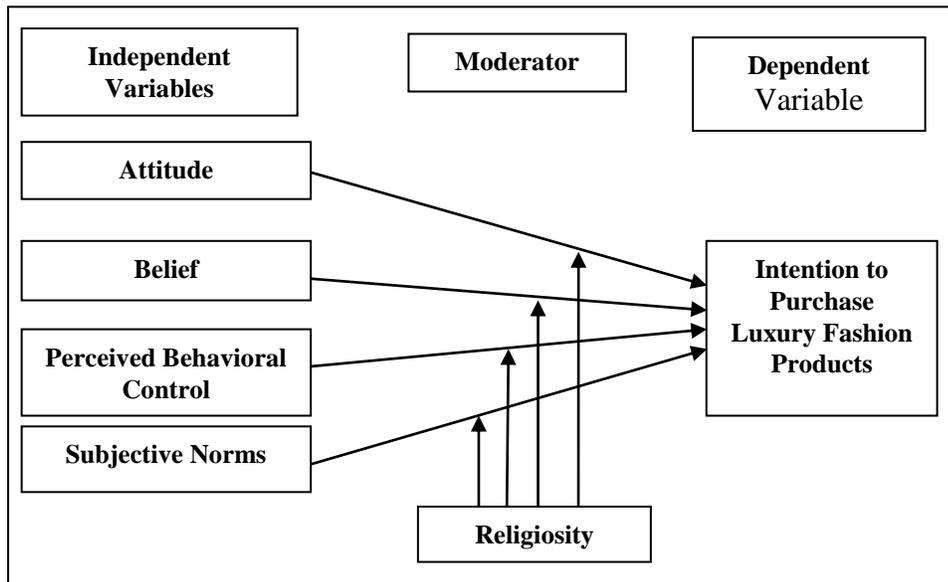


Figure 1: Research Framework

The resulting hypotheses developed from the above framework are as follows:

- **H<sub>1</sub>:** There is a positive relationship between Attitude and intention to purchase luxury fashion products.
- **H<sub>2</sub>:** There is positive relationship between Belief and intention to purchase Luxury fashion products.
- **H<sub>3</sub>:** There is positive relationship between Perceived Behavioral Control and intention to purchase Luxury fashion products.
- **H<sub>4</sub>:** There is positive relationship between Subjective Norms and intention to purchase Luxury fashion products.
- **H<sub>5</sub>:** The relationship between Attitude and intention to purchase of Luxury fashion products is moderated by religiousness.
- **H<sub>6</sub>:** The relationship between Belief and intention to purchase Luxury fashion products is moderated by religiousness.
- **H<sub>7</sub>:** The relationship between Perceived behavioral control and Purchase intention of Luxury fashion products is moderated by religiousness.
- **H<sub>8</sub>:** The relationship between Subjective Norms and Purchase intention of Luxury fashion products is moderated by religiousness.

Moreover, this study is descriptive as it has described the issues of Islamic marketing and status consumption. The study is also correlational as it studies the relationship between variables as shown in the theoretical framework. As time frame is concerned, the study is cross sectional in nature. Mall intercept survey method was used. The malls chosen were Chenone Tower and United Mall from Multan, Centaurus Mall in Islamabad, Doleman Mall in Karachi and Mall of Lahore in Lahore.

According to statistics around 2 Million people can easily and excessively consume the luxury brands in Pakistan; therefore sample size of 385 was deemed to be acceptable (Krejcie & Morgan, 1970). However, total 500 questionnaires were distributed, 432 completed questionnaires were returned by the respondents which yields an 87% response. The study used systematic random sampling to select the sample and every 10<sup>th</sup> consumer in the mall was selected to fill the questionnaire at the entrance of the mall.

The questionnaire was taken from the previous studies. The part of questionnaire regarding theory of planned behaviour is adapted from Swidi et al. (2014) and Lu et al. (2009). Religiosity is measured by the scale developed by Allport & Ross, 1967). This study employs 5-point Likert type numeric scales for all the questions in order to keep consistency and simplicity in measurement; where 1 refers to complete disagreement and 5 corresponds to complete agreement to the descriptive statement pertinent to the construct being measured; whereas, 3 refers to neutrality or indifference.

The process of data screening and cleaning resulted in the 432 functional questionnaires. Partial Least Squares-Structural Equation Modelling (PLS-SEM) was adopted to analyze the data for this study because it is highly recommended to be used in the social sciences and strategic management studies. Data was analyzed descriptively and inferentially using Smart PLS 3. It included tests referring to data screening, outliers' detection, data normality, multicollinearity, validity, reliability and moderation in addition to examining direct relationships. Results of data analysis are discussed in the subsequent section.

## **4. Findings and Results**

### *4.1 Demographic Profile*

As aforementioned, in total 500 questionnaires were distributed, 432 were deemed to be fit for advanced multivariate analysis. Out of 432 respondents, 62% were males and 38% were females. A majority of respondents (42%) had monthly family income level of Rs. 50,000 and 29% were from income level Rs. 50001 to 100000. The majority of respondents (49%) lie in the age bracket of 15-25 years and 37% lie in the age bracket of 26-35 years. Similarly, the respondents belonged to diversified educational and occupational background as exhibited in table 1.

The demographic profile of respondents provides some interesting clues that can be linked with the results given in table 4.7 which demonstrates that religions has no significant moderating effect on the relationship between independent and dependent variables of the study pertinent to luxury consumption.

A critical look at demographic profile reveals that almost 86% of the respondents belong to age group of 15-35 years which characterizes them as young consumers. Moreover, the demographic profile exhibits that almost 93% respondents are highly educated as their minimum educational level is bachelor degree. Therefore, majority of respondents can be considered as young and well educated consumers. Past research has explored that young and educated consumers have greater higher orientation towards fashion and luxury products and services than older and less educated consumers. Moreover, young and educated consumers speak more frequently about consumption matters with their peer groups and there is a greater likelihood that they would be influenced by the opinions of their peers. They may also look for peer approval while taking a decision regarding purchase of fashion and luxury products (Moschis & Churchill, 1978; Churchill and Moschis, 1979; Achenreiner, 1997). Hence, social and peer approval is more important factor for young and educated consumers rather than relying solely on religious beliefs. Furthermore, it is evident that almost 58% consumers have monthly family income in excess of 50,000 Rs. which enables them to spend money on luxury goods after meeting their basic necessities of life.

**Table 1: Demographic Profile of Respondents**

<b>Description</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
<b>Gender</b>			
Male	267	61.8	61.8
Female	165	38.2	100
<b>Age</b>			
15-25 years	211	48.8	48.8
26-35 years	160	37.0	85.9
36-45 years	52	12.0	97.9
46-55 years	7	1.6	99.5
56-65 years	2	0.5	100
<b>Education</b>			
Matric/O'Level	9	2.1	2.1
Intermediate/A'Level	21	4.9	6.9
Bachelors	166	38.4	45.4
Masters/M.Phil	235	54.4	99.8
PhD	1	0.2	100
<b>Occupation</b>			
Student	174	40.3	40.3
Private Company Employee	188	43.5	83.8
Government Employee	30	6.9	90.7
Self Employed	11	2.5	93.3
Others	29	6.7	100
<b>Monthly Family Income</b>			
Up to 50000 Rs.	180	41.7	41.7
50001 to 100000 Rs.	126	29.2	70.8
100001 to 150000 Rs.	49	11.3	82.2
150001 to 200000 Rs.	34	7.9	90.0
Above 200000 Rs.	43	10.0	100
<b>Total</b>	<b>432</b>	<b>100</b>	<b>100</b>

#### 4.2 Measurement Model (Outer Model)

First of all reliability was accessed through individual item reliabilities and internal consistency reliability using composite reliability. Convergent validity is measured through Average variance extracted (AVE). As per rule of thumb for measurement model evaluation, composite reliability should be higher than 0.70, indicator reliability which is the square of loadings should be higher than 0.70, convergent validity that is average variance extracted (AVE) should be higher than 0.5 (Hair et al., 2011).

The following table provides evidence of the measures of construct's internal consistent reliability and convergent validity.

**Table 2: Convergent Validity**

Construct	Items	Loadings	AVE	CR
Attitude	ATLG4	0.7028	0.5175	0.8108
	ATLG5	0.7422		
	ATLG6	0.7260		
	ATLG7	0.7056		
Belief	BLP1	0.7707	0.5893	0.8505
	BLP2	0.8791		
	BLP3	0.6884		
	BLP4	0.7188		
Perceived Behavioral Control	PBC1	0.9553	0.5717	0.7064
	PBC3	0.4803		
Subjective Norms	SN1	0.6192	0.5567	0.8323
	SN3	0.7299		
	SN4	0.8427		
	SN5	0.7748		
Religion	R1	0.8302	0.5588	0.7868
	R4	0.5578		
	R7	0.8222		
Purchase Intention	PI1	0.6817	0.5752	0.8015
	PI2	0.8265		
	PI3	0.7601		

Similarly discriminant validity is measured which deals with the extent to which one construct is different from the other construct. The Fornell–Larcker criterion was followed which checks the validity by taking the square root of the AVE for every latent construct and then comparing it with correlations of different constructs in construct matrix. The square root of AVE is presented in bold in the matrix table and is compared with different constructs. Following table depicts that Fornell–Larcker criterion of discriminant validity is established on the data as the square root of AVE is higher than the correlations of every construct.

**Table 3: Latent Variables Correlation**

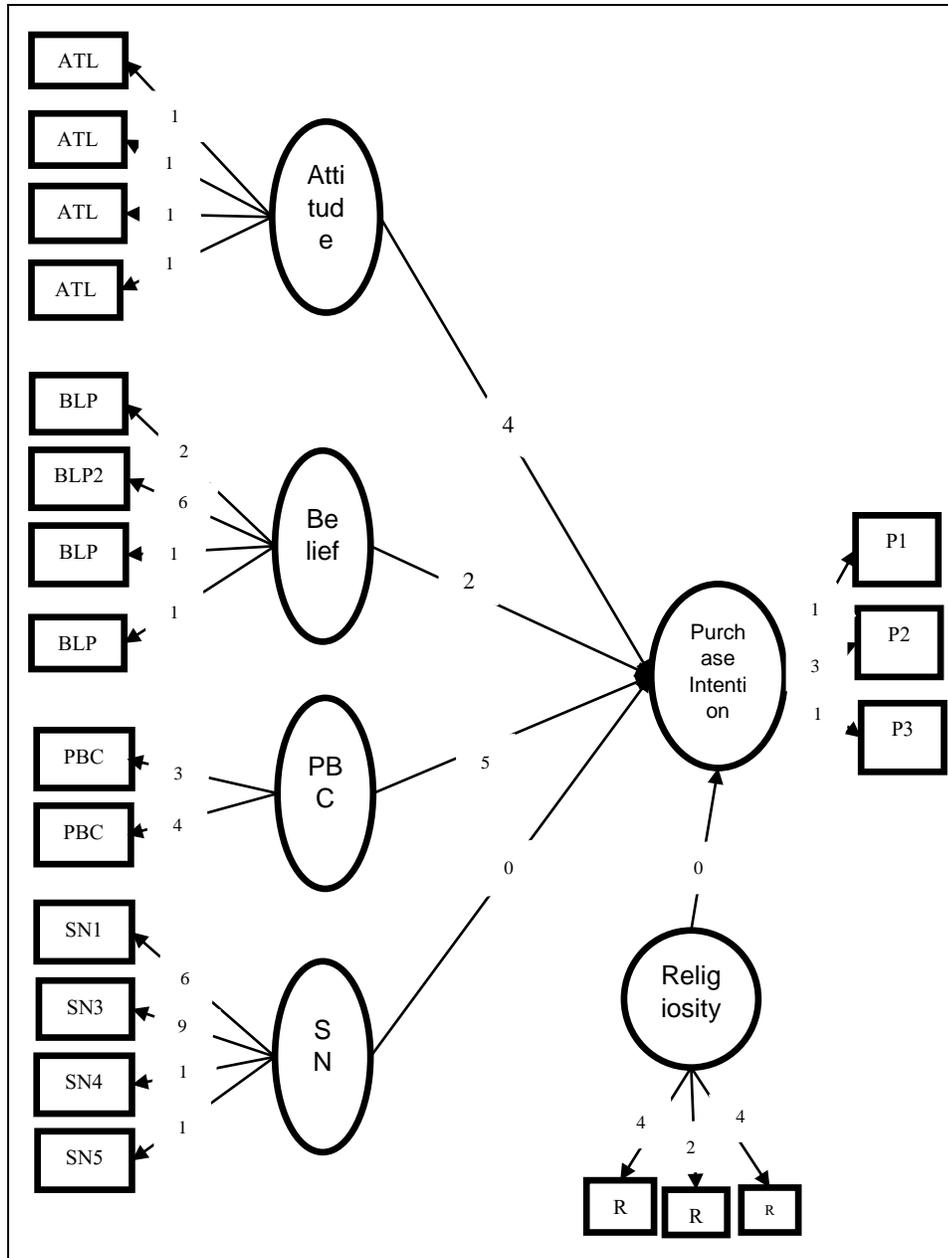
Constructs	1	2	3	4	5	6
Attitude	<b>0.7193</b>					
Belief	0.3710	<b>0.7677</b>				
PBC	0.2067	0.448	<b>0.7561</b>			
Purchase Intention	0.3454	0.3672	0.3900	<b>0.7584</b>		
Religion	0.1246	0.2628	0.2782	0.1118	<b>0.7475</b>	
SN	0.2724	0.3001	0.1986	0.1859	-0.0499	<b>0.7461</b>

Table 3 demonstrates the correlations among the variables employed in the study. It reveals the associations between Attitude, Belief, Perceived Behavioral Control, Subjective Norms, Religion and Purchase Intention towards luxury products. These

correlations are supported by theory of planned behavior (TPB) which states that intentions are influenced by Attitude, Belief, Perceived Behavioral Control and Subjective Norms. Similarly the relationship between religion and purchase intentions is explained by TPB and theory of cognitive dissonance.

#### *4.3 Structural Model (Inner Model)*

If the measurement model is proved valid then the second step involves an assessment of the structural model estimates (Hair, Ringle & Sarstedt, 2011). The assessment of structural or inner model takes place with the help of examining a direct relationship between independent and dependent variable. Structural Model is used for the purpose of hypothesis testing. For this purpose, six of path coefficients were examined using PLS-SEM algorithm and significance of relationship between hypotheses is examined by bootstrapping procedure. The data was bootstrapped for 50000 samples to get the structural model. This process indicates the path coefficients of the independent variables and dependent variable. The results revealed that relationship between three independent variables and dependent variables are significant at  $p < 0.01$  while one relationship is not significant. Structural model is shown in figure 2 as follows.



**Figure 2: Structural Model**

According to results, for H<sub>1</sub> there exists a positive influence of attitude towards behaviour on purchase intention ( $\beta=0.23$ ;  $t=4.780$ ;  $p<0.01$ ), therefore H<sub>1</sub> is supported. This finding is consistent with the findings of the study performed by Arli et al. (2016) who also found a positive relationship between attitude and luxury consumption. Similarly H<sub>2</sub> is supported as results reflect a significant influence of beliefs on purchase intention

( $\beta$ .0.16;  $t=2.722$ ;  $p<0.01$ ). It is in line with the findings of studies conducted by Jamal (2003) and Swimberghe *et al.* (2009) who revealed that consumers' beliefs are reflected in their choices of consumption. With respect to H<sub>3</sub> results indicate that perceived behavioral control has a positive influence on purchase intention as revealed by results ( $\beta$ .0.28;  $t=5.04$ ;  $p<0.01$ ). However H<sub>4</sub> is not supported and the results show no significant influence of Subjective norms on Purchase Intention ( $\beta$ .0.02;  $t=0.42$ ;  $p<0.01$ ). This finding contradicts with the views of Bailey and Sood (1993) and Teimourpour and Heidarzadeh Hanzae (2014) who asserted that religious norms substantially affects multiple aspects lives and behavior of consumers including luxury consumption. Consistency in results is due to similarity in religiosity across countries, whereas the differences are due to distinguished cultural contexts in different counties as no two Muslim countries exhibit identical cultural and behavioral contexts. The details pertaining to results of hypothesis testing are given as under in table 4.

**Table 4: Hypothesis Results**

Hypothesis	Relationship	Std. Beta	Std. Error	t-Value	Decision
H <sub>1</sub>	Attitude -> Purchase Intention	0.2273	0.047	4.780**	Supported
H <sub>2</sub>	Belief -> Purchase Intention	0.1625	0.058	2.722**	Supported
H <sub>3</sub>	PBC -> Purchase Intention	0.2761	0.054	5.005**	Supported
H <sub>4</sub>	SN -> Purchase Intention	0.0185	0.044	0.415	Not Supported

\*\* $p<0.01$ , Results are significant with 1 tail where:  
*T values* >2.33 (*p values* < 0.01)

#### 4.4 Assessment of Variance Explained in the Endogenous Latent Variable

According to Chin (1998), 0.67, 0.33 and 0.19 are classified as substantial, moderate and weak level of R-Square respectively.

**Table 5: Variance Explained in the Endogenous Latent Variable**

Latent Variable	Variance Explained (R <sup>2</sup> )
Purchase Intention	24.55%

Hence, the R-Squared value of the endogenous latent variable (Purchase Intention) is 24.55%, indicating weak to moderate level of model fitness as per the above mentioned criteria.

#### 4.5 Assessment of Effect Size (*f*<sup>2</sup>)

It is quite important to measure the effect size of latent variables in order to know their impact and significance in the model as predictor variable. Table 6 reveals the effect size of latent variables as per criteria recommended by Cohen (1988).

**Table 6: Effect Size of Latent Variables on Cohen (1998) Recommendation**

R-Square	Included	Excluded	f-Squared	Effect Size
Attitude	0.2455	0.2031	0.0562	Small
Belief	0.2455	0.2276	0.0237	Small
PBC	0.2455	0.1926	0.0701	Small
SN	0.2455	0.2451	0.0005	None

#### 4.6. Assessment of Predictive Relevance

According to Chin (1998) and Henseler, Ringle and Sinkovics (2009), the Q-Square for the Endogenous latent variable should be greater than zero.

**Table 7: Construct Cross-validated Redundancy**

Total	SSO	SSE	1-SSE/SSO
Purchase Intention	1296.0000	1113.4714	0.1408

Hence,  $Q^2$  shows an acceptably good relevance (0.1408) for the criterion variable (Purchase Intention), indicating that the model developed for the study has predictive relevance.

#### 4.7. Moderating Effects of Religion on TPB Components

The analysis reflects that there has been a marginal increase in the value of  $R^2$  after the introduction of interaction terms which indicates the occurrence of moderating effect. However, there is no strength of effect as can be seen in Table 8.

**Table 8: Strength of the Moderating Effects of Religiosity**

Exogenous Latent Variable	Endogenous Latent Variable	R-Squared		f-Squared	Effect Size
		Included	Excluded		
Attitude	Purchase Intention	0.2474	0.2455	0.0025	None
Belief	Purchase Intention	0.2456	0.2455	0.0001	None
Perceived Behavioral Control	Purchase Intention	0.2456	0.2455	0.0001	None
Subjective Norms	Purchase Intention	0.2483	0.2455	0.0037	None

Hence, the moderating effect of religion on the relationship between Attitude, Subjective norms, perceived behavioral control and purchase Intention was not established resulting in rejection of  $H_5$ ,  $H_6$ ,  $H_7$  and  $H_8$ . It is evident from the results in the tables given above that Pakistani consumers do not inter mingle religion with their purchase decisions. The

results provide quite interesting implications for marketers as well as academic scholars. Results in table 6 exhibit that attitude, belief and perceived behavioral control affect intentions towards luxury consumption. These results are consistent with the findings of previous literature (Arli et al., 2016; Jamal, 2003; Swimberghe et al. (2009). However the relationship between subjective norms and purchase intentions could not be established from findings of the present study. It implies that Pakistani consumers do not rely upon opinion of others when it comes to luxury consumption. Hence, Pakistani consumers tend to be self-reliant in their decision making in relation to their self-image and identity. It can be argued that Pakistani consumers are more concerned with their self-presentation based on individualistic decision making pertinent to luxury consumption. This finding supports the results of Arli *et al.* (2016), whereas it contrasts with the findings of Bailey and Sood (1993) and Teimourpour and Heidarzadeh Hanzaee (2014) as aforementioned. The novel contribution of this study is that it has examined the moderating role of religiosity on the relationship between TPB components and intention towards luxury consumption. There are very limited studies which have examined moderating effect of religiosity in the perspective of luxury consumption. LaBarbara and Gurhan (1997) found in their study that religiosity moderates the relationship between a materialistic attitude and individual's well-being. However, in contrast, the present study revealed that religiosity does not significantly moderate the relationship between TPB components and intention towards luxury consumption. Hence, this study supports the views of Teimourpour and Heidarzadeh Hanzaee (2014) who argued in their study in Iran that religion should not be regarded as a separating factor between Muslim and non-Muslim market. In sum, the results are in line with the objectives and proposed hypotheses of the present study. The following section discusses the crux of the given study and concludes the study by identifying limitations of the study and making recommendations for future researchers.

### **5. Discussion and Conclusion**

The study was designed to know the need of new paradigm of marketing. Throughout this study, insights have been provided regarding the present status of Islamic marketing as well as the potential of Islamic marketing. The study aimed to contribute to the literature of Islamic marketing. Moreover, this effort was done to recognize if the Muslim consumers are in need of a new paradigm of marketing. Thus, purchase intention of Luxury fashion products was studied using the theory of planned behavior and theory of cognitive dissonance; whereas, religiosity was selected as a moderator. The study is equally significant to the literature as well as the marketers who aim to target the N11 emerging countries of the world. Moreover, the results concluded that the new paradigm is not needed as religiosity seems to have no significant effect on the purchase intentions of Muslim customers. These results are consistent with the past studies which revealed that religion does not exert negative effect on luxury consumption (Alserhan *et al.*, 2014; Teimourpour & Heidarzadeh Hanzaee, 2014, Arli *et al.*, 2016; Dekhil *et al.*, 2017). However, the findings of the present study contrast with past literature that demonstrates significant effect of religiosity on luxury consumption (mainly rejection) (Burroughs & Rindfleisch, 2002; Al-Hyari *et al.*, 2012); Ahmed *et al.*, 2013).

This paper makes noteworthy methodological, theoretical and contextual contribution to the existing body of knowledge. Firstly, in terms of methodological contribution; there is shortage of quantitative studies in the domain of Islamic marketing as a large number of

qualitative works have been done in the field of Islamic marketing but very little empirical evidence is present. This study tried to fill this gap by conducting an empirical study to know the impact of religion in the lives of the consumers in one of the most populous Muslim countries in the world. Secondly, the study makes a theoretical contribution as it extends the scope of theory of planned behavior and theory of cognitive dissonance by examining moderating role of religiosity in context of luxury consumption. There are very limited studies if any, which have linked religiosity and luxury consumption relationship with cognitive dissonance theory. Thirdly, the study makes contextual contribution as it examines the linkage between religiosity and luxury consumption in the rich cultural and religious context of Pakistan. The study has revealed that the effect of religiosity on luxury consumption in Pakistan is not identical to some other Muslim countries. It further reveals that Pakistani consumers are more modern and broad minded in their thoughts and do not confuse religion with luxury consumption. This finding makes Pakistan as a highly lucrative fashion and luxury goods market for international marketers and manufacturers of luxury brands. Fourthly, the study highlights the significance of defining Islamic marketing in terms of the needs of the consumers because ultimately marketing is driven by the needs and wants of consumers. This study also provides insights regarding the absence of significant effect of society and religion on purchase intention of Muslim consumers. These insights are quite interesting and different from previous studies. These insights reflect that people are now less concerned about what others think. They are more concerned about their own beliefs and attitudes towards purchasing products. Moreover, religion seems to have no significant impact. It reflects that marketers can bypass religion while offering products to people as religion seems to have no moderating effect in the study.

However, more studies are required to know about the empirical evidence of religion on the lives of consumers. Moreover, majority of respondents in this study are young and educated consumers who belong to middle and upper middle income groups. It would be interesting to investigate how religion affects the decision making of older, less educated and less affluent consumers. This study is not enough to establish a fact if we are in need of Islamic marketing or not. However, it has raised the question for scholarly debates and empirical studies linking religious beliefs and purchase intentions. Future researchers can conduct further studies across various products and markets in order to investigate the matter in greater depth. They may also focus on identifying the similarities and differences in Islamic versus non-Islamic markets based on factors other than religion. It may prove to be more useful in promoting a scholastic dialogue between different religions and civilizations.

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