



**An Investigation of the Influence of Luxury Values  
Perception in China: Insights of Theory of Planned  
Behaviour**

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## ABSTRACT

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This thesis aims to investigate the effect of luxury values on Chinese consumer's purchasing intention-behaviour predicting by attitudes towards the behaviour, subjective norms, and perceived behavioural control and consumer knowledge in China.

The luxury industry is considered as unique where the products that are sold rely on the marketing communication strategy to communicate their values with the targeted market. Even in the global economic crisis, the sale of luxury products has been growing from 16% in 2008 to 30% in 2015. In particular, China is now the second largest luxury market. Therefore, a better understanding of the Chinese consumers' purchase intentions of luxury fashion products may assist the luxury industry when targeting China as the soon-to-be largest luxury products market.

Prior research indicates that the perception of luxury value plays an essential role in influencing a consumer's commitment in buying luxury products. Consumers believe that luxury products accrue power, position, status, prestige, unique characteristics and relationships with other consumers who have positive attitudes towards purchasing luxury products.

Furthermore, the Theory of Planned Behaviour (TPB) has been applied to various areas of studies to predict consumer behaviours such as energy, coupon usage, and online clothing shopping, toothpaste, coffee, and alligator leather apparel. Prior research on the TPB has focused on the cultural influence and its effect on consumer behaviour, while few scholars have analysed the external values that affect TPB towards consumer's purchasing intention of luxury products. This research examines individuals' luxury value perceptions to assess what causes an individual to perform a particular behaviour by adopting the Theory of Planned Behaviour model.

An online survey was used to obtain primary data. Eight hundred and forty-one samples were collected from Shenzhen, Guangzhou, Shanghai and Beijing in China during May and June 2016. The measurement was adapted from previous studies with minor changes on the statements to justify the current research. The validity and reliability of the measurement were tested.

The multiple regression tests confirm that luxury value perceptions have a significant impact on Chinese consumers' intentions to purchase luxury fashion products. Specifically, Chinese consumers acknowledge that attitude, subjective norms and perceived behavioural control influence their purchasing behaviour in China. Furthermore, while consumer knowledge moderated positively in the relationships between subjective norms and purchase intentions, consumers' attitudes and perceived behavioural control towards

Chinese purchasing intention of luxury fashion products were unaffected by the consumer knowledge.

The contributions of this study are divided into two aspects. Theoretically, the findings have extended the understanding of the Theory of Planned Behaviour by examining luxury value perceptions and consumer knowledge. Practically, this research has provided important outcomes on the role of consumer knowledge in influencing consumers' purchase intentions. Consumer knowledge has a negative relationship towards attitude and perceived behavioural control which means that consumer knowledge does not influence the Chinese consumer's purchasing intention in luxury values. In conjunction with the scenario, this research would assist managers and marketers to develop appropriate marketing strategies to satisfy consumers' multiple needs and their expectations in the growing Chinese luxury market. This research is also necessary for business activities, which have many dimensions, that is, from product development and branding strategy to communication management.

Future research would suggest examining whether other variables could be further added as determinants of behavioural intention in China or other markets. Furthermore, the findings on purchasing intention-behaviour in this research can be applied to other luxury product categories beyond fashion products that share the same target consumers as luxury products.

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## **CHAPTER 1: INTRODUCTION**

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This research aims at using the Theory of Planned Behaviour (TPB) to predict consumer buying behaviour in the set of luxury fashion products in China. The research establishes a theoretical framework based on TPB to integrate the perceptions of luxury values including individual value, social value, functional value and financial value, where they act as the external variables to be examined, and moderated by consumer knowledge. This chapter provides an outline of the study by introducing the research background and its rationale, developing the research questions and the research objectives, organising the structure of this thesis and ending with the limitations and chapter summary.

### **1.1 RESEARCH BACKGROUND**

Globally, the luxury products industry has been developing intensely over the past two decades. Every year, consumers spend billions of pounds on purchasing luxury products around the world. The percentage of consumers who buy luxury products has increased radically because of their growing income and spending power (Laurent & Dubois, 1993; Dubois & Laurent, 1994; Dubois et al., 2005; D'Arpizio, 2014; Okonkwo, 2016; The Statistics Portal, 2017). Furthermore, the developing markets (such as India, China,

Thailand, Malaysia and Brazil) have been influenced by the global share of wealth significantly (Frank, 2016b). Since 2010, the developing market accounted for 12% of global wealth, but they contributed more than 25% towards the global development. As a result, they are known as the world's extremely high net worth population (Frank, 2016b). Since 2012, China is known as one of the developing markets that has impressed the current global standards (The World Bank, 2017).

In 2008, the global financial crisis had a negative impact on the luxury products industry globally (IMF, 2009). For example, the global luxury brands, Moët Hennessy Louis Vuitton (LVMH) claimed that the sales of US decreased by 4.03% and Japan 5.16%. In particular, the luxury industry has faced competitive challenges due to globalisation, tight competition, the development of traditional markets and the increase of consumers' complexity on luxury products (Müller-Stewens&Berghaus, 2014)

However, the global recession in 2008 bypassed the market for luxury products. The Asia Pacific region has overtaken Europe to become the largest market for luxury products companies, such as Russia, India, China, South Korea, Hong Kong and the Middle East (LaVan, 2013). For example, China reported having the highest growth of 20-30% for most of the luxury products. The global luxury brands like Richemont and Hermes won the trust of the Asia Pacific consumers. The luxury dealer of Neiman Marcus nearly collapsed with

a 20% decline of sales in the United States and Japan, but the company had a 30% growth of sales in Beijing and Shanghai (IMF, 2009).

It is evident that, the luxury business in China, Hong Kong and Macau has been blooming, which provided the opportunity for global luxury brands to target a new prospective market (IMF, 2009). For example, an international luxury group, Kering who owns luxury brands including Gucci, Yves Saint Laurent, Balenciaga, Alexander McQueen, Bottega Veneta, Boucheron, Brioni, as well as Puma and Volcom in its Sport & Lifestyle portfolio, had a double-digit evolution in China in 2003 (Som&Blanckaert, 2015). Although China has been facing the debt crisis and slowed its economic growth since 2013, China still signified a quarter of international luxury consumption (Som&Blanckaert, 2015).

Also, the luxury products companies are eager to transform their private/family owned businesses into public companies (Small et al., 2007). This occurs because they are trying to exploit their products in the new potential international markets (Moore et al., 2000; Small et al., 2007; Fionda& Moore, 2009; Shah et al., 2012; Paliwoda& Thomas, 2013; Liu et al., 2016; Crewe, 2017; Guercini et al., 2017). The emerging markets such as China, Russia and India offer tremendous opportunities for luxury products companies (D'Arpizio et al., 2016; Okonkwo, 2016).

China is one of the leading and fastest developing economies in the world (Agarwal & Wu, 2004; TWB, 2015). According to the China Family Panel Studies (CFPS, 2012), the percentage of the affluent people in China has been growing enormously for the past 30 years. In 2014 the Gini coefficient for wealth was 0.73, and this number has been increasing for the past year (Xie&Jin, 2015). Blackwell et al. (2001) argued that the growing wealthy Chinese consumers were capable of living in wealthy and comfortable surroundings and purchasing luxury products.

These growing affluent consumers are known as China's 'new rich', who are charmed with luxury products and have the buying power (Wu, 1997; Gao et al., 2009; Capitello et al., 2014). This wealthy group are the consumers that have an increasing income and come from the upper and middle classes in China. This wealthy group make the Chinese consumers demand products of high quality and convenience, showing interest in branded products and desiring to buy luxury products (Kim et al., 2009; Lindgreen et al., 2009).

In the report, "China's new rich study" in 2006 which surveyed the affluent Chinese consumers (Chinese media and marketing research firm, 2006), it found that the affluent consumers were consumers aged from 18 to 45 years from Beijing, Shanghai, Shenzhen, Guangzhou, and Hangzhou. The annual household income was more than 80,000 Chinese Yuan (equal to £ 9021) and for those from Nanjing, Wuhan, Chongqing, Chengdu, Xi'an,



Shenyang, and Qingdao the annual household income was more than 60,000 Chinese Yuan (£ 6765).

The average annual GDP growth was 9.91% in China since 1979 until 2010 (IMF, 2015). The highest GDP was established in 1984 (15.2%) while the lowest was in 1991 (3.8%). China's nominal Gross Domestic Product (GDP) beat Italy in 2000 (£0.93 trillion), France in 2002 (£11.3 trillion), the UK in 2006 (£2.11 trillion), Germany in 2007 (£2.72 trillion) and overtook Japan in 2009 (£3.91 trillion) (IMF, 2015). The GDP made China the second largest economy in the world after the United States in 1999 by surpassing Japan with a GDP of 7.7% (National Bureau of Statistics of China, 2014; IMF, 2015)

The fact that China surpassed Japan in 1999 showed the increase of the lifestyle in China (CNBC, 2017). Since then the GDP had been at up and down phases where finally in 2013 the GDP reached 7.8% (IMF, 2014). Thus, the GDP in China is increasing which shows the Chinese have a growing higher income that they can spend more on. It is evident that the lifestyle is increasing in China because when Chinese consumers have a higher income, they tend to find luxury products to impress others where they feel special and increase their confidence (Barbara, 2015). They are aware of "losing face", and they want to get the feel of success among their social groups (Barbara, 2015).

Many luxury product companies established their businesses in China to benefit themselves from China's developing economy and the appearance of the wealthy consumers. The earliest investors of luxury products in China were Louis Vuitton, Bally, Gucci and Salvatore Ferragamo for more than 25 years (Andrea, 2012). ErmenegildoZegna has 70 stores operating in China and is known as one of the four largest markets. Meanwhile, Armani had 44 stores in 2015 while Prada had 33 stores in China (Andrea, 2012). All these global luxury companies are planning on making more efforts in the Chinese luxury market.

For example, Cartier planned to open more stores in the first and second tier cities in China after their tremendous victory in 2010 where the growth was double-digit (Som&Blanckaert, 2015). In fact, those luxury product companies made limited profits and struggled to survive in the competition in the beginning stage of investing in China when China started the 'open door' policy launched in 1970 (Chandler, 2004; Sharma, 2014). Since then, the foreign trade had started to take place frequently in China, and more foreign countries started businesses.

Despite the increasing growth of the international luxury companies in China, these companies need to have substantial knowledge about their consumers to keep them in the highly competitive market. Today, Chinese consumers are significant buyers for the global luxury products with their rising

purchasing power. Thus, understanding the Chinese consumer's purchasing behaviour towards the luxury products is crucial to succeed in China (Phau& Prendergast, 2000; Zhan & He, 2012; Guo, 2014). Companies who are currently operating and planning to enter the luxury market in China should conduct further research on the strong implications of the purchasing behaviour among Chinese consumers (Phau& Prendergast, 2000). Therefore, this research examines Chinese consumers' behaviour on purchasing luxury products to enhance the existing literature and knowledge related to the luxury market in China.

According to a report by a global market intelligence publisher, Euromonitor (2015), luxury sales have developed intensely in China in the past few years. Chinese consumers are the fastest and the top nationality for luxury, and the value of the luxury market is nearly 180 billion Chinese Yuan (£20.95 billion). Referring to a report by a management consulting company, Bain and Company (2016) indicated that Chinese consumers accounted for 31% of world luxury sales, followed by the US at 24% and the Europeans at 18%. Although there was a decrease in sales in 2014, China's consumption of luxury products is still in the lead where the Chinese spent £15.6 billion on luxury products. Research shows that the luxury sales will grow in the coming years (D'Arpizio et al., 2016).

A report published by Ernst & Young (2016) stated that China's luxury fashions, accessories and other luxury products accounted for 32% of the global luxury consumption and made China one of the largest markets ranked in second place. The China market is known as the prospective market and has the highest growth rate for international luxury companies. Most of the leading luxury companies are investing and expanding their businesses in China because of its most promising and exciting luxury market in the world.

Furthermore, Keller (2009) said that consumer knowledge is one of the factors that induce the consumer's perception towards a luxury product. The perception regarding consumer knowledge can be measured by the particular luxury products that can influence their behaviours. The information that is available on a certain luxury product can change the minds of the consumers on why it is purchased, when it is used and how the experience is (Vigar-Ellis, 2016). When there is a great deal of information available, the particular information on the product must have a soulful meaning to the consumer who would purchase the luxury products (Bettman& Park, 1980; Park et al., 1994; Veale & Quester, 2007; Vigar-Ellis, 2016).

A successful decision-making purchasing process relies on consumers having sufficient information in each stage (Raju et al., 1995). These important stages are that the consumer recognises the need for the product, searches the information, evaluates the alternatives/substitutes, purchases, consumes

and post-purchases. When a consumer has limited knowledge, it would be very challenging in making a decision. With this mind, Shukla (2012) suggested that consumer knowledge could moderate the relationship between consumers' experience and their purchasing decision, which influences the perception of value and buying behaviour.

Many scholars are paying attention to the luxury consumption in China because its market size keeps growing and the Chinese consumer behaviour is changing over time. Thus, to succeed in China, research on the Chinese consumer's buying behaviour should be studied rigorously (Wong & Ahuvia, 1998; Wang et al., 2011; Zhan & He, 2012; Zhang & Kim, 2013).

## **1.2 RESEARCH RATIONALE**

The China market has humongous opportunities available on a long-term basis for luxury products companies. At the same time, it is widely known that the lack of familiarity (Dubois & Laurent, 1994; Stegemann et al., 2007; Sjoström et al., 2016) with the current market situation might interrupt companies' potential to tap into the opportunities that are available. Thus, it is essential for the companies to understand the consumer behaviour concerning luxury products.

David (1994) found that Western consumers are strongly influenced by consumption and their individual goals, but it might differ in collectivist people like Chinese consumers. Wong and Ahuvia (1998) highlighted that luxury products marketed in Asian and Western countries were the same, but the consumer behaviour towards buying the products was different. Consumers in different societies may not buy the products for the same reason. One of the reasons is subject to cultural differences between the Western countries and Asian countries, which may influence the consumers' purchasing behaviours and their beliefs on purchasing luxury products.

In conjunction with the purchasing behaviour, Shukla (2012) mentioned that consumer knowledge is one of the important factors in moderating and influencing the final stage of purchasing behaviour or the intention to buy luxury products. When consumers understand what they know about the product, they will recognise how to use the knowledge to make their decision. (Brucks, 1985; Rajagopal, 2014; Vigar-Ellis, 2016).

Wiedmann et al. (2009) investigated the consumer behaviour towards luxury products; they found that the consumers' buying behaviour did not differ across cultures and countries. In their argument, the behaviour is motivated by the attitude resulting from the values and is connected to culture. Attitudes are the meaning of the beliefs, so when consumers have a different beliefs about the product that they wish to buy, the process of searching for information of

the product and purchasing the product will differ too. The belief will result in the difference in the consumers' behaviour.

Previous research has shown that there are several variances in the value perception towards consumers' purchasing intention for luxury products mainly in Western and Eastern developing markets (De Mooij, 2004; Sharma, 2010; Shukla, 2012). Prior studies highlight the significant differences in the consumers' consumption and their decision in buying luxury products. For example, Shukla et al. (2015) studied the perception of value in the three top Asian markets by using the theory of impression management. They found that there were differences in the value perception towards luxury products even within the same continent.

Undeniably, the research done previously shows that consumers in different cultures and different countries hold different perceptions and attitudes towards luxury products (Shukla, 2011; 2012; Shukla & Purani, 2012; Chattalas & Shukla, 2015). In fact, it may not be efficient and workable to employ research conducted in Western countries to attempt in understanding and explaining Chinese consumers' behaviour in China.

Numerous studies have focused on the consumers' perspective of luxury products in Western countries (Berry, 1994; Kemp, 1998; Dubois et al., 2001; Vigneron & Johnson, 2004; Dubois et al., 2005; Tsai, 2005; Wiedmann

et al., 2007; 2009; Hennigs et al., 2012; Brun et al., 2013). There are little practical considerations in the marketing related literature towards the perception of luxury value in China (Zhang, 1996; Shen et al., 2003; Dickson et al., 2004; Hu et al., 2008; Chevalier & Lu, 2009; Atsmon et al., 2010; Wang et al., 2011; Zhan & He, 2012; Li et al., 2013; Zhang & Kim, 2013). Specifically, the impact of luxury value perception towards the purchase intention should be identified to present a unique content that will be useful for market segmentation and developing the market strategy.

Past studies using theoretical frameworks of luxury value perception (Vigneron & Johnson, 1999; Vigneron & Johnson, 2004) highlighted five observed luxury values: three non-personal values (perceived conspicuousness, perceived uniqueness, perceived quality) and two personal values (perceived hedonism and perceived social). They found that personal effects inclining perceived conspicuousness value, perceived unique value and perceived interpersonal effects influenced social value and perceived hedonic value with perceived quality value. Moreover, Wiedmann et al. (2007) established four primary consumers' value perceptions about luxury consumption in Western countries. These value perceptions consist of financial value (price value), functional value (usability value, quality value and uniqueness value), individual value (self-identity value, hedonic value and materialistic value) and social value (conspicuousness value and prestige value).



Furthermore, since Chinese luxury consumers are different and distinct from the luxury consumers of the Western nations (Henriksen, 2009; Krawczyk, 2012; Li et al., 2012), the findings from previous studies may not appropriately capture essential factors that influence Chinese consumers' perceptions of luxury values. So, can the results of previous western studies adequately capture influential factors that affect Chinese consumers' intentions towards purchasing luxury products? Are there any new determinants that may affect Chinese consumers but that have not been identified in the previous literature? Hence, it is vital for academics and practitioners to realise the Chinese consumers' perception of luxury value in China and investigate why factors influence their behaviour in buying luxury products.

### **1.3 RESEARCH CONTRIBUTIONS**

Integrating the appropriate theoretical and practical outcomes, the purpose of this research is how the consumers' luxury value perceptions influence their purchasing behaviours. Thus the examination of factors that influence Chinese consumers' luxury value perceptions is essential to draw new research findings. Consequently, from an academic standpoint, this study addresses the academic gap by bringing new insights on luxury consumption in the context of the Chinese market in China. According to Berry (1994),

investigating the values that are attached to the luxury products is crucial in understanding the society. Therefore, this research develops the knowledge not only on the perception of luxury values but also on how consumer knowledge could affect the purchase intention. This research has several contributions regarding academic and practical aspects.

### **1.3.1 Academic contributions**

This research will provide a wider perspective in discovering the Chinese consumer's individual, social, functional and financial perception in purchasing luxury products. Bearing in mind the four consumer's perceptions, this study will explain why Chinese consumers purchase luxury products and how these luxury values affect their behaviours in a multidimensional model. This research is the first on applying the Theory of Planned Behaviour in analysing luxury values and Chinese consumer behaviour.

This research also considers consumer knowledge as the moderator in the purchasing decision. Even though consumer knowledge has a high correlation with luxury, consumer knowledge has rarely been investigated in the luxury field (Chattalas & Shukla, 2015). Consumer knowledge affects consumers' decisions where they can accept the feedback and change their behaviour. This situation occurs when they discover they are on the same behaviour as before and try to change them (Solomon et al., 2006).

Specifically, this research uses consumer knowledge to moderate the relationship between attitude, subjective norms, perceived behavioural control and purchase intention to understand the perception of luxury value in buying luxury products.

### **1.3.2 Practical contributions**

It is essential for academics and practitioners to understand why Chinese consumers buy luxury products and what their perceptions of luxury values are based on the proposed multi-factored conceptual model. The understanding is essential so that the findings could assist managers and marketers in developing appropriate marketing strategies to satisfy consumers' multiple needs and their expectations in the growing Chinese luxury market. In addition, this research is necessary for business activities such as product development, branding strategy and communication management. To gain benefit from the market of luxury products and its growing trend, understanding the consumers of the luxury products is crucial by the product manufacturers, the retailers and the designers.

Practically, luxury brand owners, managers and sellers should be aware of providing confidence and support during the buying process which could later contribute to reducing hesitation and strengthening the consumers' confidence in luxury fashion products. In tier 1 cities where the income is

growing, luxury sellers should be able to market or promote the luxury products for consumers' self-enrichment, to improve self-esteem and present the symbolic and experiential benefits of wearing luxury products. The awareness would be appropriate to help engage and retain the Chinese consumers of luxury products.

#### **1.4 RESEARCH QUESTIONS**

The research questions investigated in this study are:

- a) How will the luxury values capture the influential factors that affect Chinese consumers' attitude, subjective norms and perceived behavioural control towards purchasing luxury products?
- b) What are the important factors that determine the Chinese consumers' intention in purchasing luxury products in China?
- c) How will the mediator factor of consumer knowledge influence the relationships among attitude, subjective norms and perceived behavioural control towards the intention of purchasing luxury products in China?

#### **1.5 RESEARCH OBJECTIVES**

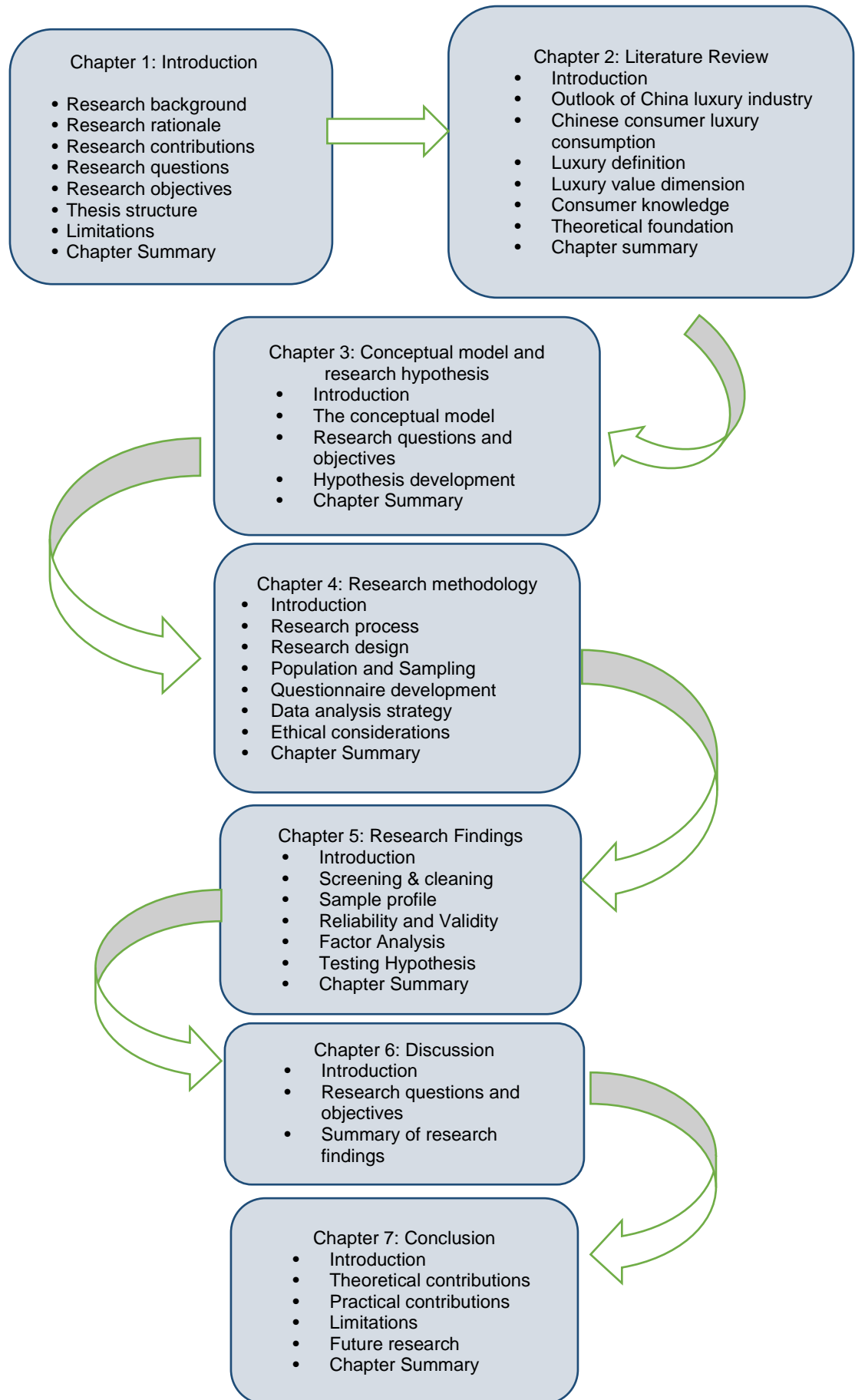
To tackle the research questions, this study set out the following research objectives:

- a) To investigate the effects of luxury values towards the Theory of Planned Behaviour variables (attitude, subjective norms and perceived behaviour control).
- b) To examine the factors that determine the consumers' intention to purchase luxury products.
- c) To determine the moderating role of consumer knowledge in distinguishing the behavioural purchase intention.

## **1.6 STRUCTURE OF THE THESIS**

This thesis is divided into seven chapters, including the introduction, literature review, research hypothesis, research methodology, results, discussion and conclusion. Figure 1.1 shows the flow of the thesis.

**Figure 1.1 Thesis structure**



Chapter one provides an overview of the global luxury market, particularly in China. This chapter discusses the challenges faced in China from the beginning stage until now where it is a thriving luxury market. This chapter also identifies the research gaps that are in the literature and describes the background of the research with emphasis on the intention and fundamentals of the research justification. Lastly, this chapter highlights the purpose of this study and establishes the research questions, the research objectives, and the limitations of the study.

Chapter two reviews the relevant literature on the luxury value perception and the Theory of Planned Behaviour. This chapter begins with a brief overview of the global luxury market and then focuses on China's luxury market. It also explains on the realm of this research, which is luxury fashion products and the luxury definition in detail. The relationship of the external variables of luxury values is discussed and how these luxury values influence different variables (attitude, subjective norms and perceived behavioural control) in the Theory of Planned Behaviour model. Existing literature on consumer knowledge and its effects as a moderating factor are also examined.

Chapter three establishes the development of the conceptual framework and the research hypotheses from the extensive literature review discussed in Chapter two. This chapter outlines the proposed external

variables and then focuses on the justification of the hypothesised relations involved in the conceptual model.

Chapter four represents and justifies the research methodology used in this study. This chapter consists of the research philosophy, research paradigm, research strategy and the research methods. Further discussion includes the explanation of the population and the sampling techniques, the data collection method and the area of the research in detail. Moreover, this chapter highlights the ethical considerations related to this research.

Chapter five analyses the primary data using the SPSS software and interprets the findings. This research found that luxury values influence the attitude, subjective norms and perceived behavioural control. The role of consumer knowledge in this research failed to prove that it moderated the relationship between the attitude-purchase intention and perceived behavioural control-purchase intention. In this chapter, all the numeric values have been presented for further validation.

Chapter six debates the findings, comparing them with the literature review based on the research objectives and the research hypotheses. The discussion puts forward answers to the research questions. Finally, Chapter seven concludes this research by highlighting the answers to the research



questions and puts forward the theoretical and practical contributions. The research limitations and future research are also addressed.

## **1.7 RESEARCH LIMITATIONS**

From the beginning of the research, it is essential to understand the expectations and the limitations. This research focuses on building an in-depth understanding of the Chinese luxury purchasing behaviour in conjunction with the important roles played by the consumer in China's economy. The targeted consumers came from four Tier 1 cities in China (Shenzhen, Guangzhou, Shanghai and Beijing). Accordingly, the outcomes of this research might not possibly be comprehensive to the consumers outside of the mainland of China, consumers from the non-urban areas or consumers who have lower incomes. This research is mainly designed to provide an understanding of and investigating the impact of luxury values in explaining the Chinese consumer buying behaviour based on the Theory of Planned Behaviour model.

Furthermore, luxury products consist of high-end products such as yachts, personal jets, luxury automobiles and real estate. It also includes customer services in high-end retail stores, luxury hotels, champagnes, wines, exotic vacations and related financial services that target the consumer with a high income. However, this research focuses on personal fashion products that include apparel, jewellery, perfumes, fragrances, cosmetics, handbags,

purses, shoes, watches, scarves, sunglasses, ties, gloves and belts. In the future, other products and services could also be investigated to generate a better understanding of luxury products in China.

## **1.8 CHAPTER SUMMARY**

Chapter one outlined this research. It covered the research background, the research rationale, and the research contributions. The discussion also identified the research gap to establish the research questions and the research objectives. Finally, the thesis structure was drawn as well as the research limitations. Next, chapter two will examine and review relevant literature on luxury products globally and in China to build the foundation for developing the conceptual research model and the research hypotheses.

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## **CHAPTER 2: LITERATURE REVIEW**

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### **2.1 INTRODUCTION**

This chapter analyses the relevant literature of luxury products to identify the research gap and establish the theoretical foundations to develop the research hypotheses. The discussion begins with an investigation of the outlook for the luxury industry in China and a discussion of the luxury consumption of Chinese consumers, followed by defining the meaning of luxury and luxury products used in this study, reviewing the dimensions of luxury values, and discussing the moderating factors of consumer knowledge. Finally, the theoretical foundation including the Theory of Planned Behaviour and the Theory of Reasoned Action is discussed. This chapter ends with a chapter summary.

### **2.2 OUTLOOK FOR CHINA'S LUXURY INDUSTRY**

This section outlines the growth of the luxury industry in China. The luxury industry in China has been on an extraordinary journey as one of the fastest-growing economies since the 1970s (China Retail News, 2011). Today, China has become one of the largest growing markets for luxury products and also

other types of products (Gregory Chow and Kui-Wai Li, 2002; Agarwal and Wu, 2004; D'Arpizio, 2014).

According to Gao et al. (2009), Asia is one of the largest luxury markets after Europe and the USA (CIA, 2010). The second largest luxury market is China, which surpasses Japan in the Asia-Pacific region (Ernst & Young, 2016). China is now more market-oriented than before, as it had been in a centrally planned system for the past 30 years. Not only that, according to the report of Big Spenders Index 2015, they indicated that China fell into second place for increased spending and having the second highest GDP on luxury products in the world. In other word, it is the achievement of the transformation from an agricultural system to foreign trade by announcing moderate prices, financial decentralisation and introducing an expanded banking system (CIA, 2010).

From the early 1990s, more than 80% of the world's best luxury brands had been set up in China. Luxury spending in China grew steadily between 2005 and 2010 at a rate of 15% to 20% annually. Bain and Company estimated that there would be a growth in luxury sales in China of up to 25% (Times, 2011). It was predicted in 2010 that by the year 2015, China would be the leading luxury market, in which China would have nearly 20% of global luxury consumption (Atsmon et al., 2010). Consequently the economy of China

had increased more than tenfold since 1978, placing itself as the second largest luxury market in the world (CIA, 2016).

Furthermore, the Wealth Report (Ledbury Research, 2015) showed that China was in second place among the big spenders on luxury products. Despite information on the impact of the Chinese government's anti-graft measures on luxury demand, Ledbury research found that the fundamentals of the Chinese luxury market remained very attractive, given the burgeoning wealthy population and rapidly growing middle class (Frank, 2016). Moreover, China's high ranking in the Big Spenders Index reflects the underlying robustness of its population of ultra-high net worth individuals (UHNWI, 2016).

Accompanying the evolution of China's economy, a new group has been formed, known as China's "new rich" (Gao et al., 2009). This group is the one most wanted among the luxury product manufacturers, because they are the ones who consume not only luxury fashion products, but also other luxury products. In the growing luxury consumption, the market for luxury products is not limited to China's "new rich", but middle-class consumers also contribute to the luxury consumption (Gao, 2009).

According to a blue paper on commercial development in China written by the Chinese Academy of Social Sciences (CASS) in 2010, China consumed 25% of the global luxury sales and it predicted that before 2030,

China would become the largest luxury market (Cavender and Rein, 2009). With the rapid economic growth of China and its enormous population (Berghaus et al., 2014; Birrell, 2015; Hong, 2016), China's luxury industry has increased sales dramatically in the past decade (Li et al., 2013). In the past few years, there have been significant changes in China, whereby the Chinese population has increased from drastically to uncontrollable economic growth (Falk, 2008).

According to the National Bureau of Statistics of China, the population of China is 1.35 billion and 15% of the total population are luxury consumers, which is about 202 million people. The total Chinese bank savings are approximately ¥20 trillion where 80% of the savings are held by 20% of families (China, 2014). This 20 % of households can pay for luxury, and they are middle to high-class consumers (China, 2014).

According to China's National Bureau of Statistics, having an annual income of between RMB 54,600 and RMB 455,000 defines the Chinese middle class. This middle class represents 15% of all households and is the boosting power for luxury consumption in the future. According to a survey conducted by Chen and Sethi (2007), the middle-class participants who owned luxury products considered them as symbols of good taste and as being successful in life. This group will not take luxury as a waste of money or of being artificial. More than 50% of the respondents wished that they could buy

luxury products but could not afford them.

As a result of the rise in incomes and living standards in China, the demand for luxury clothing is increasing, and the fashion trends are becoming stylish and segregated (Okonkwo, 2007). Luxury brands have set up their businesses in China because of its booming economy and the existence of a wealthy consumer group who can afford luxury fashion (Chandler, 2004; Li et al., 2013; Seo and Buchanan-Oliver, 2015). Thus, China has potentially become the largest consumer market for the luxury fashion industry.

China became a member of the World Trade Organization (WTO) in 2001, which led China to become a more globalised and modernised country, as a significant amount of communication occurred among various multinationals and China. However, these changes created conflicts in Chinese consumers' minds between the traditional ground and the quick transformation. Due to the conflict in Chinese thinking, consumerism in China differs from that of Western nations such as the UK and the USA. According to Adams (2011), Chinese customers buy luxury products to show their wealth and status, and to fit into social expectations. Generally, they concentrate on luxury products with famous and well-known logos (Wang et al., 2011). To fit into this social class, middle-class consumers regard luxury as the token to being a member of a certain social group (Chen and Sethi, 2007). This is why brand names that are widely and well-known might have the greatest impact

on influencing Chinese consumers' consumption of luxury fashion products.

However, since 2015, the economic growth in China has slowed (Frank, 2015), but the global luxury companies still view China as the most prospective market in the luxury industry with continuing development (Horton, 2016a). Dr Tina Zhou from the Shanghai-based Fortune Character Institute, a luxury research consultancy (Federico, 2016), stated in an interview that, "In the past, luxury products were a symbol of wealth and status for Chinese consumers. Now they buy luxury products for their enjoyment".

While overall sales performance of luxury products in China decreased in 2014 (Flora, 2016), it cannot be denied that there is still a high demand for luxury brands, which will not change and which will continue to develop (Frank, 2015). However, what is undoubtedly changing is where Chinese consumers are choosing to buy luxury products, the selection of luxury brands they are buying, and the profiles of the consumers themselves, which are rapidly evolving because of the varying attitudes that exist towards luxury products within the different Chinese cities (Olivier, 2017).

In summary, the luxury market share started off with only 1%, but a report from Goldman Sachs shows that the Chinese consumption of luxury products has increased to 12% globally (Zhang and Kim, 2013). In other words, luxury consumption among Chinese consumers is growing and has

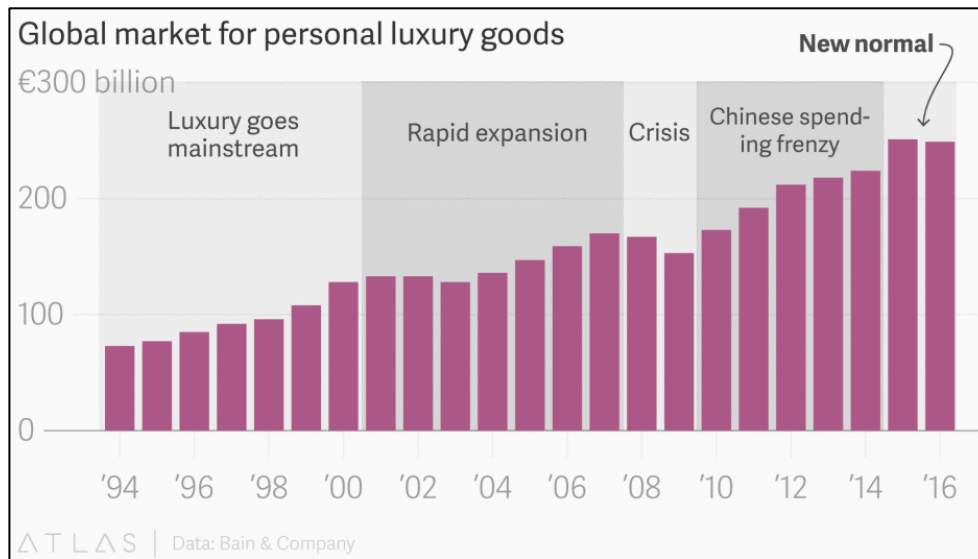


made positive progress. Furthermore, Bain and Company (2014) estimated that Chinese consumers made 47% of the global luxury purchases and they were the top and fastest-growing nationality for luxury products. The main force behind luxury consumption in China is the group aged 20-40 years old, with high academic qualifications and high income (Ernst & Young, 2016). Although the luxury market dropped in 2015 because of government crackdown, China still forecasts to be the largest luxury products market by the year 2020 (Sinha, 2014).

### **2.3 CHINESE CONSUMER LUXURY CONSUMPTION**

Research on luxury consumption has demonstrated that different consumers have different behaviours, influenced by consumer susceptibility to interpersonal factors (Bourne, 1957; Bearden and Etzel, 1982; Mason, 1998; Horiuchi, 1991; Bushman, 1993; Pantzalis, 1995). The concept of consumer susceptibility derived from the idea of control ability by McGuire (1968). The concept is in line with the previous researches where each consumer or individual is different in an order responding to the social influence (Asch, 1958; Cox and Bauer, 1964; Allen, 1965). The interpersonal influence is informational or normative, where informational influence is accepting the information that is given to another individual as evidence of the reality (Burnkrant and Cousineau, 1975; Park and Lessig, 1977; Bearden and Etzel, 1982).

**Figure 2.1: Global personal luxury products market trend (1994-2016)**



**Source: Bain and Company (2016)**

Figure 2.1 shows the global personal luxury market trend from 1994 to 2016. Briefly, from the year 1994 until the year 2000, the luxury product market had gone a mainstream where the growth of the personal luxury products was increasing (Bain and Company, 2016). From the year 2000 to the year 2007, there were ups and downs in the personal luxury market, but in the year 2008, there was a decline. The decline was due to the financial crisis which resulted in a negative growth for the personal luxury products. Since 2010, there has been a steady increase in the growth of the personal luxury products. Bain and Company (2016) reported that 30% of the consumers are Chinese and they are the primary buyers of personal luxury products.

The Chinese community has a longer history of luxury consumption than the Westerners (McNeill, 2009). Reviewing the history, the luxury

consumption corresponds with the conservations in museums all over the world consisting of Chinese artefacts, paintings, etc. According to Sun (2010), in the prehistoric era, the upper-class Chinese would pursue paintings and artefacts to show their taste and social status. This old lifestyle still resides in the Chinese consumer's mind today. Since the economy is growing, the wealthy in China are rising. When the Western culture enters the market in China, Chinese consumers desire for a luxury lifestyle (Zhang and Kim, 2013). They are willing to pay a high cost for the brands related to the luxury products. When Chinese consumers become wealthy, they choose luxury products that relate to 'the symbol of wealth' to show off their social and economic status, which is a universal psychological need (Atsmon and Dixit, 2009).

Smith and Nicholson (1887), categorised "consumption" into four segments: necessary (for life maintenance), essential (for healthy growth and prosperity), affluence (not necessary for growth and success), and luxury (limited supply, difficult to obtain and costly). Their work highlighted the physical appearance and high price of luxury. However, luxury involves far more than physical attributes as it also contains social values (Smith and Nicholson, 1887; Berthon et al., 2009).

Luxury, the highest level of prestige products, holds both conspicuous and social value (Vigneron and Johnson, 1999). When a customer buys a

luxury product, it will indicate his /her status and wealth because of the high price. Researchers (Kapferer and Bastien, 2009b) pointed out that luxury has an essential role in rebuilding social stratification. In other words, people consider luxury as a key component in defining themselves as they wish to socially.

According to Kapferer (1997), the factors that have given Chinese consumers the ability to consume luxury products are increasing wealth, a culture of modernity, and success. Usually, wealthy shoppers purchase luxury products with foreign names like Gucci, Prada, and Louis Vuitton. Alternatively, luxury consumption has a modelling influence on Chinese society for consumers who are not financially well off, where it is not far and beyond reach (Wang et al., 2011). Luxury consumption is prevalent among Chinese consumers because of their average income which is relatively medium to high in main cities in China (Wang et al., 2011).

Furthermore, consumers who live in the Chinese luxury market are different from the Western luxury market in some aspects. The age range for the Chinese consumers is 25 to 44 years old compared with developed Western countries, where the largest group of luxury consumers are aged 40 to 70 (Buchwald, 2015). This difference is because of the changes that occur in China's economic and social strata over the decades. The Chinese who are elderly, who experienced the campaigns of the "Great Leap" and "Cultural

Revolution”, had long been in difficult economic times so they are not familiar with the luxury lifestyle (Wang et al., 2011).

Furthermore, consumers who live in developed countries are more experienced, seeking from family vacations or friends, get together in particular (Wang et al., 2011). A different image crystallises in the Chinese luxury consumers who are more product-driven and focused on personal luxury fashion products such as cosmetics, bags, jewelleryes and watches (Wang et al., 2011). These luxury fashion products have been having high sales for the past 5 years. Park et al. (2007), reported that Chinese consumers had a higher level of materialism than consumers in Western developed countries that affected their attitudes towards purchasing luxury products. Materialism is more inclined towards the enhancement of status by retaining public affluence to some degree.

There are two types of luxury consumers: perennial and occasional (Guo, 2014). Perennial luxury consumers are the largest mass community who purchase luxury products whenever they want. However, occasional consumers buy luxury products when there is a significant event, such as the purchase of a ring for a marriage or world-famous watches as a birthday gift. This type of consumption existed decades ago.

In summary, the discussion in this section indicates that the Chinese consumers’ purchase behaviour regarding luxury products needed a deep

understanding because they are the potential buyers of the luxury products. This section discusses the differences of luxury purchasing between developed countries and the emerging countries. Chinese consumers mainly purchase luxury products to show their social status to others. In the next section the definition of luxury will be discussed further.

## **2.4 LUXURY DEFINITION**

Beginning with the etymology from Merriam-Webster's Dictionary, the term 'luxury' carries several meanings: "a condition of abundance or great ease and comfort; sumptuous environment; something adding to pleasure or comfort but not necessary; an indulgence in something that provides pleasure, satisfaction, or ease". The English term 'luxury' (in French called 'luxe', in Italian 'Lusso' and Spanish and Portuguese 'lujo') originally came from the Latin term 'Luxus', which means "soft or extravagant living, indulgence, sumptuousness or opulence" (Glare, 1992). Thus, the word 'luxury' is everywhere, and this term is used to refer to different realities.

McKinsey (1990), Dubois and Duquesne (1993) and Nueno and Quelch (1998) define luxury economically, describing it as a category in which prices are higher than a product that competes with similar features and where the quality percentage is the highest in the market. The definition means that products which are expensive compared to their competitors are considered

luxury items. Luxury cannot just be related to products with a high price because not every expensive product is luxurious. Luxury products share certain characteristics, such as high price, excellent quality, artistic design, tradition, status, uniqueness, attractiveness, inaccessibility, and a clear reflection of personality. To the concept of high price, one definition by McKinsey (1990) adds the idea of pleasure and rarity.

According to Berry (1994), luxury highlights beauty, while others highlight money value, which relates to how expensive a product is. Traditional luxury is identifying a new segment, a form of luxury and opposing it to its previous form (Kapferer and Bastien, 2009b). Although this term is rather complicated to define, some researchers have managed to define luxury. Webster's American dictionary defines luxury as "Anything which pleases the senses, is not necessary for life, and is also costly, or difficult to obtain; an expensive rarity; as, silks, jewels, and rare fruits are luxuries" (Webster's Online Dictionary, 1913)

Kapferer (1997) gives the following definition: "Luxury defines beauty; it is art applied to functional items. Like light, luxury is enlightening. They offer more than mere objects: they provide a reference of good taste. That is why luxury management should not only depend on customer expectations: luxury brands are animated by their internal programme, their global vision, the specific taste which they promote as well as the pursuit of their standards. [...]"

Luxury items provide extra pleasure and flatter all senses at once. [...] Luxury is the appendage of the ruling classes.” (p.253). The definition emphasizes that luxury has a symbolic value. The usage of luxury products will give some psychological benefits to the user. Nia and Zaichkowsky (2000) consider the idea of psychological benefit as a means of status or self-image development, which is the main factor that enables us to differentiate luxury products from non-luxury products.

According to Goody (2006, p.341), luxury is a concept of “refined enjoyment, of the elegance of things desirable but not essential”. According to Gao et al. (2009), luxury fashion products are used to show certain branded products that bring prestige to their owners. Using prestige products is an indicator of status and wealth, and the use of luxury can rebuild social stratification (Kapferer and Bastien, 2009b). Consumers are willing to pay the enormous difference in price for luxury brands because of certain characteristics of these products, such as premium quality, craftsmanship, recognizability, exclusivity and reputation (Economics, 2007)

According to Phau and Prendergast (2000), “researchers and luxury specialists are still hesitant in coming to luxury definition with an encompassing one. The term has largely had to do with the subjectivity of the word ‘luxury’. What is a luxury to one may just be ordinary to another” (p.123). They have noted that what creates luxury products is subjective. Defining the



concept of luxury is more than difficult, but it is useful to understand what the meaning of luxury is. Therefore, in the literature on luxury, Kapferer and Bastien (2009b) observe that luxury is substantial and gives rise to the invention of many concepts around this notion.

Kapferer and Bastien (2009b) define the term 'luxury' beyond its economic features as a premium product that is of high quality and expensive, while the idea of luxury is much more multifaceted and is, essentially, the concept of pleasure. They argue "when it comes to luxury, hedonism takes priority over functionality and this is a major distinction with premium brands" (p.315). Past research explains 'luxury' by studying the history of the term (Kapferer and Bastien, 2009a, b). Kapferer and Bastien (2009a) state that luxury is "the visible result of hereditary social stratification" (p.313). For them, even today, "luxury, then, has this fundamental function of recreating this social stratification" (p.314) but in a free manner.

Consumers show strong positive or negative feelings with other luxury users who might express indifference. Individuals have spontaneously associated the term 'luxury' with expressions such as upscale, quality, good taste and class, as well as flashiness and bad taste. It is now evident that luxury products fulfil one's needs functionally and psychologically (Dubois et al., 2001). Economic and symbolic approaches are shared by Keller (2009) in defining ten characteristics of luxury brands. They include the "practical

aspects – quality of the products, brand elements, premium pricing strategy... but also symbolic needs, which make the perception of what is luxury very personal and peculiar to each consumer – premium and inspirational image, intangible brand associations and secondary associations” (p.291-293).

According to Riley et al. (2004), luxury products are aimed at niche market segments and have a unique distribution, but mass products are mass marketed and distributed. Usually, consumers will give importance to functionality and value when purchasing high-class products. At the same time, they are mainly influenced by brand names and status when making decisions to buy luxury products. Although a globally recognised definition of luxury products does not exist in the marketing literature, it is clear that luxury products carry both private and social values apart from the functional utility. Luxury products are symbols of personal and social identity (Vickers and Renand, 2003), and consumer behaviour regarding luxury products is the result of motives of sociability and self-expression (Vigneron and Johnson, 1999; Vigneron and Johnson, 2004).

In sum, the term ‘luxury’ is a multidimensional concept, inclusive of notions of the quality and function as well as symbolic and psychological concepts such as pleasure and social recognition. On the other hand, from different perspectives, it is quite difficult to define luxury. This research represents luxury from the Chinese perspective and can be defined as, “luxury

is a product that can bring an extraordinary experience to consumers. Individuals are very obsessive of those luxury products which have excellent global appearances and have symbolic meaning where it is more than the functional benefits.”

This research investigates luxury products under the category of fashion products, which are apparel, jewelry, perfume, fragrances, cosmetics, handbags, purses, shoes, watches, sunglasses, ties, gloves and belts. This research which defines the concept of luxury fashion products is an understanding that satisfies a particular desire and is known as anything pleasant to that particular desire. China’s luxury fashion industry has expanded dramatically and has experienced a remarkable change in the past decade (Horton, 2016b). With the rapid growth of China and its enormous population, the country offers the largest consumer market for the luxury fashion industry. Because of the increase in incomes and living standards, the demand for luxury clothing has grown, and the trend is becoming stylish and segregated. Luxury companies set up their businesses in China because of this booming economy and the existence of a wealthy consumer group that can afford luxury fashion (Chandler, 2004; Horton, 2016b).

More than 100 years ago, luxury stores were established and maintained by families. For example, Burberry was founded in the UK in 1856 by Thomas Burberry as a family store; he was the owner who also ran the

business (Collins, 2009). In 1921, Gucci was set up in Florence, where it was run and managed by family (DeFanti et al., 2013). Later, in 1980, Bernard Arnault, Francois Pinault and Johann Rupert were three luxury designers who set up Louis Vuitton, Kering and Richemont, respectively, establishing these brands with the Multinational Corporation and becoming dominant in the luxury market (Som and Blanckaert, 2015). In the 20<sup>th</sup> century, luxury products could get into by consumers all over the world (Som and Blanckaert, 2015).

While the overall sales performance of luxury fashion products in the Greater China region has been quiet over the past year, there is no denying that there is still a high demand for luxury brands, which is not going to change (D'Arpizio et al., 2016). However, what is undoubtedly changing is where Chinese consumers are choosing to buy luxury products, the selection of luxury brands they are buying, and the profiles of the consumers themselves, which are rapidly evolving because of the varying attitudes that exist towards luxury within the different Chinese cities (D'Arpizio et al., 2016).

As a result of globalisation, people are more organised but still strong differences remain, as the concept of luxury is more than opposed to various concurrent realities. In some places in the world, water might be said to be a luxury product, while in other parts luxury products are related more to expensive jewellery, cars and clothing.

## 2.5 LUXURY VALUE

There have been some attempts by researchers to define value. Zeithamal (1988) defines value as an overall assessment of the subjective worth of a product or service considering all relevant evaluative criteria. This definition is related to luxury products consumption and social and personal outcomes (Shukla, 2010). Previous value perception research has focused on quality and price issues, and there is no evidence of the agreement between the scholars concerning the conceptualization (Babin et al., 1994).

The normative influence is more to value expressive/ utilitarian where value expressive is the reflection of the consumers' desire for social image under the same social group and how they feel for the other consumers in the same group. Meanwhile, utilitarian influence is the expectation of the consumers to gain rewards or to accept the punishments that have been mediated by others (Burnkrant and Cousineau, 1975). The influencing factors are necessary in making decisions (Ajzen and Fishbein, 1980; Kiel and Layton, 1981; Gatignon and Robertson, 1985).

However, Dubois and Laurent (1994) explain the personal aspects of consumer behaviour which are hedonism, situational aspects (Vigneron and Johnson, 1999; Vigneron and Johnson, 2004) which need to be well-thought-out, and interpersonal characteristics (Leibenstein, 1950; Mason, 1998).

Typically, luxury products are known as hedonic products because the products provide emotional experiences and values such as pleasure and fun (Bilge, 2015). According to Sawhney and Eliashberg (1996), hedonic products will make the consumer judge the quality of the product before consuming it. Situational aspects include economic, social and political factors in influencing consumer consumption.

However, the influencing factors above are not enough to explain the whole picture of the consumer consumption of socially oriented consumers (Dennis et al., 2009; Wong and Ahuvia, 1998; Vigneron and Johnson, 1999; Vigneron and Johnson, 2004). There should be a broader perspective in order to explore and investigate the perception of consumers and their motives in purchasing luxury products. Previous research shows that one way to identify luxury products is by using multidimensional models (Dubois and Duquesne, 1993; Vickers and Renand, 2003; Vigneron and Johnson, 2004; Wiedmann et al., 2007).

Nueno and Quelch (1998, p.61), state that “luxury brands are those whose ratio of functional utility to price is low while the proportion of intangible and situational utility to price is high”. Vickers and Renand (2003) propose using a three-dimensional model to differentiate between luxury and non-luxury products. They recommend separating the products based on functional, experiential, and interactional symbolic dimensions to highlight that luxury products are high in personal and social identity, whereas non-luxury

products remain elevated in the functional aspect. Luxury products can deliver tangible and intangible qualities where finally, the luxury products can satisfy consumer's material and symbolic needs (Djelic and Ainamo, 1999; Wiedmann et al., 2007).

Earlier research on consumers' value perception has identified four value concepts: exchange value, intrinsic value, use value, and utilitarian value (Woodall, 2003). Exchange value is influenced by the nature of the product and its market. Exchange value and intrinsic value are known to be more objective. The exchange value and the intrinsic value are dependent on the accountable values and are predicted in both cost and scarcity. Meanwhile, use value and utilitarian value are more subjective. Intrinsic value and use value are known as the interaction of the object and the subject before, during or after the consumption. Utilitarian value is "subject-based, and can be identified at the point when intrinsic, and use value are compared with the sacrifice the subject is required to make to experience those forms of value (p.6)" (Woodall, 2003).

According to Berthon et al. (2009), the perception towards luxury fashion products consists of three value dimensions such as experiential, symbolic and functional value. All these aspects impact the drivers in consuming luxury products. Functional value is rationalised by satisfying the consumer with the quality of the product (Vigneron and Johnson,

1999; Berthon et al., 2009). Experiential value is more related to the feelings and fantasies that are connected to experience (Hirschman and Holbrook, 1982). The experiential value affects the consumers' identification and their behaviour towards luxury products. Lastly, symbolic value is related more to the consumers' wealth and their values. It can be concluded that value is extending one's self and his or her conspicuousness.

Tynan et al. (2010) extend the framework of Smith and Colgate (2007) using exploratory research. Four dimensions are critical to value creation: symbolic/expressive, experiential/hedonic, utilitarian/functional and cost/sacrifice values (Smith and Colgate, 2007). In a critical study by Tynan et al. (2010), three indicators of luxury value are discussed. First, the luxury value perception might have a strong social dimension that takes into account both self and others while acquiring luxury products. Secondly, the reputation of the luxury personal dimension relating to experience and pleasure are noted. Third, luxury products are well known for their high quality and functionality, which have a relationship with price perception. However, Tynan et al. (2010) stress the need to test the value perception framework. The framework is mainly to extend the validity and reliability of the theoretical foundation.

Vigneron and Johnson (2004) focus on the decision-making process in buying luxury products and classify two dimensions of luxury value perception,



which are personal perception and non-personal perception. There are five main factors such as perceived extended self, perceived hedonism, perceived conspicuousness, perceived uniqueness, and perceived quality. The study revealed that the structure of the interrelations between the principal meanings of the luxury concept inspires the decision-making process that happens when evaluating the luxury brands. Not only that, the study proved that the luxury values are multidimensional.

Wiedmann et al. (2007) extend the framework using four dimensions developed by Vigneron and Johnson (2004). They are social value (conspicuous value, prestige value), functional value (usability value, quality value, uniqueness value), individual value (self-identity value, hedonic value, materialistic value) and financial value (price value). The study analyses the variables that influence the consumer perception in buying luxury products. The variables represent the individual judgements towards particular luxury products and are not an objective valuation. The judgement is grouped into four luxury values, and these luxury values justify the consumer's purchase. Later, Wiedmann et al. (2009) the model with four main key value perceptions. This model was used to find a significant relationship between luxury value perception and luxury consumption. In this study, the four dimensions are explored as presented in Wiedmann et al. (2007) and explained.

Value perception plays a central role in subjective human experiences (Varela et al., 1999) and this domain is crucial to understanding cross-cultural consumer behaviour in luxury consumption. This research examines how individual, functional, social and financial luxury values affect customers' attitudes, behavioural control and subjective norms in luxury purchase intentions. This research is tested on consumers in China, which is 13% of the global luxury market (Bain and Company, 2014). Cities such as Hong Kong stand as global hubs of the luxury market in the evolution of luxury trends (Bilge, 2015; Zhang and Kim, 2013).

In summary, the evidence shows that luxury value perception is theoretically well developed and understood. The increase in the global nature of the luxury business and luxury consumers focusing on the perception of luxury consumption are crucial and essential. Previous studies focused on past luxury purchases. This study investigates a broad sample of consumers who buy luxury products. In the next section, the luxury value dimension is explained one by one.

### **2.5.1 Individual Value**

Individual values are more related to the consumers' understanding of luxury by addressing their needs and what they desire. While there are researchers who propose that there is a strong relationship between social value

perception and luxury consumption, Tsai (2005) suggests that one of the emerging thoughts in the area of luxury consumption is the importance of personal value perceptions. According to Wiedmann et al. (2009), the personal perception “focuses on the consumer’s orientation towards luxury consumption” (p.628). Personal values are related to luxury consumption, which is linked more to individual achievement such as materialism (Kapferer and Bastien, 2009b; Richins and Dawson, 1992; Vigneron and Johnson, 2004), experiential/hedonic and self-identity value (Hirschman and Holbrook, 1982; Shukla and Purani, 2012; Vigneron and Johnson, 2004). All these values deal with the consumer’s emotional profit in consuming a product.

According to Wong and Ahuvia (1998) and Wiedmann et al. (2009), consumers with personal-oriented values can identify their ‘self’ with a particular product, gain a satisfying experience and match their tastes to the product images. Personal-oriented consumers obtain self-directed pleasure from luxury consumption by focusing on the achievement of hedonic gratification and self-awareness rather than pleasing others (Tsai, 2005). This research focuses on three sub-dimensions of personal value perception: self-identity value, hedonic value and materialistic value.

### **2.5.1.1 Self-Identity Value**

Self-identity has been defined as the label used to describe oneself (Mehta, 1999; Sirgy and Johar, 1999; Jamal and Goode, 2001) and relates to a particular behaviour (Conner and Armitage, 1998). Self-identity and values are viewed as critical effects in environmental preferences, intentions and behaviour (Gatersleben et al., 2002; Sparks and Shepherd, 1992). Numerous researchers have proposed that there is a relationship between values and self-identity. For instance, Crompton and Kasser (2009) state that “values and life goals are the aspects of people's identities that reflect what they deem to be desirable, necessary, and worthy of striving for in their lives” (p.8). According to Verplanken and Holland (2002), “values may form significant elements of a person's self-concept and consequently contribute to a person's intelligence of identity” (p.434).

Sparks and Shepherd (1992) indicate that “a person's self-identity would reflect in that person's beliefs, values, and attitudes” (p.390). Many writers, therefore, propose a connection between values and self-identity, and some even recommend that they are related to a particular point. According to Sparks and Guthrie (1998), one of the qualities a person has to show is self-identity. Previous research demonstrates that self-identity is one example of attitude. A consumer's attitude is one of the factors in purchasing intention,

whereby consumer behaviour is predicted through self-identity. Consumers behave based on a variety of psychological values.

Self-identity does not have the same impact in all societies, and the effect on purchase intention varies from a cross-cultural perspective. Consumers in the USA stressed that they are influenced more by individual values, compared to consumers from India and Brazil (Hennigs et al., 2012). Not only that, Spanish consumers' purchase intention is not affected by individual values. Some consumers who are entrenched in their self-identity reflect luxury as a foremost part of their lives. Those consumers are high in their desire for status and hedonics. Indeed, those consumers consider their values more seriously than social values.

#### ***2.5.1.2 Materialistic Value***

Since the 1950s, the topic of materialism has been widely explored in the area of consumer behaviour. Materialism is interpreted from different angles by researchers because they have not concluded on one definition (Richins and Dawson, 1992). In any definition of materialism, the roles of possession and acquisition play an important part (Daun, 1983; Bredemeier and Toby, 1960). Materialism is known as the notch where an individual feels that the ownership of luxury plays a significant role in their life (Chang and Arkin, 2002). The more

materialistic consumers are, the more likely they are to have positive attitudes related to the acquisition and to assign a high priority to material possessions.

Highly materialistic individuals have more desire for in luxury and have a habit of spending more time and energy on product-related events (Belk, 1988). According to Richins and Dawson (1992) and O’Cass (2002), when individuals are highly individualistic, they rely on external clues that will result in favour of the ownership that they had on what they consumed. The consumer can be related to the empathetic notion of materialists where properties serve as an indication or foundation of communicating and portraying impressions of who they are and what their status or position is (Belk, 1988).

### ***2.5.1.3 Hedonic Value***

Two directions exist in the consumer behaviour research that is dedicated to the analysis of the buying phenomenon. The representatives of the first course propose a theory that buying is motivated by personal factors, while other researchers focus their attention on more holistic and hedonic shopping motives (Guido, 2006). It has been pointed out in recent research that hedonic aspects of shopping have a significant impact on the buying process. The hedonic aspect includes various shopping motives that are related to the seeking of pleasure (Kang and Park-Poaps, 2010).

Certain products and administrations convey an emotional worth added to their practical utility (Hirschman and Holbrook, 1982; Sheth et al., 1991; Westbrook and Oliver, 1991). Previous studies in luxury consumption show that luxury products provide individual intangible benefits (Dubois and Laurent, 1994). Previous research has demonstrated that luxury is associated with emotional responses, such as pleasure, beauty and excitement (Vigneron and Johnson, 2004).

The objective of a hedonic shopping process is related to achieving satisfaction and pleasure, such as the stimulation of joy, entertainment, fantasies and senses, but not the purchase of a particular product or service. The process means that the hedonic shopping aspect is usually displayed through the joy which is felt by using the purchased product or through the pleasure and new experiences gained while shopping (Dhar and Wertenbroch, 2000; Kim, 2006; Parsons et al., 2010). The 'success' of the buying process is measured by a subjective emotional and aesthetic approach.

### **2.5.2 Social Value**

Social value has a great impact on the consumption of luxury products and affects the evaluation of purchasing a product. Social value refers to the perceived utility that consumers acquire by consuming the products or

services that are recognised by their own social group(s) (Bearden and Etzel, 1982; Brinberg and Plimpton, 1986; Kim, 1998; Vigneron and Johnson, 2004; Vigneron and Johnson, 1999; Liu and Hu, 2012; Sheth et al., 1991). According to Kapferer (1997), consumers' social value patterns can be identified if they act in congruence with their own rationality and self-interest.

Tynan et al. (2010) point out that consumers' own choices and expectations of others' choices in situations in which the consumers share influence over their choices will vary. Consumers frequently purchase products according to what the product means to them and to others in their social-reference group (Wiedmann et al., 2007, 2009). Shukla (2012) identifies that consumer behaviour results from social norms and the expectations of socialisation-oriented foundations. One of the most important factors that influences consumer behaviour is the desire to obtain status or social prestige from purchasing and consuming a particular product (Shukla, 2010).

There are two main reasons behind luxury consumption: social salience and social identification (Tsai, 2005). This idea is found in the theory of impression management (Goffman, 2012), which highlights that subjective factors significantly influence consumers in creating a social image from purchase behaviour outcomes. Belk (1988) discusses one of the factors that affect consumer behaviour as the desire to achieve status from the acquisition and consumption of a product. From the basis of the previous research, there



are two sub-dimensions of social value perception: conspicuous value and status value.

### ***2.5.2.1 Conspicuous Value***

Conspicuous value originates from the consumption process and focuses on the display of wealth (Mason, 1998). Consumers purchasing luxury products perceive conspicuous value. They attach greater importance to price as an indicator of prestige because their primary objective is to impress others. Conspicuous value is an important part of shaping consumers' favourites among the products they purchase and use in the public context. This was demonstrated by previous researchers (Vigneron and Johnson, 2004; Wiedmann et al., 2009). Consumers build their social presence through luxury products, and this has been an ideal medium (Belk, 1988; Belk, 1999; Shukla, 2011). Consumers gain prestige by purchasing luxury products; this concept is referred to as "conspicuous consumption" (O'Cass, 2002).

Luxury products have always been associated with wealth, exclusivity and power and have been identified with the satisfaction of non-essential wants (Dubois and Laurent, 1994). In this manner, consumers will prefer luxury brands, which are associated with the conspicuous instruction.

### **2.5.2.2 Status Value**

While conspicuousness is related to external displays of wealth, O'cass and McEwen (2004) propose that luxury products may also be bought for status-laden reasons. They differentiate between conspicuous and status dimensions of luxury and suggest that status value is connected with consumers' need to gain prestige from the acquisition of status-laden products. In their study, they use real consumers, perceptual mapping and 26 brands across three luxury product categories (Truong et al., 2008) to support the difference between status value and conspicuous value. The hunt for status through consumption appears to be a phenomenon. People's desire to possess luxury products serves as a symbolic sign of group membership. Sirgy and Johar (1999) state that this symbolic sign influences individuals wishing to follow wealthy lifestyles.

### **2.5.3 Functional Value**

The functional value perception refers to the benefits of a product and its utilities, such as quality, uniqueness, usability, reliability and durability (Sheth et al., 1991). These values are known as perceived quality or utilitarian value (Shukla and Purani, 2012; Vigneron and Johnson, 2004). Apart from the social and personal value perception, consumers want luxury products to be usable, of high quality and unique to satisfy their needs (Wiedmann et al., 2009).

In the luxury consumption literature, personal value perception is driven by hedonic attitudes, and functional value is influenced by utilitarian attitudes which focus on product usability. One of the important purchasing factors is the usability of a product (Han et al., 2013). Usability has two perspectives: ease of use (by individual performance) and effectiveness of use (by actual performance). One of the luxury product characteristics is quality (Shukla, 2012) and this aspect is the most influential in purchasing (Hennigs et al., 2012).

Tian et al. (2001) find that the need for uniqueness is one of the roles fulfilled in luxury consumption. Researchers argue that when a product is unique, the value of the product will increase, which leads to improvement in an individual's societal hierarchy. This is in conjunction with the thought in the field of perceived quality that hand-made luxury brands offer excellent quality and performance compared to non-luxury brands (Dubois and Laurent, 1994; Vigneron and Johnson, 2004). In this research, three sub-dimensions are examined: uniqueness value, usability value and quality value.

### ***2.5.3.1 Uniqueness Value***

Product uniqueness is one of the critical features in developing a brand's appearance and the image presented to consumers. The rarer or more unique

the product, the more value it symbolises, at least from a consumer's perspective (Sun, 2010). The 'Birkin bag' made by Hermès is a good example. Consumers purchase luxury products mainly because they are looking for uniqueness. Researchers have studied the relationship between luxury brands and the need for uniqueness (Miremadi et al., 2011). Uniqueness value is an exclusiveness factor offered by luxury products. This notion is often used in marketing promotions, and this concept is also well documented (Pantzalis, 1995).

Traditionally, luxury consumers expect distinction and exclusivity from expensive designer items. Because of the high price and rarity of luxury products, consumers conclude that luxury products will satisfy their need for uniqueness and will differentiate them from others. Research studies have also shown that people with a high need for uniqueness favour rare, innovative, and non-traditional items (Workman and Caldwell, 2007).

Social standards control the need for uniqueness. Consumers want to be different but, at the same time, they need to be socially accepted. Ruvio (2008) has studied the role of consumers' need for uniqueness, concentrating on the role of the need for uniqueness among fashion consumers. The results provide a new theoretical view of the communication between consumers' needs for uniqueness and social difference, associated with the concept that consumers want to express their uniqueness safely without damaging their

social standards. Consumers differ in their desires for uniqueness. The desire to engage in consumer behaviours that avoid conformity is not the same for all consumers. However, fashion opinion leaders are expected to purchase luxury brands to satisfy their desire for uniqueness.

Workman and Kidd (2000) have studied the need for uniqueness among fashion groups. They developed a need for a uniqueness scale to determine the characteristics of fashion consumer groups. The purpose of their study was to identify differences among fashion opinion leaders, fashion innovators, innovative communicators, and fashion followers in their need for uniqueness. The results show that there was a significant difference among fashion groups (Workman and Kidd, 2000). Although this study shows various levels of need for uniqueness among different consumers, it does not illustrate their desire to purchase expensive and luxury products. The study of consumers' need for uniqueness can provide a better understanding of consumer behaviour, as it relates to their motivation towards luxury products.

### ***2.5.3.2 Usability Value***

The core benefit of a product or service can be seen in its usability for satisfying consumer needs. Hence, one must differentiate between objective and subjective judgements of usability that depend on individual evaluation and the particular purpose of use (Wiedmann et al., 2007). About basic usage,

consumers expect the item they buy to work properly, look good, last a long time, and perform as expected and as promised (Fennell, 1978).

In this case, we want to know from the consumers' perspective of luxury items whether they have useful features and are necessary for life. According to Park and Lessig (1981), the term 'usability' is examined and assumed regarding ease of use and can be defined by physical-chemical-technical (e.g., technical superiority), concrete or abstract product/service dimensions.

### ***2.5.3.3 Quality Value***

Consumers may associate luxury products with superior brand quality and reassurance so that they perceive more value from them (Aaker, 1991). Also, high quality is seen as a fundamental characteristic of a luxury product with regard to the situation (Quelch, 1987). One of the reasons consumers buy luxury brands is for the superior quality reflected in the brand name. This is congruent with the assumption in the field of perceived quality that luxury brands offer greater product quality and performance than non-luxury brands (Quelch, 1987; Vigneron and Johnson, 1999; O'Cass, 2002). Quality is one of the main dimensions that characterise luxury products and attract people to purchase them. It is usually related to a high price.

Huang and Tan (2007) conducted a study to determine the factors that

affect apparel design and quality in Taiwan. They found that fashion sensitivity, material application ability, colour sensitivity, fashion trend, fashion market positioning, and management are factors that have an impact on the quality of apparel design. Likewise, fashion style, cloth quality, cut quality, discounts, and personal favourites are key factors that affect a consumer's choice of apparel products. Market analysis and market development are essential for ensuring that consumers will rank a product highly. From this study, it can be observed how important quality is in the apparel sector.

Perry and Kyriakaki (2014) examine the decision-making process used by luxury fashion consumers in Greece, applying the Sheth (1981) model. They found that quality was the most important criterion in selecting suppliers and evaluating merchandise. Other important factors were design, style, fashion ability, brand reputation, and appropriateness.

#### **2.5.4 Financial Value**

The financial dimension refers to direct monetary aspects, such as price, resale cost, discount and investment. The financial dimension relates to the value of an item whereby consumers will make a sacrifice to obtain such a product (Ahtola, 1984; Chapman, 1987; Hennigs et al., 2012; Mazumdar, 1986; Monroe and Krishnan, 1985; Smith and Colgate, 2007). Prestige pricing, which is setting a rather high price to suggest, for example, high quality/status

(Barksdale, 1976), may even make particular products more desirable (Groth and McDaniel, 1993).

It is important to realise that a product does not have to be expensive to be a luxury good and is not luxurious just because of the high price. However, a high price might be a signal for uniqueness, exclusivity and high quality. Lichtenstein et al. (1997) mention that a great rate can either stimulate purchase or cause a consumer to postpone or give up a purchase according to the consumer's perception. Wiedmann et al. (2007) proposed perceived price as an indicator of the outstanding quality or exclusivity of a luxury product or service. There is one sub-dimension that is focused on in this research: price value.

#### ***2.5.4.1 Price Value***

Referring to luxury products, many authors have shown and established that the price of a product may have a positive role in determining a perception of high quality (Lichtenstein et al., 1988; Tellis and Gaeth, 1990; Erickson and Johansson, 1985). There is a positive relationship between quality and cost. The relationship between price and quality is evident in luxury products (Stamper et al., 1986). Research has demonstrated that consumers use the price of a product to determine that product's quality (Brucks et al., 2000).



According to Beverland (2005), price and quality go hand in hand. Thus, luxury brands are characterised by high price and excellent quality.

Lalwani and Shavitt (2013) conclude that there is a strong relationship between price and quality, and consumers have a high tendency to use price information to judge the quality of a product. However, it is important to realise that a product or service does not have to be expensive to be a luxury good and is not luxurious just because of its price. Luxury consumers are demanding more value along with their luxury.

### **2.5.5 Section Summary**

From the literature above it can be seen that all the luxury values operates independently. Since consumers' have changed from traditional consumption to experimental consumption, the understanding of why consumers buy luxury products and how these impact their buying decisions need to be identified. In order to understand this situation better, this research will examine further the Chinese consumers.

## **2.6 CONSUMER KNOWLEDGE**

The study of consumer knowledge has a long history in consumer research and holds a flagship position, as one of the concepts that has been consistently defined and applied since its introduction into this discipline.

Consumer knowledge is a relevant and significant area of this research, as it attempts to examine processing characteristics. It is crucial to investigate how these characteristics influence the way in which consumers gather and organise information and, subsequently, what products they decide to purchase (Alba and Hutchinson, 1987; Alba and Hutchinson, 2000; Bearden et al., 2001). Understanding how consumers coordinate information about a brand from a product category in memory has become an important topic in consumer behaviour decision making (Hutchinson et al., 1994; Nedungadi et al., 2001; Rose et al., 1990).

One reason for this interest is that it has frequently been demonstrated that how much information is in memory affects the appropriate information to retrieve about a judgment (Hutchinson et al., 1994; Nedungadi, 1990; Wyer Jr and Srull, 2014). More recently, researchers have tried to conceptualise and measure this whole construct. Consumer knowledge is a significant consumer construct that influences how consumers gather information and organise it. This information relates to what types of products consumers buy and how they use them (Alba and Hutchinson, 1987). Consumer knowledge can influence the purchase intention in several ways. Rao and Monroe (1988) argue that consumer knowledge influences the information processing of the consumers and this influences their purchasing behaviour. It means the more knowledge that a consumer has about a particular product, the better he and

she can understand the product and this can affect the buying intention of the consumer.

According to Rao and Monroe (1988) and Rao and Sieben (1992), there are implications for knowledge level on quality judgments and price acceptance, in addition to the use of tangible versus intangible product cues. Objective information that is available will be utilised by high-knowledge consumers, while low-knowledge consumers will use more subjective information and some recommendations by others (King and Balasubramanian, 1994). Previous research identifies a difference in the term of “what they know,” and “what they think they know” in various contexts (Alba and Hutchinson, 1987; Alba and Hutchinson, 2000; Moorman et al., 2004). Huffman and Houston (1993) found that, in a choice situation, higher-knowledge subjects put on more precise knowledge than lower-knowledge subjects did. Therefore, knowledge influences any suggestions used, and this, in turn, will have a great impact on the judgement.

Consumer knowledge is traditionally known as a one-dimensional construct, but Alba and Hutchinson (1987) identified two sub-dimensions of consumer knowledge which are familiarity and expertise. The first sub-dimension is familiarity, or product-related perspective which is the first component of product knowledge. Alba and Hutchinson (1987) define familiarity as “the number of product-related experiences that have been accumulated by the consumer” (p.411). Familiarity has been functioning as

accumulated purchases (Anderson and He, 1998), product usage (Johnson and Russo, 1984), search, ownership, and knowledge (Bettman and Park, 1980; Park and Lessig, 1981; Park et al., 1994). Although product-related experience is expected to contribute to improved ability to use a product, it is neither a necessary nor a sufficient condition for product expertise. There is evidence to suggest that consumer knowledge plays a role in the achievement and assessment of extrinsic cues.

Consumers' direction and efficiency of search vary with knowledge. The content of information sampled varies with the level of expertise (Jacoby et al., 1986; Simonson et al., 1988). Experts also distribute their search among alternatives in a different way from novices, using more processes that are deductive. Experts' search across options has greater variance than that of novices, as experts spend less time acquiring information about unsuitable attributes (Brucks, 1985; Selnes and Troye, 1989). Finally, small- and high-expertise consumers place greater reliance on price and brand as quality cues than those with moderate knowledge (Park and Lessig, 1981), and examine more extrinsic clues relative to intrinsic clues (Rao and Sieben, 1992).

The second dimension is expertise and it is defined as the "ability to perform product-related tasks successfully". It includes both the cognitive structures (e.g.: beliefs about product attributes) and cognitive processes (e.g.: decision rules for acting on those beliefs). Increased familiarity with a brand

may result in a better developed knowledge structure - both in terms of the knowledge an individual has stored in memory as well as what people perceive they know about a brand (Brucks, 1985).

Thus, one can argue that consumer knowledge in the form of consumer expertise influences consumers' attitudes and purchase intentions of buying a certain line of products. No research, as yet, has focused on the relationship between consumer expertise (consumer knowledge) of a product category and their attitudes and purchase intentions of that product category and, thus, no conclusions have been drawn about this relationship. However, as consumer expertise increases as familiarity increases one can argue that consumer expertise (Alba and Hutchinson, 1987), as being one dimension of consumer knowledge, also influences consumers' attitudes towards purchase intentions of the respective product category.

Previous research demonstrated that consumer knowledge has unique measures (Brucks, 1985; Park et al., 1994), influences searching and choosing behaviour (Radecki and Jaccard, 1995; Raju et al., 1995), has unique factors (Radecki and Jaccard, 1995; Park et al., 1994) and different correlations (Brucks, 1985 [0.54]; Ellen 1994 [0.08]; Park et al. 1994 [0.65]; Radecki and Jaccard, 1995 [0.05]. As an assumption, when consumers' knowledge increases, they prefer a product for which they can know about characteristics that match their image and facilitate that image. Indeed, less

knowledgeable consumers will always go for their preferred brand and do not have any alternatives for their consideration when they purchase a product. The notion that knowledge affects one's attitude and behaviour is well in line with Fishbein and Ajzen's Theory of Planned Behaviour. They argue that one's beliefs which can be linked to the concept of knowledge in so far as belief can be seen as defensible knowledge (Shoham and Moses, 1993) functions as the basis for one's attitudes.

There are some identified gaps in the literature. Past research on consumer knowledge mainly dealt with durable and sophisticated products such as electronic appliances and consumer products (Phau and Prendergast, 2000; Estelami and De Maeyer, 2004; Monroe and Lee, 1999). Few studies have investigated luxury products. The consumer does not get involved in information searching and processing for low involvement products (Hoyer and MacInnis, 2000). They rely more on their knowledge to purchase a certain product.

The level of a consumer's knowledge may affect his/her information and decision-making behaviour (Brucks, 1985; Park, Mothersbaugh, & Feick, 1994). Two knowledge constructs have been distinguished (Brucks, 1985; Park et al., 1994). The first one is objective knowledge: accurate information about the product class stored in the long term memory. The second one is subjective knowledge: people's perceptions of what or how much they know

about a product class. Although subjective and objective knowledge are related, they are distinct in two aspects (Alba & Hutchinson, 1987; Brucks, 1985).

First, when people do not accurately perceive how much or how little they actually know, subjective knowledge may over or under estimate one's actual product knowledge. Second, measures of subjective knowledge can indicate self-confidence levels as well as knowledge levels. That is, subjective knowledge can be thought of as including an individual's degree of confidence in his/her knowledge, while objective knowledge only refer to what an individual actually knows.

As discussed in the previous section, one component of perceived behavioural control in the theory of planned behaviour reflects a person's self-confidence in the ability to conduct the behaviour. If a person has strong knowledge, he will have higher confidence in the ability to carry on the consumption behaviour. His/her attitude toward the act already shows this confidence. The attitude toward the behaviour can overshadow the effect of perceived behavioural control. Therefore, the effect of perceived behavioural control on behavioural intention will be weaker when consumers' knowledge is high.

On the other hand, if a person has lower knowledge, s/he will have less confidence in the ability to carry out the consumption behaviour. When forming behavioural intention, attitude toward the act will not be the dominating antecedent. Perceived behavioural control, on the other hand, will become an important factor of consideration. Therefore, consumer knowledge, may moderate the relationship between perceived behaviour control and behavioural intention.

This research investigates how far consumer knowledge affects their purchase intention. Moreover, this research investigates how consumers use their knowledge in processing the information that they have in purchasing luxury products. The role of consumer knowledge will be understood in the context of Chinese consumer perception. The next section will identify the theoretical foundation related to this research.

## **2.7 THEORETICAL FOUNDATION**

The previous discussion on luxury products indicates that luxury fashion consumption needs social and personal understanding when purchasing luxury products. This research investigates how luxury value perceptions (individual, social, functional and financial) influence Chinese consumers' purchasing intention on luxury fashion products. Research on consumer behaviour is an integrative ground that focuses on the products that they buy,



why they are buying and how they are buying the products. The main aim in studying consumer behaviour is to understand, to explain and also to predict the consumer's actions.

According to Blackwell et al. (2001), to get an appropriate answer as to why people buy the products and consume the products needs investigation from many aspects such as motivation, personality, attitude, and situation. At times, the products that we are investigating will have a strong influence on consumer purchasing behaviour. In this research, the luxury fashion product will be used where it has a significant impact on the consumers' behaviour and their decision-making process (Nawaz et al., 2014).

This study utilises two psychological theories, the Theory of Reasoned Action (TRA) and the Theory of Planned Behaviour (TPB) (Fisbein and Ajzen, 1975; Ajzen and Fishbein, 1980) as the theoretical foundation of this research. This study employs the Theory of Reasoned Action and the Theory of Planned Behaviour because many types of research have adopted them based in recognizing the intentions and the behaviour of the luxury consumers towards their subsequent actions.

These debates are linked to the TPB where it takes into account not only the consumers' intention but also the social relations and their reasons for the actions. Since the capacity of the consumer to act in the luxury environment is strong, it is easy to understand the consumers' engagement

and their power towards the luxury products. In order to understand the fundamental determinants of behaviour, the goal has been dominantly useful for decision-making sciences (Westaby, 2005). This means that behavioural intention models assume that the belief context (behavioural belief, normative belief and control belief) has significantly advanced the understanding of different behavioural determinants (Fisbein and Ajzen, 1975; Ajzen and Fishbein, 1980).

The conceptual framework relies on the Theory of Reasoned Action and also on both the Theory of Reasoned Action and the Theory of Planned Behaviour (Ajzen, 1991; Ajzen and Driver, 1992) to explain the fundamental basis of behaviour (p.97). The theories of Theory of Reasoned Action and Theory of Planned Behaviour and their relevant research are discussed in the following subsections. Section 2.7.1 discusses the Theory of Reasoned Action and section of 2.7.2 examines the Theory of Planned Behaviour.

### **2.7.1 Theory of Reasoned Action**

The Theory of Reasoned Action (TRA) considers that behaviour is affected by behavioural intention, which is, in turn, influenced by attitude and subjective norms. When an individual performs a behaviour, this will lead to some concerns and the concerns will be evaluated. it is related to a person's attitude to performing a particular behaviour. The subjective norm (SN) is the

social pressure on performing that particular behaviour. Ajzen and Fishbein (1980) added certain external variables, such as demographics, attitude and personality.

Martin Fishbein and Icek Ajzen proposed a model called the Fishbein Behavioural Intention model in 1975, known as the Theory of Reasoned Action (Fishbein and Ajzen, 1975) and later elaborated to the Theory of Planned Behaviour (Ajzen and Fishbein, 1980). The Theory of Reasoned Action assumes that humans are rational and use the information that they have systematically. This theory ignores the social behaviour that is controlled by the unconscious mind. The primary objective of the Theory of Reasoned Action is to predict and understand individual behaviour and decide on the factors contributing to that behaviour.

According to Foxall and Goldsmith (1994), the approach is valuable for its abandonment of the notion of direct correspondence between global attitudes and specific behaviours, its reliance on the exact concept of "attitude toward the act", and its introduction of the subjective norms to represent extra-attitudinal influence (p.99). The Theory of Reasoned Action specifies that behaviour is entirely affected by behavioural intention. Foxall (2005) considers this a presumption to elude the problem that occurs by attitudinal-behavioural consistency. There are two elements in behavioural intention: one is personal influence, and the other is social control.

Personal control is about an individual's positive or negative assessment of performing behaviour and is known as the "attitude towards the behaviour". It refers to the individual's decision in performing a right or wrong behaviour and whether the person likes or dislikes performing a particular behaviour. The Theory of Reasoned Action model highlights the measure of attitude (ATT) to performing a given behaviour and not ATT towards objects, individuals or institutions. This is because the measurement has an indefinable direct relationship with the behaviour and the ATT (Fisbein and Ajzen, 1975).

The second element, social influence, is an individual's perception of the social pressure that has been put on him or her in deciding to perform or not to perform a particular behaviour, known as the 'subjective norm' (SN) (Ajzen and Fishbein, 1980). One of the purposes of beliefs is attitudes (ATT), and this refers to an individual's positive or negative evaluation and beliefs signifying the knowledge that an individual has of an object (Ajzen, 2002). SN is also one of the purposes of beliefs, and this refers to a person's beliefs of what a particular person/group thinks of the behaviour that they should perform or not perform. The fundamental belief for an ATT towards a behaviour is known as an attitudinal belief, while SN is known as a normative belief (Fisbein and Ajzen, 1975). SN might use some pressure in performing or not performing a particular behaviour or the individual's ATT towards the behaviour.

The different people involved in an SN might be family, friends, colleagues, religious organisations, etc. When individuals evaluate behaviour positively, they will perform that behaviour, and if they also think that the behaviour is important and they take into account what others will think, they will indeed carry out the behaviour (Fisbein and Ajzen, 1975). There can be a situation in which conflict can happen between an attitude and the SN. In such conditions, the influence on the relations of attitudinal and normative factors will be given importance in determining the intention (Fisbein and Ajzen, 1975). For example, there is a woman who has an unfavourable attitude towards luxury products but when she discovers most of her colleagues own at least one, she might then buy luxury products because the social pressure is stronger than her attitude to making decisions. In Theory of Reasoned Action, it is supposed that, in determining intentions, the ATT and the SN are dependent on the situation, the individual and the behaviour.

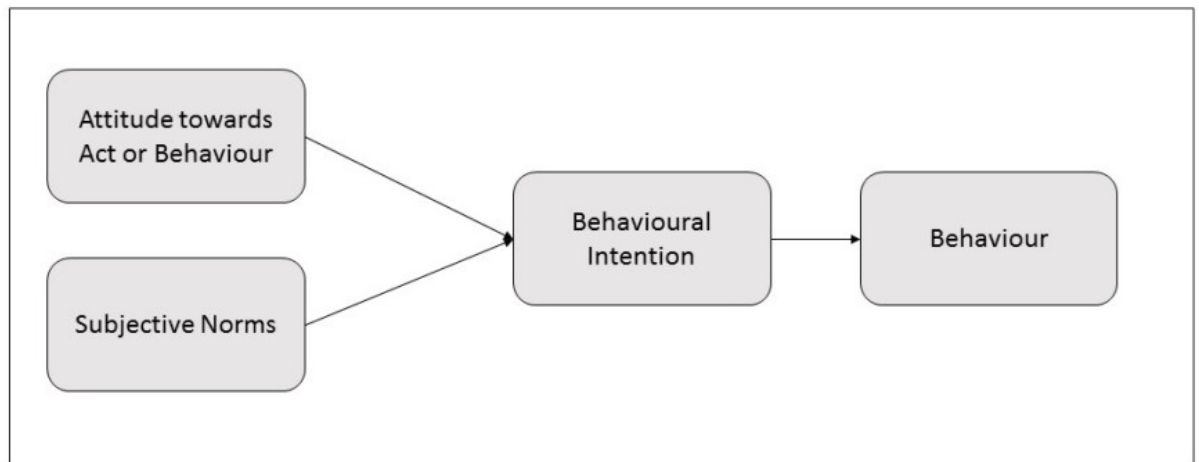
Ajzen and Fishbein (1980) found that many other variables in addition to attitudes and subjective norms are used to explain behaviour. There are some other factors which can be combined into the model, such as personality characteristics and demographic factors. All these elements are called “external variables”. From the Theory of Reasoned Action concept, there are two kinds of impact within external variables (Ajzen and Fishbein, 1980). Firstly, the impact as the moderating effect, which influences the importance of

ATT and the SN in predicting intentions. Secondly, the effect on purchase intention, which is intervened by beliefs, ATT and the SN.

It has been indicated that the contributing factor of external variables to behavioural intention is indirect. This to suggests that external variables have a great impact when the behavioural intention works together with endogenous factors (Fisbein and Ajzen, 1975). It can then be argued that there are disadvantages to explaining behaviour by the interference of external variables which invoke other external variables in different behavioural fields, as this can weaken the model's simplicity and universality (Ajzen and Fishbein, 1980).

Ajzen and Fishbein sustained the two variables, attitude and subjective norms, where they are enough to predict behavioural intentions and outer variables action by applying indirect impact on behavioural intentions. A number of researchers have debated that there is a need to add relevant variables to the model in addition to attitude and SN to improve the explanation of behaviours. Figure 2.2 shows the Theory of Reasoned Action model.

**Figure 2.2: Theory of Reasoned Action model**



**Source: Fishbein and Ajzen, 1975**

Sheppard et al. (1988) conducted a meta-analysis on the Theory of Reasoned Action and pointed out the confirmation of the analytical effectiveness of the Theory of Reasoned Action when they used it to explore situations and behaviours which are beyond the limit of the original conditions of the model. However, not only the Theory of Reasoned Action but also any of the behaviour models have limitations. There are, for example, difficulties in predicting brand choice when exogenous factors contradict the expression of intention (Foxall, 2005). The primary purpose of Theory of Reasoned Action is to explain voluntary behaviour within a range of behaviours, such as spontaneous, impulsive, and habitual, which cannot be explained using Theory of Reasoned Action (Bentler and Speckart, 1979).

Although Fishbein and Ajzen maintained that the two most important factors, ATT towards behaviour and SN are enough to predict behaviour, this principle has been questioned. Some studies have shown that add influences to the prediction of the behavioral intention and behaviour can be increased (Bagozzi and Kimmel, 1995). There needs to be some modification and addition to the model when used for considering extended goal and choice demand (Sheppard et al., 1988).

In summary, the Theory of Reasoned Action is successful at some point in predicting the consumer's behaviour, but still, there are some limitations. There are some possible errors where the observation is not applicable to the Theory of Reasoned Action which assumes that a particular behaviour is intentionally understood before any action is performed. The Theory of Reasoned Action is only limited to attitudes and subjective norms. Therefore, it ignores the fact that some behaviours are out of hand and are not done willingly. Furthermore, the TPB was extended from the Theory of Reasoned Action by including a variable, perceived behavioural control (PBC) that is added to behaviour that is not controllable. This variable has an impact on intention and behaviour. The beliefs in the presence of a factor that may facilitate or interfere with a behaviour are the impact factors of PBC. The next section discusses the Theory of Planned Behaviour in detail.



### **2.7.2 Theory of Planned Behaviour**

The Theory of Planned Behaviour (TPB) is an extension of the Theory of Reasoned Action (TRA) developed by Ajzen in 1985. The important notion behind the Theory of Reasoned Action is that intention can help predict human behaviour under voluntary control. The Theory of Planned Behaviour (TPB) was established to deal with situations in which individuals may lack complete voluntary control over behaviour (Ajzen, 2002). The model consists of the Theory of Reasoned Action factors of attitude and subjective norm. The model was later extended by adding perceived behavioural control (PBC) in dealing with involuntary situations. This addition helped in explaining behaviours that an individual wanted to do but could not perform because of lack of confidence (Miller, 2004). Based on the model, the behavioural intention is a strong antecedent of actual behaviour, and three aspects affect the intention. They are, the individual's attitude, the subjective norms and the individual perceived behavioural control (Ajzen, 1991).

Firstly, the attitude towards the behaviour is referred to as the degree of favourable or unfavourable evaluation towards the behaviour that is right or wrong in the particular situation. The attitudes are personal. The attitude is a function of beliefs (attitudinal beliefs) (Fisbein and Ajzen, 1975). The belief is related to the information on the product that an individual has. The attitude of an individual towards performing the behaviour is decided by the beliefs about the concerns in performing the behaviour and the individual evaluation of the

consequences (Fisbein and Ajzen, 1975). The individual beliefs will lead to particular results. The attitude towards the behaviour is shown in Equation 2.1.

**Equation 2.1: Attitude towards behaviour**

$$A_{act} = \sum_{i=1}^n B_i E_i$$

Where:

$A_{act}$  : Attitude towards behaviour

$B_i$  : Belief in performing the behaviour

$E_i$  : Evaluation of the consequences

Subjective norms (SN) are the social pressures in performing or not performing the behaviour in a given situation. The SN is based on the beliefs that person has (normative beliefs) (Fisbein and Ajzen, 1975), in thinking about others when deciding whether to perform or not to perform the behaviour. Social pressure includes family, friends and others that can influence the individual. As in Equation 2.2, the subjective norms may be concerned with the opinions about the consumer's motivation in complying with the expectations of others.

### Equation 2.2 Subjective norms

$$SN = \sum_{j=1}^n NB_j MC_j$$

Where:

SN : Subjective norms

NB : Others opinion

MC : Motivation to comply the expectations

The Theory of Reasoned Action assumes that the behavioural intentions depend on the particular situation that is relatively significant to the attitude and subjective norms (Fisbein and Ajzen, 1975). The intention is reliant on to the situation, the individual and the behaviour in the given case. This model can be expressed as in Equation 2.3 mathematically.

### Equation 2.3: Theory of Planned Behaviour

$$B \sim BI = (A_{act}) w_1 + (SN) w_2 = \left( \sum_{i=1}^n B_i E_i \right) w_1 + \left( \sum_{j=1}^n NB_j MC_j \right) w_2$$

Where:

B : is the behaviour in question;

BI : is the intention to perform the behaviour in question

w<sub>1</sub>, w<sub>2</sub> : are empirically determined weights indicating the relative importance of A<sub>act</sub> and SN on behavioural intentions.

In 1991, Ajzen extended the Theory of Reasoned Action and included perceived behavioural control into the theoretical model to deal with the situations that are not in the hand of the individuals. Perceived behavioural control (PBC) refers to individuals' perception of their capability to perform a particular behaviour (Ajzen and Fishbein, 1980). PBC is assumed to have a direct effect on behavioural intention and behaviour. In the Theory of Planned Behaviour, the impact factor of behaviour is the intention, and this is consistent with the Theory of Reasoned Action. When the three variables, attitude towards behaviour (ATT), subjective norms (SN) and perceived behavioural control (PBC), come together, they can be used to predict an individual's intention (Ajzen and Fishbein, 1980). According to Ajzen (2002), and stated in the Theory of Planned Behaviour, although many behaviours include difficulties in performing a particular behaviour. PBC offers useful knowledge on an individual's capability in execution and can predict and explain a particular behaviour or intention.

PBC is committed to a set of control beliefs, which are beliefs in the factors that might help or disrupt the performance of a behaviour. In TPB, the stronger the attitude and the SN, the stronger the PBC, which will result in a higher chance of the individual concerned performing a certain behaviour (Ajzen and Fishbein, 1980). It is assumed that if a certain point is given to the actual control of the behaviour, it can be seen that the individual will carry out an intention when there is an opportunity to do so (Ajzen, 2002). Specifically,

the behaviour is determined by the control beliefs. The strength of the control beliefs is weighted by the perceived power and the control factors as in Equation 2.4.

**Equation 2.4: Perceived Behavioural Control**

$$PBC \propto \sum_{i=1}^n C_i P_i$$

Where:

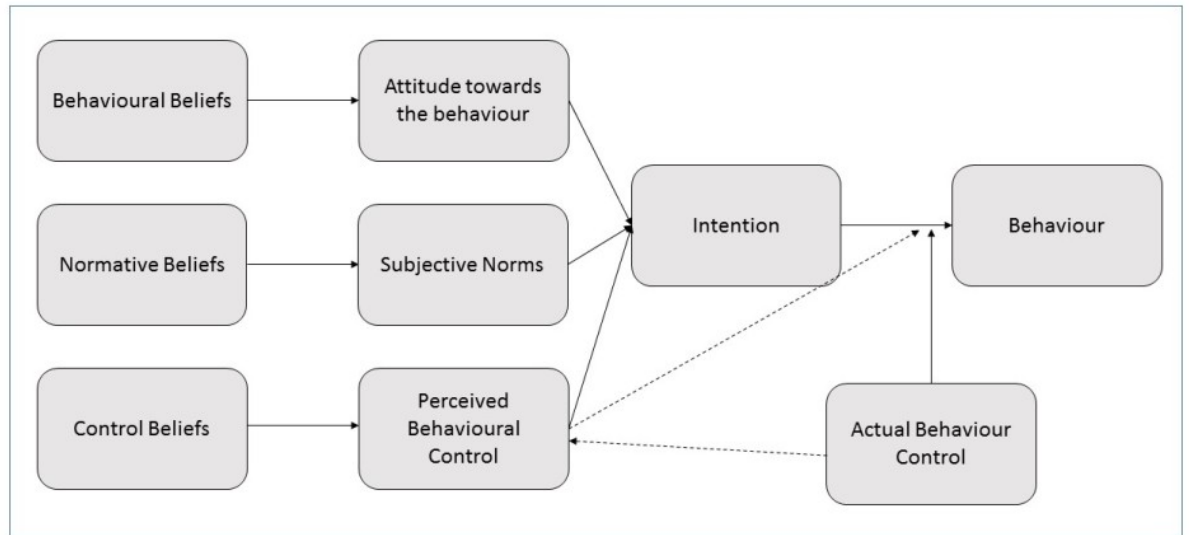
PBC : Perceived Behavioural Control

C : Control beliefs

P : Perceived power

According to Ajzen (1991, p.188), “the more favourable the attitude and subjective norms concerning a behaviour, and the greater the perceived behavioural control, the stronger should be an individual’s intention to perform the behaviour under consideration.” Figure 2.3 shows the TPB model.

**Figure 2.3: Theory of Planned Behaviour**



**Source: Ajzen, 1991**

Madden et al. (1992) associate the Theory of Planned Behaviour and the Theory of Reasoned Action with ten behaviours and their results show that the addition of PBC increases the prediction of the behavioural intention. The Theory of Planned Behaviour clarifies that it has more significant variance than Theory of Reasoned Action. There are meta-analyses which support the Theory of Planned Behaviour in presenting the ability to predict and explain behavioural intention (Armitage and Conner, 2001; Sutton, 1998). From here, it can be seen that PBC predicts intention and behaviour independently in many areas of research. Sutton (1998, p.1317) suggests that “even the proponents of such models believe that there is room for improvement, and there are frequent theoretical and empirical attempts to extend existing models by incorporating additional variables with the aim of accounting for more of the variance.”

The Theory of Planned Behaviour is the most researched theory and is used with many studies in providing a healthy relationship in overall analytical functions. There have been some modifications and extensions to the Theory of Planned Behaviour. As stated above for the Theory of Reasoned Action, the Theory of Planned Behaviour does not include personality characteristics, values and demographic variables in its framework, and these are known as background factors (Madden et al., 1992). These factors have an indirect influence on intention and behaviour. In the Theory of Planned Behaviour, a background element will give some information regarding behavioural origin and control beliefs. However, some researchers argue for the addition of other factors, such as habit and past behaviour, because these can enhance the predicting power (Foxall, 2005).

Although attitude, SN, and PBC are good predictors of intention, the variance will increase by adding past behaviour to the model (East, 1997). According to East (1997), there are four reasons to add past behaviour to the model, as follows:

- (a) a measure of previous behaviour may serve as a supplementary measure when attitude towards behaviour, subjective norms, and perceived behavioural control are incomplete to predict behaviour;

- (b) the addition of past behaviour may indicate that a further variable is missing from the model;
- (c) past behaviour may reveal unconscious learning which is not reflected in the measures of attitude towards behaviour, subjective norms, and perceived behavioural intention;
- (d) it may be possible to enlarge the model.

The Theory of Planned Behaviour and the Theory of Reasoned Action do not focus on inappropriate behaviour and do not deal with emotions such as fear, mood and threat. Researchers need to be careful in adding variables to the model because, if too many variables are added to the framework, the meaning of the main framework will be lost (Ajzen, 2006). All the variables that need to be added should be justified. In considering adding new variables, behaviour and product characteristics should receive attention.

According to Ajzen (2006), several suggestions should be considered when adding a new variable to the model. First, the proposed variables must be theoretically independent of the theory's current interpreters. Second, the recommended variable should be a fundamental factor in defining intention. Third, the additional variable must be valid for the vast range of behaviours studied. In summary, the Theory of Planned Behaviour suggests that a consumer is influenced not only by attitudes but also by social pressures and



control. In the next section, the application of the Theory of Reasoned Action and Theory of Planned Behaviour are explained in detail.

### **2.7.3 Application of Theory of Reasoned Action and Theory of Planned Behaviour**

The Theory of Reasoned Action and the Theory of Planned Behaviour are theories that are easily used in research and explain behaviour using a broad range of references within a single framework (Bagozzi and Kimmel, 1995; Hedeker et al., 1996; Leone et al., 1999). This is why the Theory of Reasoned Action and the Theory of Planned Behaviour are often used by researchers to study behavioural frameworks (Armitage and Conner, 2001; Sutton, 1998; Westaby, 2005).

The Theory of Reasoned Action has been employed in a number of studies, such as those on smoking (Loken, 1982), infant feeding (Manstead et al., 1983), safety-belt usage (Budd et al., 1984), dental sanitization (McCaul et al., 1988), blood donation (Burnkrant and Page, 1988), voters' rights (Netemeyer and Burton, 1990), and driving abuses (Parker et al., 1992). The Theory of Planned Behaviour has also been used in research in many areas, such as in free-time activities (Ajzen and Driver, 1992), exercise (Biddle and Nigg, 2000; Blue, 1995; Godin, 1993), quitting smoking (Bledsoe, 2006), recycling (Cheung et al., 1999) and internet usage (Klobas and Clyde, 2000).

In consumer behaviour, the Theory of Reasoned Action is the most widely used attitude model, whereby researchers have made efforts in finding what influences consumer behaviour. According to Sheppard et al. (1988), “The Theory of Reasoned Action model appears to predict consumer intentions and behaviour well, and it provides a simple basis for identifying where and how to target consumers’ behavioural change attempts” (p.325).

This model was used by researchers to investigate the consumption of consumer activities, such as energy (Seligman et al., 1983), coupon usage (Shimp and Kavas, 1984), online clothing shopping (Kim et al., 2003), toothpaste (Wilson et al., 1975), coffee (Glassman and Fitzhenry, 1976) and alligator leather apparel (Xu et al., 2004). Previous researchers have used extensions to both frameworks to study consumer behaviour towards certain products. This resulted in more overall application than would have happened without the extensions.

Research using the Theory of Reasoned Action and the Theory of Planned Behaviour is widely used and tested in the USA to examine social behaviour. There is also research which questions the validity of the frameworks in predicting and explaining intention in non-Western cultures (Chung and Thorndike Pysarchik, 2000). Research shows that this model can be used in both Western and Eastern cultures (Bagozzi et al., 2014; Yee-

kwong Chan and Lau, 1998; Lee and Green, 1991; Shen et al., 2003). In research in the fashion field, a survey was conducted based on the Theory of Planned Behaviour with US female college students intending to buy counterfeit products (Kim and Karpova, 2010). The research found that there was a significant relationship between attitude, subjective norms (SN) and perceived behavioural (PBC) control with the intention to buy counterfeit products.

According to Armitage and Conner (2001), there are variances in intention and behaviour by PBC. The Theory of Reasoned Action and the Theory of Planned Behaviour have been compared by Madden et al. (1992) in testing ten behaviours to examine whether, by adding PBC, there would be any enhancing factor in predicting behaviour and intention. The results show that more variation exists in the Theory of Planned Behaviour than in the Theory of Reasoned Action. There are studies that have demonstrated that the Theory of Planned Behaviour helps in predicting intention and behaviour. However, a large number of studies still show that the Theory of Planned Behaviour does not have increased variation over the Theory of Reasoned Action.

For example, research by Kokkinaki (1999) established that when perceived behavioural control is added, it does not increase the variance in examining students' intention towards buying a computer. The researcher

stressed that the behaviour in question determines the prediction significance of the variables in the Theory of Reasoned Action and the Theory of Planned Behaviour frameworks.

Gao (2009) applied the Theory of Planned Behaviour with the additional variable of cultural orientation in China and examined the purchase intention relating to luxury products. The findings show that there is no significant relationship between attitude, SN and PBC with cultural orientation. Although the Theory of Planned Behaviour has been applied to various pieces of research with different behaviours and the model has been implemented in research on Chinese consumer behaviour and intention to buy luxury products, still it remains unclear. The Theory of Planned Behaviour is mostly adopted to evaluate individuals' decision-making and what causes a person to perform a particular behaviour. The researches that have been done will allow us to understand consumer buying behaviour and to be able to consider what to offer on products in the market. As all application on research shows that how does the authors used TPB and the luxury values to integrate their linkage and identify the main contributions. The next section will look on the links between the variables, the theory and the moderator.

#### **2.7.4 Links between the Variables, the Theory and the Moderator**

Several authors (Homer and Kahle, 1988; Claeys et al., 1995; Jensen, 2001; Kilbourne et al., 2005) consider values as central to consumer decision making. Claeys et al. (1995) even claim that values are the ultimate source of choice criteria that drive buying behaviour' (p. 193). A large body of research exists within the concept of values, different points of view are advocated, and no widely accepted definition seems to exist. Same goes to the values concerning the motives for consuming luxury brands, it has to be stated that the notion of buying to impress others, still more or less serves as a strategic principle for the marketing management of luxury brands (Berry 1994; Dittmar 1994; Corneo and Jeanne 1997; Vigneron and Johnson 1999, 2004; O'Cass and Frost 2002). Values are trans-situational goals that serve the interest of individuals or groups and that act as guiding principles in consumers' lives. A distinction should be made between the luxury values.

As an example, the social values define the desired behaviour or end-state for a society or group, whereas personal values define the desired behaviour or end-state for an individual (Blackwell et al., 2001). While social values (the values held by other people) are indirectly inherent in TPB (conceptualized as 'social norm (SN)' in the theory), personal values are not explicitly dealt with in the theory. It should also be emphasized that social and personal values do not exist and evolve independently. Social values may

have a strong influence on the behaviour and the decision making of the individual consumer. People consume luxury and engage in buying luxury products not only to obtain some functional consequences but also to communicate with others (Douglas and Isherwood, 1996). Thus, both SNs and personal values could potentially be important factors in influencing buying luxury products. However, following a broader perspective in exploring the customer's perception of and the motives for purchasing luxury brands, it is not sufficient to explain the whole picture of consumption in the luxury market with socially oriented consumers 'motives (Wong and Ahuvia 1998; Vigneron and Johnson 1999, 2004; Wong et al. 1999; Gentry et al. 2001; Puntoni 2001; Roth 2001; Miquel et al. 2002; Coulter et al. 2003).

While the consumption of luxury products involves purchasing a higher-priced product to embellish one's ego (Eastman et al. 1997), the term luxury and the consumption of luxury products involves purchasing a product that represents value to both, to the individual and their reference group. Therefore, in addition to the socially oriented luxury brand consumption and the human desire to impress others, a personally oriented type of consumption should be considered in the marketing management of luxury brands. Referring to personal and interpersonal oriented perceptions of luxury, it is expected that different sets of consumers would have different perceptions of the luxury value for the same brands, and that the overall luxury value of a brand would integrate these perceptions from different perspectives. Thus, to

explain consumers' behaviour in relation to luxury brands, apart from interpersonal aspects like snobbery and conspicuousness (Leibenstein 1950; Mason 1992), personal aspects, functional aspects and financial aspects have to be taken into consideration (Vigneron and Johnson 1999, 2004).

There have been several attempts to model and interpret purchase behaviour (Shukla, 2010; Smith and Rupp, 2003). A number of studies have explored behavioural variation, taking into account individual characteristics. However, there are still gaps in our consumer's knowledge of how different individuals engage in making decision towards buying luxury products (Shukla, 2010; Chattalas 2011). Therefore, there is a need to shift our focus from investigating adoption of luxury shopping to exploring actual consumer behaviour and identifying how that knowledge will impact the consumers based on their decision making. Consumer knowledge is defined as a consumers' awareness of specific information concerning a given product (Brucks,1985).

Primary sources of consumer knowledge include a consumer's' experience with the actual product and advertising aimed at affecting a consumers' decision to select a product (Rao and Monroe, 1988). Consumer knowledge consistently ranks among the most important influences regarding consumer purchase behaviour (Burton et al., 2009), and purchase determinations can be made based upon such knowledge. Consumers'

knowledge of luxury products is an individual characteristic that has been shown to have an effect on the purchase process (Moore and Lehman, 1980). However, the findings in the literature are contradictory. Some studies have shown that consumer knowledge influences luxury buying behaviour (Holscher and Strube, 2000) whereas other studies do not show any significant relationship. It has been suggested that these contradictory results are due to the impact of other individual characteristics. The tendency to satisfy or maximize a decision is an individual characteristic that has been a part of decision-making behaviour. Taking into account the consumer's knowledge can further explain the variations in the purchase decision making process.

From the explanation above, this research uses the Theory of Planned Behaviour as a framework for examining consumers' attitude, social pressure and their perception in performing the behaviour towards luxury fashion products. The consumer knowledge is attached for a moderator role as the concept can explain how the consumer makes decision with their knowledge.

## **2.8 CHAPTER SUMMARY**

This chapter presented on the overview of the Chinese luxury market in China. The Chinese consumer's consumption towards luxury products is different from that of Western consumers. The Chinese consumers are more concerned about the social status and how others think about their luxury



products. Next, the luxury definition was discussed and it was found that luxury is the highest level of the prestigious brands and is more related to the quality and the uniqueness of the product. The luxury value dimension was also discussed which includes individual value, social value, functional value and financial value. Next the moderating factors' of consumer knowledge and the theories related to this research (the Theory of Reasoned Action and the Theory of Planned Behaviour) were discussed.

The literature review is sought out to present the issues of the research problem that was introduced in Chapter 1. In summary, this study proposes to adopt Wiedmann et al. (2009) luxury dimension model to provide a framework for the research. Driven by the research gaps in the luxury value perception and TPB literature, an initial theoretical construct was developed and provided some definition of the construct that was developed. An initial concept of the construct dimension has also been provided.

The literature has shown that there is potential in contributing to the limited academic knowledge by identifying the gaps in this research. This research focuses on the Chinese consumer's luxury behaviour by using the Theory of Planned Behaviour constructs as the base. From the literature, it is clear that luxury consumption is a function of luxury dimension as mentioned in Section 2.6. The theory plays a major role in explaining the luxury values.

In this research, consumer knowledge plays an important mediator role that influences how consumers gather information and organise it towards the luxury purchase intention. Consumer knowledge was discussed in detail in section 2.7. The theories that have been adapted were discussed in Section 2.8, which is, the Theory of Reasoned Action and the Theory of Planned Behaviour. The next chapter will propose a conceptual framework targeting to fill the research gaps acknowledged in the previous chapter.

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## **CHAPTER 3:**

### **CONCEPTUAL MODEL AND RESEARCH HYPOTHESES**

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#### **3.1 INTRODUCTION**

This chapter presents a conceptual model to illustrate the relationships between luxury values (individual value, social value, functional value and financial value) and the Theory of Planned Behaviour (TPB) variables namely attitude, subjective norms, perceived behavioural control and intention, with the moderating role of consumer knowledge. On the other hand, how do the luxury values impact the TPB variables? How does the moderating role of consumer knowledge influence the relationships among the attitude, subjective norms, perceived behavioural control and intention? This chapter begins with discussing the research questions and the research objectives, followed by examining the research hypotheses through a conceptual framework based on the Theory of Planned Behaviour model. The chapter ends with a chapter summary.

#### **3.2 RESEARCH QUESTIONS AND RESEARCH OBJECTIVES**

The purpose of this research is to examine luxury values towards intention-behaviour with the moderating role of consumer knowledge in predicting consumer purchasing behaviour. According to the literature review and

including the Theory of Planned Behaviour in chapter two, this research identified three research questions as follows:

- a) How will the luxury values influence factors that affect Chinese consumers' attitude, subjective norms and perceived behavioural control towards purchasing luxury products?
- b) What are the important factors that determine the Chinese consumer's intention in purchasing luxury products in China?
- c) How will the mediator factor of consumer knowledge influence the relationships among attitude, subjective norms and perceived behavioural control towards the intention of purchasing luxury products in China?

This research set out the following research objectives:

- a) To investigate the effects of luxury values towards the Theory of Planned Behaviour variables (attitude, subjective norms and perceived behavioural control).
- b) To examine the factors that determine the consumer's intention to purchase luxury products.
- c) To determine the moderating role of consumer knowledge to distinguish the behavioural purchase intention.

The research hypotheses are developed to meet the research objectives based on the theoretical model shown in Figure 3.1 in the following sections.

**Figure 3.1: Conceptual Model**

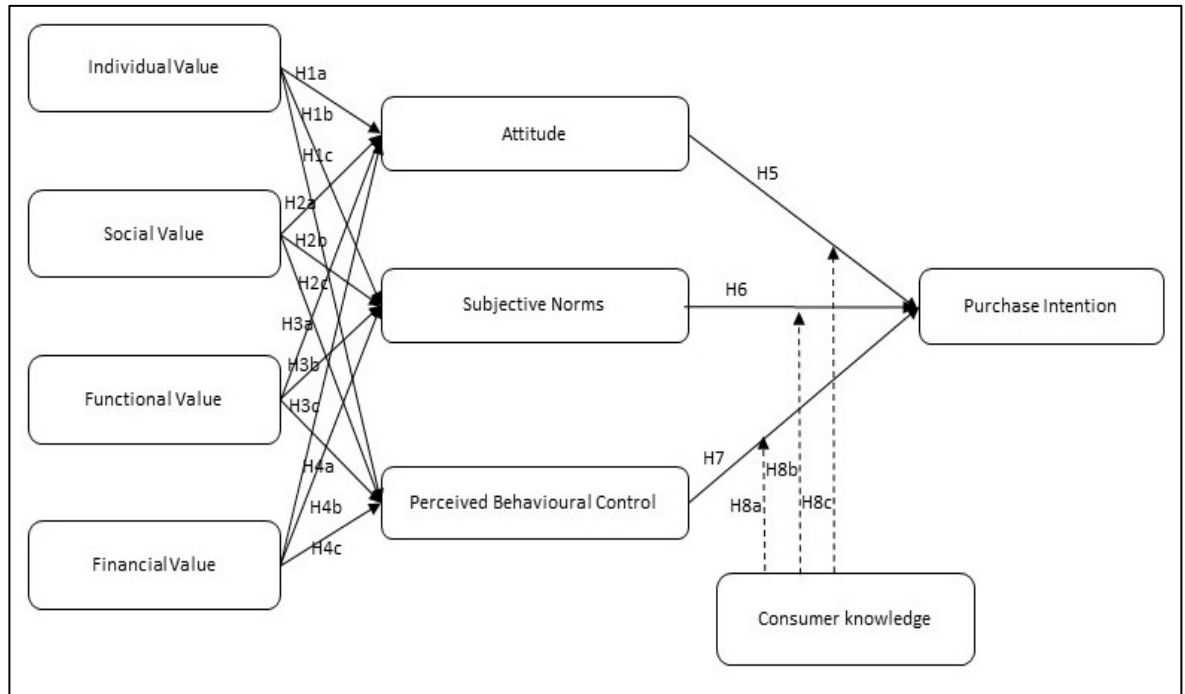


Figure 3.1 illustrates the conceptual model of this study, which shows the various influential factors leading to the consumers' intentions to purchase luxury fashion products by adopting the Theory of Planned Behaviour (Ajzen&Fishbein, 1980). In Figure 3.1, the luxury values contain the individual value, social value, functional value and financial value that influence attitude, subjective norms, and perceived behavioural control directly, which in turn affect consumers' purchase intentions. Furthermore, this study utilises the moderating effect of consumer knowledge to examine the strength of the

dependent and the independent variables that correlates together to influence the purchase intention.

The discussion in chapter two has identified the determinants of consumers' luxury value perceived through the existence of four possible dimensions: the individual dimension of luxury value, the social dimension of luxury value, the functional dimension and the financial dimension of luxury value. Prior researches on behavioural intention (Ajzen, 1991; Van der Heijden et al., 2003; Jang & Namkung, 2009) and luxury sectors (Kort et al., 2006; Lawry et al., 2010; Chattalas & Shukla, 2015) which indicate several research gaps, such as the effects of the luxury values (individual, social, functional and financial) and the impact of consumer knowledge as the moderator of purchase intention remain unclear.

### **3.3 RESEARCH GAPS**

It is plain to see that the significance of using luxury brands is increasing while the luxury marketplace continues to contribute towards a significant amount of economic action in the industrialised world (Vigneron and Johnson, 2004). This market, which encompasses fashion and accessories, cosmetics and fragrance, hospitality and concierge, wines and spirits, jewellery and watches, automobile, transport and selective contribution, was assessed by McKinsey

and Co. to be gradually growing in the global industry (Vickers and Renand, 2003; Chadha and Husband, 2006; Okonkwo, 2009).

However, luxury accessories remain the key product category for the luxury products market and have been the biggest personal luxury products category since 2011 (Bain & Co, 2015). Among specific categories of personal luxury products, accessories remain the leader, capturing 30% of the market. While any explanation for this spectacular increase in demand might be complex, both practitioners and researchers agree on most of the major factors responsible for accelerating the phenomena; in other words, the economic recovery of most parts of the Western world along with the liberal economic growth in South-East Asian countries (Vigneron and Johnson, 1999, 2004).

Accordingly, luxury product management has contributed to a significant part of Marketing, which is of particular interest to practitioners (Vickers and Renand, 2003). As a result of increased internationalisation and competition in the marketplace, numerous managers attempt to discriminate their products by raising the added-value level to compensate for the high price. This can be achieved by adding the label “Luxury” to their products or selecting them particularly to fit within the niche market (Vickers and Renand, 2003). However, such success from this strategy might lead to future failure, insofar as a widely retailed product is no longer a luxury good. Managers,

therefore, need to understand the luxury values of luxury options that warrants their high prices (Chandonet *al.* 2016).

In comprehensive terms, researchers agree that there is no rich explanation for the value dimensions that constitute luxury accessories brands because the various value perceptions related to luxury accessories brands are poorly understood and under-investigated (Moon and Sprott, 2016; Hennigset *al.*, 2015; Loureiro and de Araújo; 2014; Miller and Mills, 2012; Shukla, 2012; Tynan *et al.*, 2010; Berthonet *al.*, 2009; Wiedmannet *al.*, 2009; Vigneron and Johnson, 2004; Vickers and Renand, 2003); moreover, most of the studies in this emerging area are conceptual (Shukla and Purani, 2012; Vigneron and Johnson, 1999; Berthon *et al.* 2009; Siebels *et al.* 2009). However, the powers-that-be are aware of the existence of multi-dimensionality consumer value. Then again, there is no proper literature to back up that claim when it comes to the various value dimensions (Gallarza, Saura and Holbrook, 2011). Blocker (2011) emphasises the need for more work to understand the most salient value drivers in each context. Hennigs *et al.*, (2015) confirms a strong need to investigate the luxury values in luxury consumption and the behaviour of the consumers.

Moreover, the Theory of Planned Behaviour (TPB) offers a restricted insight in terms of the value determinants that affect only consumer choice decisions (Ajzen, 1975). However, the research model develops this view by



integrating a set of value components as a basis from which to predict many key behavioural outcomes. Thus, the TPB may go beyond choice decisions to include behavioural outcomes. The theory of planned behaviour proposes that perceived behavioural control of the focal person in a decision making situation may affect his/her behavioural intentions. Perceived behavioural control is more important in influencing a person's behavioural intention particularly when the behaviour is not wholly under volitional control. For example, when purchasing an innovative product, consumers may need not only more resources (time, information, etc.), but also more self-confidence in making a proper decision.

Therefore, perceived behavioural control becomes a salient factor in predicting a person's behavioural intention under this purchasing situation. Previous research identified that the influences of attitude, social norm, and personal control on consumers' purchase intentions will be different when consumers possess different levels of consumer knowledge. As described by Ajzen (1991), the relative importance of attitude, subjective norm, and perceived behavioural control in the prediction of intention is expected to vary across behaviours and situations. Examining the moderating effects of product knowledge in the planned behaviour model can enhance the knowledge of this research paradigm.

### 3.4 RESEARCH HYPOTHESIS

Luxury products are known as products that give pleasure and comfort to the consumers who purchase the products. Luxury products can also give a personal feel and social esteem to the consumers apart from the functional utility that they get through owning the luxury product (Vigneron & Johnson, 2004). Luxury products are also known to have high standard values such as quality, design durability and high consumer satisfaction (Chattalas & Shukla, 2015). Through presuming the values and the excellence of the luxury products, consumers will experience these in the purchasing process that they think will satisfy them (Wiedmann et al., 2007; Hennigs et al., 2012; Shukla, 2012; Chattalas & Shukla, 2015).

The main impact factor towards consumers' purchasing decisions is the value that they get from the products. Zeithamal (1988) describes value as the consumer's "overall valuation of the subjective worth of a product or service considering all relevant evaluative criteria," p.13. This research on values shows the discussion and debate on the four luxury dimensions namely, individual value, social value, functional value and financial value (Wiedmann et al., 2007). Wiedmann et al. (2007) extend the framework using four dimensions developed by Vigneron and Johnson (2004). They are social value (conspicuous value, prestige value), functional value (usability value, quality

value, uniquenessvalue), individual value (self-identity value, hedonic value, materialistic value) and financial value (price value).

The study analyses the variables that influence consumer perception in buying luxury products. The variables represent individual judgements towards particular luxury products and are not an objective valuation. The judgements can be grouped into four luxury values, and these luxury values justify the consumers' purchase. Later, Wiedmann et al. (2009) modifies the model with four main key value perceptions. This model was used to find a significant relationship between luxury value perception and luxury consumption. In this study, the four dimensions are explored as presented in Wiedmann et al. (2007) and are explained below.

One of the emerging thoughts in the area of luxury marketing is the importance of consumption directed toward satisfying the self (Tsai, 2005) which relates to the expressive dimension of impression management. It is observed that an increasing number of consumers are purchasing luxury brands to derive self-directed hedonic experience and symbolic benefits (Wong and Ahuvia, 1998). Researchers such as Tsai (2005) and Wiedmann et al. (2009) argue that consumption directed toward the self has been understudied and requires further attention. Personal motive oriented consumers are concerned with being able to identify their internal self with the product, gain an enjoyable experience from the product and match their individual tastes to the product's image (Wong and Ahuvia, 1998). These

consumers seek to gain self-directed pleasure from consumption by focusing on the achievement of hedonistic gratification and self-awareness rather than pleasing others' expectations (Tsai, 2005).

According to Lawry et al. (2010), the first dimension is individual values, which are known as a boost for the consumption of luxury products. This is because the consumer sees the luxury product as a symbol to show his/her status and self-recognition. Individual values consist of three sub-dimensions including self-identity, hedonism and materialism (Wiedmann et al., 2009). The self-identity value is the interior characteristic of the consumer's self-perception (Mehta, 1999; Sirgy&Johar, 1999; Jamal & Goode, 2001), that is, the consumer uses luxury products to fit in the symbolic meaning of his/her own identity. Consumers will use the self-identity in evaluating the similarities between the luxury products and their self-image (Wiedmann et al., 2009; Lawry et al., 2010). Self-identity is known as the individual's perception (Mehta, 1999; Sirgy&Johar, 1999; Jamal & Goode, 2001) and is related to the consumers that are high in their wish for status and hedonics. Indeed, those consumers consider their values more seriously than social values.

The next sub-dimension is hedonism. This sub-dimension is more towards personal satisfaction (Dubois et al., 2005; Lawry et al., 2010; Zarantonello& Schmitt, 2010) where it describes the perceived subjective utility of the luxury products that have been purchased. The hedonistic values

are activated from the emotions by physical attraction and the satisfaction of the luxury products (Lawry et al., 2010). Individuals who have more money can spend more, and they can be satisfied with whatever they want to buy. Hirschman and Holbrook (1982) define hedonic consumption as the “consumer behaviour that relates to the multi-sensory, fantasy and emotive aspects of product use.” This behaviour is strongly correlated to the symbolic attributes of the product and luxury products provide an ideal environment for this consumption concept (Vigneron and Johnson, 2004). Hedonistic value primarily gratifies the expression of the internal, private self which reflects the expressive aspect of impression management.

Consumers focussing on hedonism may consider the value aspects of self-directed pleasure and life enrichment to be the most important perceptions (Wiedmann et al., 2009). Wong and Ahuvia (1998) propose that people with an independent self-construal emphasize the importance of the internal self and also hedonistic experience as a motivation for luxury consumption. Research relating to hedonism reveals that consumers who are exposed to western developed markets seek more hedonistic experience than those in eastern emerging markets (Tse et al., 1989).

Next is materialism, where this concept is known as the personal effect that plays a significant role in an individual’s life (Wiedmann et al., 2009; Chattalas& Shukla, 2015). While hedonism focusses on emotional

fulfillment(Hirschman and Holbrook, 1982), acquisition and possessions also play a central role in driving consumption experiences (Belk, 1999). It is observed that highly materialistic individuals rely heavily on external cues, preferring those possessions that are displayed in public places (O’Cass and McEwen, 2004). Furthermore, materialistic consumers use possessions as a method of communication to others to show and project who they think they are (Belk, 1985). Researchers observe that materialism is a common trait among consumers around the world (Belk et al., 2003).

Differences, however, in socio-economic, may affect its magnitude across cultures. More specifically, Sharma (2010) suggests that materialism seems to be growing in the eastern emerging markets, but slowing down in the developed markets. He also suggests that materialistic consumers in emerging markets may attach a higher premium to luxury goods because they may help them attain a greater social status than their developed market counterparts. This shift in behaviour is also noted by Burroughs and Rindfleisch (2002) who show that many consumers in western developed markets are moving toward more abstract and less materialistic consumption pattern. Moreover, recent studies highlight the significantly strong influence of the materialism trait with luxury consumption in emerging markets (Lertwannawit and Mandhachitara, 2011; Podoshen et al., 2011; Sharma, 2010). When the consumer has high materialistic values, the consumers are likely to have positive attitudes in buying luxury products.

The second dimension is social value. This value is more towards the consumer's wish to own a particular luxury product. Mostly, the consumer purchases luxury products to impress others (Lawry et al., 2010). For example, people can use luxury clothing to show their position and status socially or grouping themselves into a particular class to differentiate themselves (Zhang, 2012). Social values are more connected to personal issues, the needs and wants that the individual wish for in showing off their position and status (Kanagaretnam et al., 2009). **Social value represents the perceived utility of an alternative resulting from its image and symbolism in association, or disassociation, with demographic, socio-economic and cultural-ethnic reference groups (Sheth et al., 1991). In other words, social value perceptions are largely outer-directed consumption preferences relating to the instrumental aspect of impression management. Consumer luxury purchase behavior is subject to the pressures of social norms and the expectations of social institutional rules such as those arising from family and other reference groups (Shukla, 2011).**

**Belk (1988) argues that one of the important motivating forces that influence a wide range of consumer behaviour is the aspiration to gain status or social prestige from the acquisition and consumption of goods. Social values are normally related to the opinions and word values (what others say) in the society and community (Zhang, 2012). There are two sub-values which have direct influence towards the decision-making in purchasing luxury**

products, that is conspicuous value and status value (Wiedmann et al., 2009). Conspicuous value is derived from the consumption process which is solely focussed on the display of wealth (Mason, 1993). Extant research suggests that conspicuous consumption plays a significant part in shaping consumer preferences for many products that are purchased or consumed in the public context (Vigneron and Johnson, 2004; Wiedmann et al., 2009). Luxury goods have been one of the preferred medium for many consumers in building social presence (Belk, 1985, 1999; Shukla, 2011). Thus, a luxury brand associated with conspicuous signalling may be highly preferred by consumers. Shukla (2010) observes that consumers in eastern emerging markets are significantly driven by ostentation when consuming luxury products.

This reflects the largely interdependent nature of society wherein consumers highly associate with others' self-concept (Belk, 1985, 1999). Wong and Ahuvia (1998) posit that when super-achievers emphasize their conspicuous consumption in societies which have significantly higher interdependent self, its effects cascade down very quickly to middle income consumers who are also pressurized to follow this consumption trend. When the luxury consumers consume products conspicuously, they are conveying the signal to others on the status of the society (Veblen, 1899). When there is a high level of reference group influence, it is more likely the consumer will purchase the luxury products. The consumer who purchases the luxury products will send positive signs on their status to others in the same society.



When a conspicuous consumption occurs, the consumer will react to the wealth shown by the purchase and not the quality of the product (Mason, 1998).

While conspicuousness is related to external displays of wealth, O'Cass and McEwen (2004) suggest that luxury brands may be purchased for status-laden reasons also. They distinguish between conspicuous and status dimensions of luxury and suggest that status value is associated with consumers' desire to gain prestige from the acquisition of status-laden products. In their study, using real consumers, perceptual mapping and 26 brands across three luxury product categories, Truong et al. (2008) support the distinction between status value and conspicuous value. Focussing on the validity and reliability concerns, however, they identify the need for further empirical testing.

Wong and Ahuvia (1998) and Shukla (2010) assert that consumers belonging to western developed markets have a much higher focus on their actual self-concept. This is also reflected by Markus and Kitayama (1991) who posit that the independent construal of the self is more dominant in western cultures. For these consumers, their inner self is more significant in regulating their consumption behaviour (Wong and Ahuvia, 1998). As status value relates strongly toward acquisition of status-laden goods, this study posits that

consumers in western developed markets will show higher levels of status value than consumers in eastern developing markets.

In the luxury fashion industry, buying a luxury product is not only related to product functionality but is also related to prestige (social needs) (Kort et al., 2006). The status value is pursuing status through consumption that is common to human society (Teimourpour et al., 2013). The consumer's economic status is shown by the control of the luxury products because the main reason for consuming luxury products is their symbolic value (Dubois & Duquesne, 1993).

When a consumer performs a behaviour to fulfil functional, utilitarian and physical purposes it is known as functional value (Sheth et al., 1991; Smith & Colgate, 2007). Functional value is the third dimension that was developed by Wiedmann et al. (2007). The functional value here means the consumers purchase luxury products because they are functionally better than their ordinary counterparts (Teimourpour et al., 2013). Functional value consists of usability value, uniqueness value and quality value which play a fundamental role in luxury product consumption (Wiedmann et al., 2009). An individual will expect that the luxury products that he or she purchase should be usable and in high quality where the product can satisfy their need for differentiation (Wiedmann et al., 2009). Usually, individuals who want to

purchase luxury products will associate the product with high quality and will perceive great value from the purchased luxury products.

Gentry et al. (2001) found that one reason consumers buy luxury brands is because of the superior quality reflected in the brand name. This is congruent with the assumption in the field of perceived quality that luxury brands offer greater product quality and performance than non-luxury brands (e.g., Garfein, 1989; Roux, 1995; Quelch, 1987; Nia & Zaichkowsky, 2000; O’Cass & Frost, 2002; Vigneron & Johnson, 2004). Consumers may associate luxury products with a superior brand quality and reassurance so that they perceive more value from them (Aaker, 1991). The literature on luxury consumption often emphasizes this importance of quality to ensure the perceptions, and therefore the value, of luxury (Quelch, 1987; Rao & Monroe, 1989; Garfein, 1989; Groth & McDaniel, 1993; Roux, 1995). In addition, high quality is seen as a fundamental character of a luxury product in terms of a *sine qua non* (Quelch, 1987; Garfein, 1989; Roux, 1995).

The usability value is the essential value of a luxury product, which aims to attract and satisfy the needs of the individual. When a person purchases a product, he/she will want the product to look good, work perfectly and last for a long time. He/she will see whether the product will satisfy and work as promised. In general, a product or service is designed to perform a particular function; the core benefit can be seen in its usability for satisfying

consumer needs. The concept of usability has been examined and understood in terms of ease of use and can be defined by the physical/chemical/technical, concrete, or abstract product/service dimensions (e.g., Park, Jaworski, & McInnis, 1986). Usability is based on both the product's properties and the consumer's needs. Hence, one must differentiate between an objective and a subjective judgment of usability, which depends on individual evaluation and the specific purpose of use. With regard to basic usage, consumers expect the item they buy to work right, look good, last a long time, and perform as expected and as promised (e.g., Fennel, 1978). Such expectations increase even more in regard to luxury items.

The higher the uniqueness value, the higher it will be in the social hierarchy (Wiedmann et al., 2009). Therefore, when the product is unique and more expensive compared to other products, it means the product will be more valuable. In the luxury fashion industry, the uniqueness effect is so dominant that companies come up with new designs to attract more customers. Tian et al. (2001), propose that an individual's need for uniqueness plays a fundamental role in consumption of luxury products. They argue that a product's perceived uniqueness increases the value of the product, leading to an improvement in an individual's standing in the societal hierarchy. Consumer consumption is based on two countervailing needs: a need for conformity and a need for uniqueness.

Ruvio et al. (2008) and Tian et al. (2001) observe that consumers acquire and display material possessions for the purpose of feeling differentiated from others. Luxury goods since inception have primarily targeted the uniqueness trait among consumers. For example, Christian Louboutin is highly associated with unique shoe designs and the House of Hermes with unique silk scarves. This uniqueness aspect is so dominant in the luxury goods market, and especially in the fashion industry, that organizations are forced to develop new designs on a minimum bi-annual basis. The need for uniqueness is strongly associated with the independent and interdependent self-construal. In eastern emerging markets, the consumer's view of self is defined by the center of their relationships (Markus and Kitayama, 1991) which includes not only one's achievements, but also the position of one's group, usually family, relatives and kinship clan.

Moreover, researchers have observed a significant need for conformity signalling among consumers in eastern emerging markets (Commuri, 2009). This suggests that consumers in eastern emerging markets are willing to purchase luxury goods if such goods are highly recognizable among their peers. Hence, these consumers will be less interested in a product which is highly unique and less recognizable. On the other hand, in western developed markets, a consumer's view of self is defined by one's own opinion and tastes and not being swayed by social pressure to conform as is the case in eastern markets (Wong and Ahuvia, 1998).

Past researches have shown that the price of a product plays a significant role in decision-making (Erickson & Johansson, 1985; Lichtenstein et al., 1988; Tellis&Gaeth, 1990). Price value refers to the product that is expressed in pounds and dollars and what has been given up to obtain the luxury product(Ahtola, 1984; Mazumdar, 1986; Chapman, 1987). When a product has a high price, it might give the product a higher social status (McCarthy et al., 1987). Nevertheless, it is important to realize that a product or service does not have to be expensive to be a luxury good, nor is it luxurious just because of its price. Luxury consumers demand more value along with their luxury. Some items may, for example, be regarded as luxury goods not in terms of a price tag or label, but in terms of their sentimental value (e.g., a wedding ring as part of personal history or as ancestral heirloom) or investment value (paintings, classic cars). Thus, consumers can and do distinguish between objective price (the actual price of a product) and perceived price (the cost as judged by the consumer) (Jacoby & Olson, 1977).

All the luxury values are relevant, and they are the foundation of the luxury perception of a consumer. Commonly, values are known as the beliefs which will lead to the decision-making and the selection of certain products. The consumption value will explain why consumers purchase certain products and why they try to avoid some products (Finch et al., 1998; Chen et al., 2008; Park et al., 2008). Different types of values have a greater impact on

consumer purchasing decisions. Solomon et al. (2006) p.113, echo that “value can be defined as a belief about some desirable end-state that transcends specific situations and guides selection of behaviour.”

Luxury value perceptions in luxury fashion product consumption are not something only related to social impact in showing off status, impressing others, and showing off success, but is also influenced by the nature of the functional, individual and financial impact of the specific luxury products. Additionally, the Theory of Planned Behaviour (TPB) predicts an individual's intention to engage in behaviour at a specific time and place. It suggests that individual behaviour is determined by the behaviour intentions (Ajzen, 1991).

The theory of planned behaviour (TPB) is based on the Theory of Reasoned Action (TRA), which states that human beliefs influence attitudes and shape behavioural intentions. Ajzen (1991) extended the TRA adding perceived behaviour control. The core factor of the TPB is the individual's intention to perform a given behaviour, that is, “the intentions are assumed to capture the motivational factors that influence a behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behaviour” (Ajzen, 1991, p. 181). The key lies in the idea that the stronger the intention to engage in a specific behaviour, the more likely the individual performs that same behaviour (Suntornpithug and Khamalah, 2010).

TPB highlights three independent variables of intention: The first, the attitude towards the behaviour, “refers to the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question” (Ajzen, 1991, p. 188); the second variable is the subjective norm that focuses on perceived social pressure to carry out or not carry out the behaviour; the third is the degree of perceived behavioural control, which refers “to the perceived ease or difficulty of performing the behaviour and it is assumed to reflect past experience as well as anticipated impediments and obstacles” (Ajzen, 1991, p. 188). Here, the key is, “the more favourable the attitude and subjective norm with respect to behaviour, and the greater the perceived behavioural control, the stronger should be an individual's intention to perform the behaviour under consideration” (Ajzen, 1991, p. 188). In the current study behavioural intention comprises two components, recommend the brand to others and pay more for the same product, as proposed by Zeithaml et al. (1996) and Loureiro and Kastenholtz (2011).

Solomon et al. (2006, p. 113) point out that “a value can be defined as a belief about some desirable end-state that transcends specific situations and guides selection of behaviour”. Beliefs are considered as determinants of attitude, behavioural control and subjective norms (Ajzen and Fishbein, 1980). Therefore, we may infer that individual and social values can be regarded as



influencing the three main variables of TPB, that is, attitude, behavioural control and subjective norms

Attitudes, subjective norms and perceived behavioural control are a function of beliefs, namely attitudinal beliefs, normative beliefs and control beliefs (Fisbein&Ajzen, 1975; Ajzen&Fishbein, 1980). Hence, it can be concluded that luxury values (such as Individual, social, functional and financial) can be said to be the influential factor towards the variables (attitude, subjective norms and behavioural control) in TPB. As such, it can be hypothesised that:

**Research Hypothesis 1:**

H1a: *A Chinese consumer's individual value will significantly influence his/her attitude towards the luxury fashion products in China.*

H1b: *A Chinese consumer's individual value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H1c: *A Chinese consumer's individual value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

## **Research Hypothesis 2**

H2a: *A Chinese consumer's social value will significantly influence his/her attitude towards the luxury fashion products in China.*

H2b: *A Chinese consumer's social value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H2c: *A Chinese consumer's social value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

## **Research Hypothesis 3**

H3a: *A Chinese consumer's functional value will significantly influence his/her attitude towards the luxury fashion products in China.*

H3b: *A Chinese consumer's functional value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H3c: *A Chinese consumer's functional value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

#### **Research Hypothesis 4:**

H4a: *A Chinese consumer's financial value will significantly influence his/her attitude towards the luxury fashion products in China.*

H4b: *A Chinese consumer's financial value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H4c: *A Chinese consumer's financial value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

As stated in the literature review in chapter 2, the purchasing behaviour regarding luxury products needs to be assumed and explained by communicating with personal values and interpersonal effects in the luxury products consumption. This thesis pulls upon the Theory of Planned Behaviour as the theoretical framework to analyse the determinants of the consumer's intention to purchase luxury fashion products (Ajzen, 1991; Madden et al., 1992; Zhan & He, 2012). This research has been formed based on the theory of planned behaviour and for perceiving luxury goods consumers' behaviour. It is quite clear in this field that consuming luxury goods includes one's social, functional, financial and personal function. This theory has a key role in explaining the values of the individual (Kumar, 2012). The

mentioned theory is in some way the prevailing issue of the theory of reasoned action (TRA).

The basis of this theory is that one's behaviour is impressed by one's intention for doing that behaviour. On the other hand, one's intention is being impressed by two factors: 1) one's motivation against behaviour and 2) subjective norms (Ajzen and Fishbein, 1975). As a result, in addition to the two previous factors that was stated regarding TRA, theory of planned behaviour adds another variable which is called planned behaviour control. The three key predictors towards buying luxury fashion products are attitude, subjective norms and perceived behavioural control.

Attitude about behaviour is defined as a positive or negative sensation in relation with performing behaviour (Fishbein and Ajzen, 1980). Based on theory of reasoned action, attitude toward behaviour is being determined by one's beliefs, consequences of the behaviour and one's assessment of these consequences. In other words, attitude refers to one's solid beliefs regarding performing behaviour. Jin and Kang (2011), in their studies regarding consumers concluded that attitude has been the most significant index of predicting consumers' purchase intention for foreign goods (clothing). Another research that was performed by Son and Jin (2013) confirmed the impact of Indian consumers' attitude about purchasing foreign brands. In the past

numerous researches have been performed that have indicated significant impact of attitude on consumers' purchase intention.

Using the Theory of Planned Behaviour as the baseline, it is expected that the consumer's attitude would more likely be positive or negative towards the intention of purchasing luxury fashion products. Attitude is "an individual's positive or negative feeling regarding performing the target behaviour" p.216 (Ajzen, 2006). The attitude is determined by an individual's strong belief that the behaviour will lead to an outcome and evaluation.

The Theory of Planned Behaviour is mostly adopted to evaluate individuals' decision-making and what causes a person to perform a particular behaviour. The researches that have been done will allow us to understand consumer buying behaviour and enable us to think about what to offer on products in the market. In this research, TPB is used as a framework for examining consumers' attitudes, social pressures and their perception in performing the behaviour towards luxury fashion products. There are many other researches previously done and proved that attitude has significant impact towards purchase intention (Zhang & Prybutok, 2005; Gao, 2009; Zhang & Kim, 2013; Sanyal et al., 2014).

The second key predictor of purchase intention is subjective norms. Subjective norms, are the individual's perception on approving or disapproving

the behaviour of the individual by others (Fishbein&Ajzen, 1975; Ajzen, 1991). Subjective norms may be influenced by others who are significant to the individual making the decision. They may be influenced by family members, friends, colleagues or relatives. Previously, it was proved that there is a positive relationship between subjective norms and purchase intention when the author is justifying the attitude towards purchasing counterfeit products (Kim &Karpova, 2010). There are several researches that establish the relationship between subjective norms and purchase intention (Wilson et al., 1975; Ajzen, 1991; May 2005; Kim &Karpova, 2010).

In other words, subjective norm refers to effective individuals' impact on one's function and behaviour. Effective individuals could include family members, friends, and colleagues. Kim and Karpova (2010), by studying some of the American students' behaviour, discovered a direct link between subjective norms and purchase intention regarding purchasing fake brand and unoriginal goods. This positive relation between subjective norm and purchase intention has been proved in several studies (Kim and Karpova, 2010; Fishbein and Ajzen, 1975; May, 2005).

The third key predictor to purchase intention is known as perceived behavioural control. Perceived behavioural control is a degree of difficulty that an individual identifies when performing a certain behaviour (Ajzen, 1991). Perceived behavioural control will help in predicting the individual's want to

perform but is unable to perform because of lack of resources. When the resources or opportunities are available, the individual's control on the behaviour will increase (Ajzen, 1991). When explaining the luxury purchase intention among Indian consumers, it was confirmed that perceived behavioural control is one of the important factors (Son et al., 2013). Many studies reflected on the connection between perceived behavioural control and purchase intention (Ajzen, 1991; May, 2005; Gao et al., 2009; Gao, 2009).

There are some of the behaviours that people have the intention of doing them; however, due to lack of opportunity or resources, they would not be able to do them. Perceived behavioural control contributes to predict these behaviours (Miller, 2007). Based on theory of planned behaviour, the more the opportunities and resources would be for individuals for performing an action, the more would be his control upon his behaviour. Perceived behavioural control affects intentions and behaviours. Studies performed by King and Ho (2002) confirmed that perceived behavioural control is the most significant index for explaining the reason for purchasing luxury goods among Chinese consumers. Several and various studies have confirmed significant relation between perceived behavioural control and purchase intention (Teo and Pok, 2003; Shih and Fang, 2004). Past studies have confirmed a direct link between perceived behavioural control and real purchase behaviour.

Here, the key is, “the more favourable the attitude and subjective norm with respect to behaviour, and the greater the perceived behavioural control, the stronger should be an individual's intention to perform the behaviour under consideration” (Ajzen, 1991, p. 188). In the current study behavioural intention comprises two components, recommend the brand to others and pay more for the same product, as proposed by Zeithaml et al. (1996) and Loureiro and Kastenholz (2011).

Solomon et al. (2006, p. 113) point out that “a value can be defined as a belief about some desirable end-state that transcends specific situations and guides selection of behaviour”. Beliefs are considered as determinants of attitude, behavioural control and subjective norms (Ajzen and Fishbein, 1980). Therefore, we may infer that individual and social values can be regarded as influencing the three main variables of TPB, that is, attitude, behavioural control and subjective norms. Thus, this study proposes that consumers’ attitudes towards buying luxury fashion products, subjective norms and perceived behavioural control are the essential determinants of the consumers’ intentions to purchase luxury fashion products. The research hypotheses are stated as follows:



## **Research Hypothesis 5, 6, 7**

*H5: A Chinese consumer's attitude towards luxury fashion products will significantly influence his/her purchase intention in China.*

*H6: A Chinese consumer's subjective norms towards luxury fashion products will significantly influence his/her purchase intention in China.*

*H7: A Chinese consumer's perceived behavioural control towards luxury fashion products will significantly influence his/her purchase intention in China.*

The literature review in Chapter two has indicated that the relationships among attitude, subjective norms, perceived behavioural control and purchase intention are expected to be contingent on consumer knowledge about luxury brands. Consumer knowledge refers to a consumer's general knowledge about different luxury brands in a particular product category. The more conscious consumers are aware of more brand names and know more about the differences between brands. As discussed in Chapter two, wealthy Chinese consumers have insufficient knowledge about luxury brands compared to their counterparts in other countries. Therefore, when the consumer knowledge of particular products is increased, consumers will prefer a product that they know about in term of its characteristics that match and facilitate their image (Brucks, 1985; Raju et al., 1995; Veale & Quester, 2007;

Vigar-Ellis, 2016). Indeed, the less knowledgeable consumers will always go for their preferred brand, and they don't have any alternatives in their consideration when purchasing a product.

More knowledgeable consumers are aware of more brand names and know more about the differences between brands. Generally, consumer knowledge acts as counting one's attitude, relevance to one's beliefs and using as experiences for future tasks (Kallgren & Wood, 1986) The knowledge is used as a precondition for attitude change (Kaiser & Fuhrer, 2003). Knowledge shares information to evaluate the value of a product which has trustworthy sources of information. Therefore, consumers have an understanding of in-depth consequences on the process in terms of attitude (Cervellon & Wernerfelt, 2012).

Consumer knowledge is related to one's behavioural decisions and attitude about cost-benefit intentions (Kaiser & Fuhrer, 2003) Socially, the knowledge is deeply associated with social norms and one's knowledge of shared social expectations (Kaiser & Fuhrer, 2003; Kaiser, F.G., & Fuhrer, U. 2003) and is the form of social knowledge leading to the observation of one's attitudes and behaviours. Knowledge is associated with a greater influence on attitude toward sustainable fashion products, which is why researchers are greatly concerned with it.

As discussed earlier, Chinese wealthy consumers have exceptionally limited knowledge about luxury brands compared to their counterparts in other countries. A McKinsey & Company report indicates that over half of China's consumers who own luxury fashion goods started purchasing them in the past four years, and most of them can only name one or two luxury brands in a category (Atsmon& Dixit, 2009). As consumer knowledge increases, consumers are less likely to use the best-known, popular luxury brands to express their uniqueness. They prefer other, less popular brands from the same product category that cannot only deliver similar values but also stand the consumers out from their peers who own some luxury goods.

In addition, more-knowledgeable consumers may know more about the characteristics of each brand and, thereby, are better able to identify brands that match their own images and facilitate their self-impression. On the other hand, less-knowledgeable consumers who are only aware of the best-known brands do not have many alternatives in their consideration set when they make purchase decisions. Indeed, the less-knowledgeable consumers are more likely to perceive the best-known brands as different and rare because they are unaware that other options also offer exceptional benefits associated with luxury goods.

TPB regards knowledge as an antecedent of an individual's attitude (Eagly&Chaiken, 1993). Consumer knowledge is based on one's

understanding or awareness about the product and the level of confidence one feels about it (Lin & Chen, 2006). It reflects an individual's cognitions which influence different stages of decision-making, including buying decisions. In fact, there has been a large amount of research about the effect of consumer knowledge on consumer behaviour (e.g., Brucks, 1985; Lin & Chen, 2006; Sujan, 1985). Studies suggest that consumer knowledge is associated with various phases of consumer behaviour such as product evaluation, purchase intention, and satisfaction. Hence, the significant role of consumer knowledge in consumer behaviour creates a strong rationale for incorporating consumer knowledge into the TPB model for the present study. It would be especially important to test the effect of knowledge on consumer's acceptance behaviour for socially responsible products because it is reported that, in general, knowledge of such products is considerably low among consumers.

Manget et al.'s (2009) study on environmentally friendly products illustrates the importance of consumer knowledge in this particular domain. Their results showed that nearly all the respondents in the survey indicated that they felt confused when shopping for environmentally friendly products and were unsure about what environmentally friendly means and what benefits it provides. Lack of consumer knowledge was indeed one of the main barriers to purchase in their study. Consistent with this finding, other studies showed that the knowledge of and familiarity with socially responsible products are

low, despite the fact that consumers generally have positive viewpoints toward these products (Ha-Brookshire & Norum, 2011; Lin, 2009). Yet, when learning opportunities were given to consumers, the level of knowledge as well as attitudes toward the products increased significantly (Ha-Brookshire & Norum, 2011).

Consumers take into account behaviours and expectations of others when assessing the appropriateness of their purchase behaviour. Employing social norms has been found to be effective in promoting ethical behaviours (Cialdini et al., 1990; Goldstein et al., 2008) as well as purchase related behaviours (Kim et al., 2012). Also, consumer knowledge is known to have a positive influence on consumers' purchase decisions (e.g., Brucks, 1985; Park et al., 1994). Previous literature has shown that greater level of knowledge or awareness concerning socially responsible products positively affects forming attitudes and purchase behaviours (Aertsens, Mondelaers, Verbeke, Buysse, & Van Huylenbroeck, 2011).

Therefore, the current study applies a modified TPB model by adding consumer knowledge into the framework. In addition, investigating the effect of consumer knowledge as a moderator may be crucial especially in the ethical consumption domain, as consumers have relatively poor understanding of the related products. From the perspective of practical value, it may be important

to discuss the potential of consumer education to motivate purchase of these products.

Obtaining information on how each type of knowledge operates in the process of making socially responsible purchase decisions will help marketers develop more effective strategies, mainly regarding consumer education. From the consumers' point of view, understanding the strong influence of product knowledge on their socially responsible purchase decisions may encourage them to seek more learning opportunities related to their purchase from which they may gain skilful judgments to discern reliable and accurate product information from those that are not and hence, become more knowledgeable consumers. Therefore, consumer knowledge is hypothesised to moderate the relationships among attitude, subjective norms, perceived behavioural control and purchase intention.

### **Research Hypothesis 8**

*H8a: Consumer knowledge moderates the relationships between a Chinese consumer's attitude and her/his intention in purchasing luxury fashion products in China.*

*H8b: Consumer knowledge moderates the relationships between a Chinese consumer's subjective norms and her/his intention in purchasing luxury fashion products in China.*

*H8c: Consumer knowledge moderates the relationships between a Chinese consumer's perceived behavioural control and his/her intention in purchasing luxury fashion products in China.*

### **3.5 CHAPTER SUMMARY**

Chapter three has provided the summary of the research questions, the research objectives, and the research hypotheses based on the literature review in chapter two. The next chapter will discuss the research methodology that has been selected to implement the research hypotheses.

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## **CHAPTER 4:**

### **RESEARCH METHODOLOGY**

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#### **4.1 INTRODUCTION**

Methodology is the way an investigation is done whether conceptually or empirically to spread the development of scientific knowledge (Wagner, 2003). The previous chapter outlined the main theoretical framework of the thesis. From there the relationships of theoretical arguments and the research hypotheses among the luxury value dimensions and the other influential variables were developed.

This chapter follows the six basic concepts of the research design (Saunders et al., 2009) to illustrate the research methodology used in this thesis. The six basic concepts are research philosophy, research approach, research strategy, choices, time horizons and data collection method, which describe the different levels that the researcher must go through when formulating an effective methodology. The chapter starts with discussing the research process, then the research philosophy where this creates the starting point for the research approach adopted in the second stage. Next, the research strategy, choices and the time horizons are discussed. Finally, the



data collection method is addressed. The chapter ends with a chapter summary.

## **4.2 RESEARCH PROCESS**

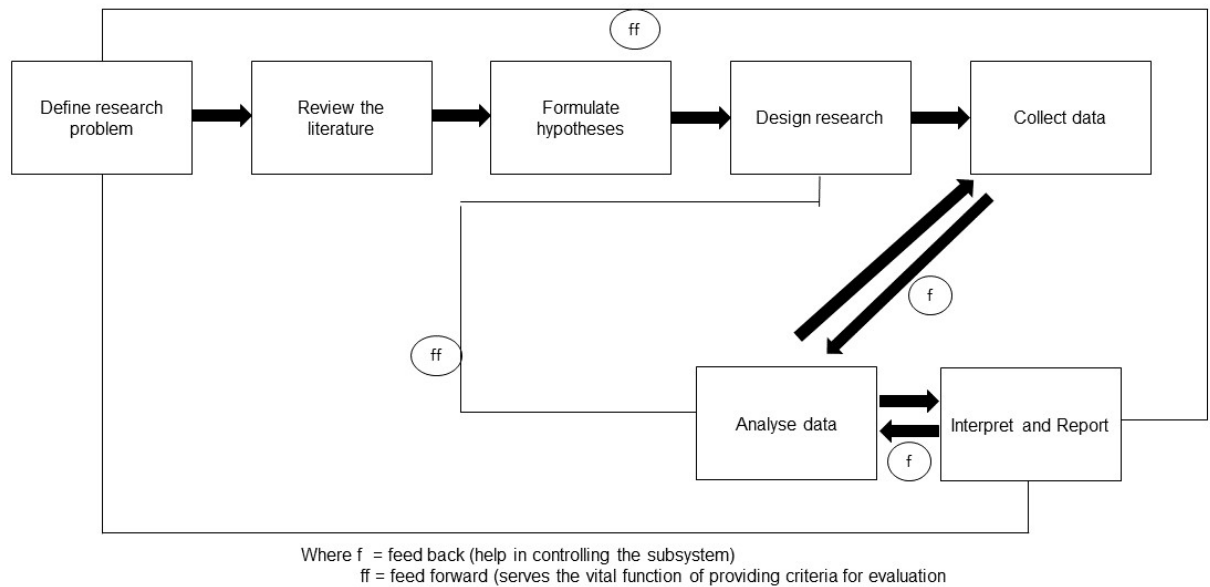
The research process is the flow that a researcher should follow in understanding the research methodology as shown in Figure 4.1. The research process starts with the formulation and clarifying of the research topic. This helps in generating ideas that leads to choosing the right research topic. The research topic is refined into a feasible one. After creating and improving the design, the research questions and research objectives are developed. The second step of the research process is critically discussing the literature, including the sources available and the purpose of reviewing the literature. This is followed by identifying the keywords and searches using the databases available.

The third step is addressing the research philosophy and the approaches that are utilized in the research. In this step, the researcher thinks about how to view the world and how it impact the way that the research is carried out. Fourthly, the research design is formulated where the strategies are discussed, and the differences between qualitative and quantitative research are debated. The discussion gives credibility for the findings and conclusion. The next step of the process focuses on the issues of research

ethics and negotiating access. This step explores access to the organisations and individuals. Ethical issues are discussed in each stage and in different data collecting procedures. All the issues that arise regarding data protection are also introduced.

Next, Figure 4.1 includes the step of planning and collecting the data. This step includes the sampling techniques that are used in the research and considers the sample necessary, issues of the sample size and the response rate. In this stage, the method employed in the research and the evaluation of the data including the reliability and validity are discussed. Then, the questionnaires are examined and the advantages and disadvantages of the questionnaire are discussed. This step includes designing, piloting and administering internet-mediated, postal, delivery and collection, and telephone surveys to enhance their response rates. After that, the data is analysed will be conducted using the methods of either qualitative or quantitative analysis. The data is analysed using the appropriate statistical software. Lastly, the content, structure and the style of the final thesis is completed.

**Figure 4.1: The Research Process**

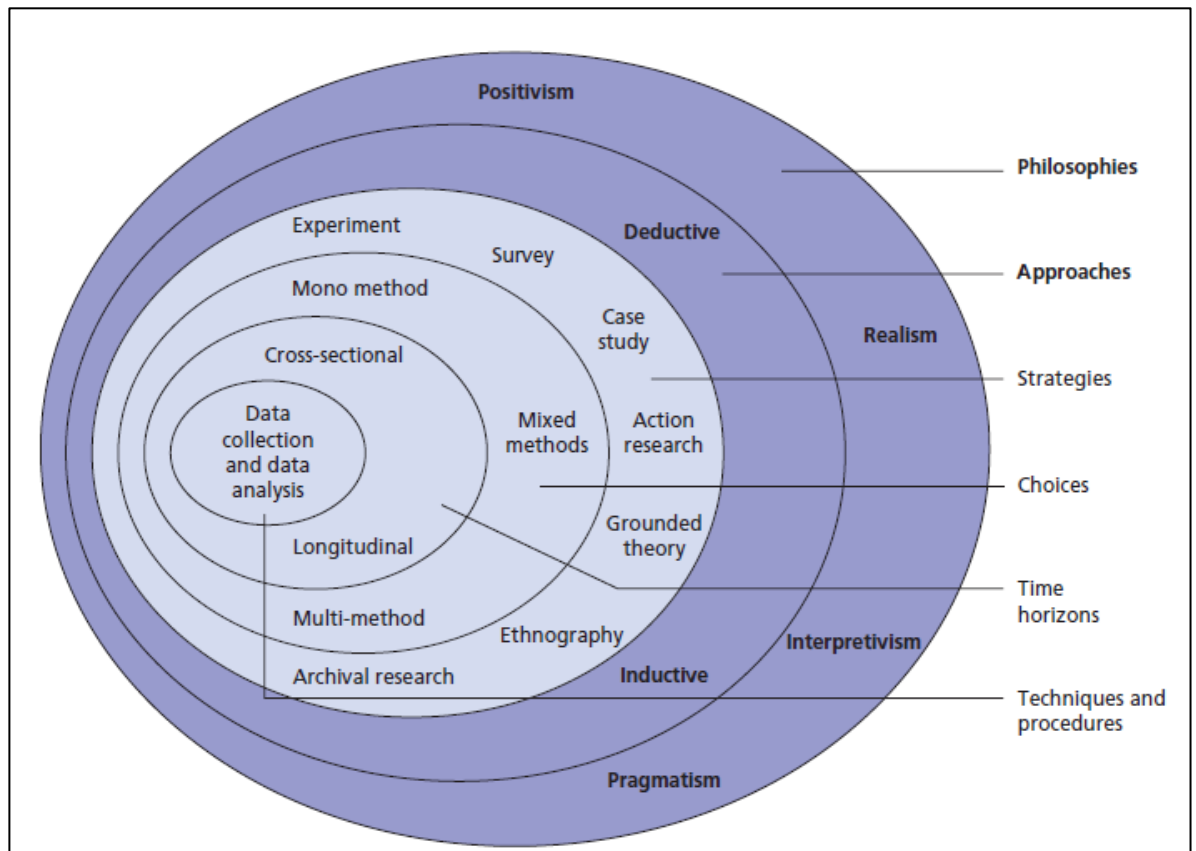


**Source: Robson (2002)**

### **4.3 RESEARCH DESIGN**

Research design or known as research onion was developed by Saunders et al. (2003), where each layer refers to the stages of the research process (Saunders et al., 2009). The research onion designs the development of the research methodology. The layer consists of the research philosophy, research approaches, research strategy, choices, the time horizons and the research techniques as shown in Figure 4.2. The research design focuses on turning the research questions into a research project.

**Figure 4.2: The research onion**



**Source: Mark Saunders, Philip Lewis and Adrian Thornhill 2008**

### 4.3.1 Research Philosophy

The research philosophy is related to knowledge based on the assumptions and beliefs made by people on the nature surrounding the world socially and how they can investigate it. In every stage of a research that is done, there will be assumptions made (Saunders et al., 2016). According to Crotty (1998), the assumptions of the knowledge and the reality of nature that we come across in the research indeed shape our perception of the research questions, the methods that have been applied in the research and how the data is

interpreted. The understanding of the nature of social science is essential in thinking about philosophy. According to Saunders et al. (2009), there are four research philosophies based from the research 'onion'. In layer 1, there are positivism, realism, interpretivism and pragmatism.

Pragmatism is the basis for epistemology, ontology and axiology. Interpretivism is the epistemology which is necessary for the researcher in understanding the differences among human beings (Burrell & Morgan, 1979). Realism has two significant distinctions on the philosophies. They are the universal concept of nature and deal with the knowledge of objects in the social world. The distinction is more towards positivism where it adopts a scientific method in developing the knowledge (Burrell & Morgan, 1979). Measurement using quantitative approaches usually follow positivism in the social sciences. The positivist movement is always influenced by behaviourism and the operational of participants (Burrell & Morgan, 1979; Saunders et al., 2009). In this research, the positivist approach is used because the role of the researcher is assumed to be independent of the society which the researcher is examining to gain the results without bias.

Axiology is the view of the researcher's role in the research that judges the value. The researchers' values that will be played in all the phases of the investigation will give a tremendous importance to the reliability of their own research. If the researchers are aware about their values, it can help them in deciding what should be done ethically and they can argue about the

decisions that have been made (Saunders et al., 2009). As for this research, positivism is adopted, and this means the research process is value free and the purpose of the research is not influenced by any of the research activities. Table 4.1 shows the comparison of the four research philosophies in axiology and the methodology that has often been used.

**Table 4.1 Comparison of four research philosophies**

<b>Philosophies</b>	<b>Positivism</b>	<b>Realism</b>	<b>Interpretivism</b>	<b>Pragmatism</b>
<b>Axiology</b>	<ul style="list-style-type: none"> <li>• Researcher is independent of the data and maintain objective stance</li> <li>• Research is value- free way and objective.</li> </ul>	<ul style="list-style-type: none"> <li>•The World views bias researcher</li> <li>•Research is value-laden</li> </ul>	<ul style="list-style-type: none"> <li>• The researcher is part of the research, cannot be separated.</li> <li>• Research is value bound and subjective</li> </ul>	<ul style="list-style-type: none"> <li>• Researcher is adopting both objective and subjective points</li> <li>• Value plays a significant role in results interpretation</li> </ul>
<b>Data collection method</b>	Highly structured, large samples, quantitative but can use qualitative	Method chosen must fit the subject matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative	Mixed or multiple designs, quantitative and qualitative

Source: Saunders et al. (2009, p.119)

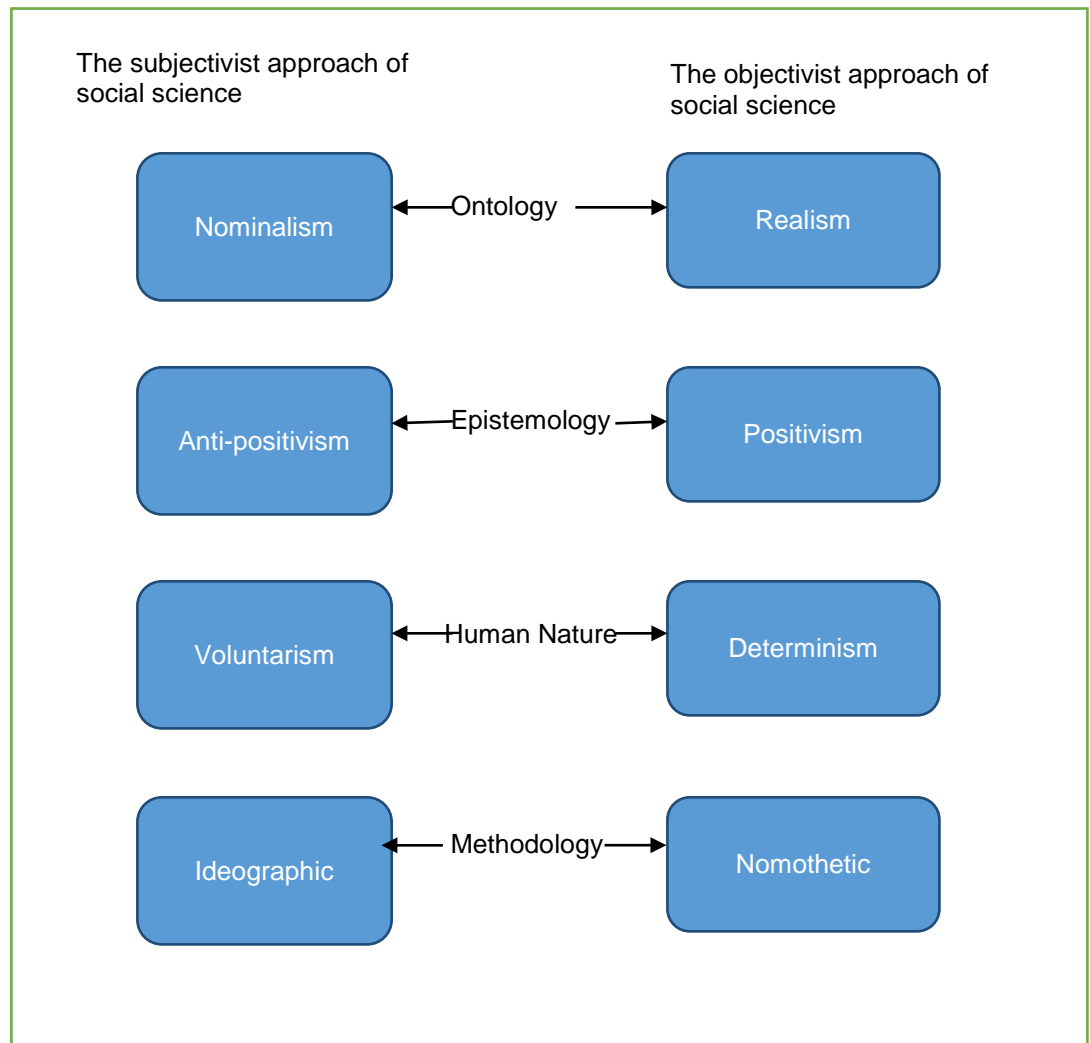
#### **4.3.1.1 Research Paradigm**

The concept of paradigm comes from the word “*paradigm*” from Greek that means pattern. The term was used by Thomas Kuhn (1962) to represent the framework that was developed by the scientist to examine and find a solution to the problems. Kuhn (1962) defines paradigm as: “an integrated cluster of substantive concepts, variables and issues attached with corresponding methodological approaches and tools...” quoted in Flick (2009), p.69.

The research philosophy adopted by the researcher contains some fundamental assumptions on how the researcher views the world in his/her way and develops the knowledge in a certain field of research (Saunders et al., 2009). The research philosophy supports the research strategy and the methodology that is chosen. The selected paradigm is used as guidelines in the research investigation while supporting and strengthening the research design and the methodological choices (Saunders et al., 2009).

The assumptions and beliefs of the individual paradigm are connected to three interrelated questions. They are what is the nature of reality? (Ontology); what is known as suitable information for the research by the knower? (Epistemology), human nature and how can the researcher find out the information that need to know in this research? (Methodology) (Burrell & Morgan, 1979; Guba & Lincoln, 1994; Tashakkori & Teddlie, 1998). Figure 4.2 shows the assumptions in a subjective-objective dimension.

**Figure 4.3: Subjective-objective dimension**



**Source: Burrell and Morgan (1979: 3)**

In Figure 4.3, ontology concerns the way of life (Burrell & Morgan, 1979). Ontology puts on the queries of the expectations that a researcher has about in what way the world goes and the assurance to particular views (Burrell & Morgan, 1979). There are two approaches in ontology which are the subjective approach (nominalism) and the objective approach (realism). The subjective approach is produced from the perception and resulting action of social actors. According to Burrell and Morgan (1979), p:4, “The nominalist



position revolves around the assumption that the social world external to individual cognition is made up of nothing more than names, concepts and labels which are used to structure reality. The nominalist does not admit to there being any 'real' structure to the world which these concepts are used to describe." On the other hand, the realism is more around the assumption that social reality is objective and concrete which is external to the observer, and the interpretation is independent. According to Burrell and Morgan (1979), p:4, "Realism postulates that the social world external to individual cognition is a real world made up of hard, and relatively immutable structures. Whether or not we label and perceive these structures, the realists maintain, they still exist as empirical entities."

We do not realise that the presence of some outstanding arrangements and structures consequently have no "names" or particular conceptions to clear them. The realist thinks that the world exists to be independent of one's gratitude of it. This research adopts the realism perspective. The ontological assumptions will lead to how the knowledge can be developed which is epistemological assumptions (Guba & Lincoln, 1994). Secondly, the assumptions on the nature of epistemology are the grounds of the overall knowledge which raises the question of what the researcher thinks. Positivists will try to explain and forecast what will happen in the social world. According to Burrell and Morgan (1979), p:5), "Positivist epistemology is in essence based on the traditional approaches which dominate the natural sciences by

searching for regularities and causal relationships between its constituent elements”. Positivists believe that the society is a base for an individual and its objectives, which can be measured, revealed and predicted by scientific methods (Burrell & Morgan, 1979; Field, 2005; Saunders et al., 2009).

Meanwhile, anti-positivism predicts that only the individual who is involved directly in the research can understand the world. According to Burrell and Morgan (1979), p:5, “Anti-positivists reject the standpoint of the ‘observer’, which characterizes positivist epistemology, as a valid vantage point for understanding human activities. They maintain that one can only 'understand' by occupying the frame of reference of the participant of action.” This research adopted positivism because the role of the researcher is limited to data collection and the interpretation is more towards the objective approach. Not only that, the research findings are observable, assessable and could create knowledge that can be replicable (Saunders et al., 2009). Both aspect (ontology and epistemology) assumptions will have a connection with the methodology that will be applied (Burrell & Morgan, 1979) and how the researcher examines and obtain knowledge about the social world (Guba & Lincoln, 1994). The existing theory and literature are used to form the hypotheses, and these hypotheses are analyzed using quantitative techniques using the positivist approach.

Next, the assumptions about human nature where it concerns the connection between the environment and the humans. A person relates determinism to the activities and is wholly dependent on the situation or the environment the person is located (Field, 2005). Voluntarism assumes that a person is independent. To understand the human activities, the person must indirectly or directly incline these points of view from both standpoints which are the impact from voluntarism and determinism (Saunders et al., 2009). This research explains the human activities from both standpoints which are the situational and the voluntary factors. The three assumptions made earlier have direct effects on the methodological nature. Each assumption has a significant impact in how the research is investigated and how the information about the social world is gathered (Burrell & Morgan, 1979). Ideographic approach is related to the view where a person can fully understand the social world by direct knowledge, which is investigated. There will be enormous pressure to get close to the subject and explore the background and the history (Burrell & Morgan, 1979).

Meanwhile, the nomothetic approach is more about getting the objective knowledge of the scientific methods and techniques (Burrell & Morgan, 1979). Therefore, in acquiring the knowledge, qualitative techniques and a scientific test is used to analyses the data. This research implements the nomothetic methodology after going through the assumptions made

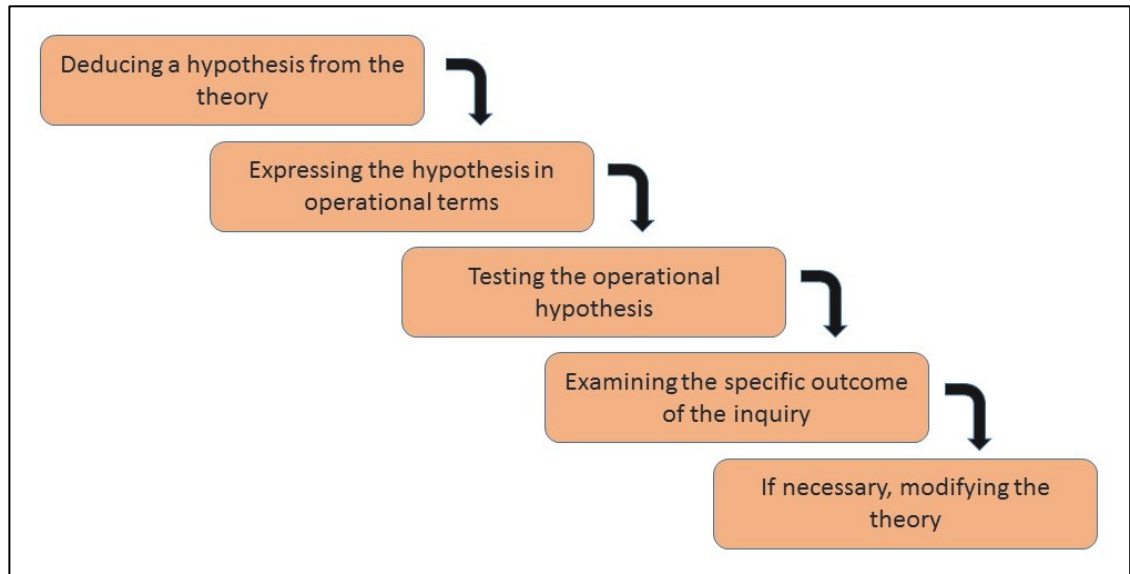
earlier. It can be said that this research follows the objective dimension of social science.

#### ***4.3.1.2 Research Approach***

The deductive approach is used to test the research hypotheses in this study. When using the deductive approach, the research starts off with data collection to explore the situation and build a theory which is usually in a form of a conceptual framework (Saunders et al., 2009). According to Ghauri and Gronhaug, (2005), all the variables should be defined theoretically to identify any possible problems, and provide the basis for testing the model.

There are some advantages in applying the deductive approach (Saunders et al., 2009). Firstly, in the deductive method, the relationships among the variables are explained. Secondly, by developing the research hypotheses, the research can then adopt a methodology to test the hypotheses to ensure reliability. Thirdly, the approach enables the facts to be measured quantitatively. Finally, a generalisation is needed where the sample size should be high enough to determine human behaviour. According to Robson (2002), there are five stages of the deductive research as shown in Figure 4.4.

**Figure 4.4: Five stages of deductive approach**



**Source: Robson (2002)**

There are several characteristics of deduction process (Robson, 2002). Firstly, it explains the relationship between the dependent and independent variables (deducing a hypothesis from the theory). This research aims to examine the relationships among luxury values and attitude, subjective norms and perceived behavioural control by the moderating variable of consumer knowledge. Secondly, it expresses the hypotheses in operational terms where the hypotheses are developed from the literature review that was discussed in chapters 2 and 3. In this research, after studying the luxury values, it was found that there seemed to be a relationship among the attitude, subjective norms and perceived behavioural control. Therefore, the research hypotheses were developed in testing the relationships among the variables.

Thirdly, it tests the hypothesis. The hypothesis is tested using a proper data collection method. In this research, an online survey was adopted. There can be differences in the way of how the luxury values influence the dependent variables. Consequently, there is another critical approach to be used which controls the testing of the hypothesis (Robson, 2002). This control will help in managing any changes in the explanation. After examining the hypothesis, if there is any necessity, a modification of the theory should be done if the hypothesis is not confirmed or rejected.

#### **4.3.2 Research Strategy and Methods**

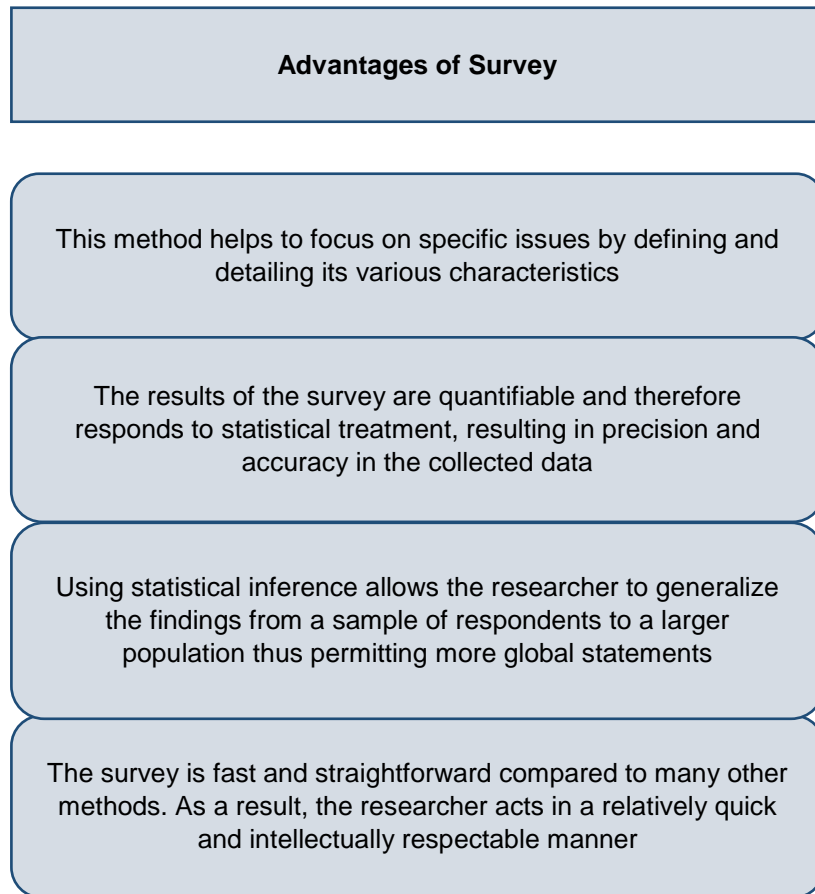
When a researcher tries to investigate the research issues and concerns, he/she needs to use a respectable research strategy. It is because the research plan will help the researcher to answer the research question adequately (Saunders et al. 2009). When an effective research strategy is adopted, it will be a great help for the researcher in defining why the researcher employs the particular research approach to conduct the research. To achieve an effective research strategy, the hypothesis is developed using the deductive approach designed to test the hypothesis. The most important thing in adopting the research strategy is whether it will let us answer the research questions that were developed earlier and achieve the objectives and extend the existing knowledge (Saunders et al., 2009). The research strategy adopted is discussed in the next section.

#### **4.3.2.1 Research Strategy**

According to Saunders et al. (2009), research strategies are an experiment, survey, case study, action research, grounded theory, ethnography and archival research. This research adopted the survey to connect the deductive approach (Sekaran, 2003). This is a standard method that has been used to answer the who, where, what and how many questions. Furthermore, in determining the relationship of the construct of the conceptual model in the literature review, a vast quantity of data is required to test the research hypotheses.

Collins (2009) and Saunders et al. (2009) said that the survey could be done in a very economical way. Surveys are done in questionnaires where the data can be compared easily once completed by the respondents. Consequently, this survey can be used in both explanatory and exploratory types of research. This current research is an explanatory research because it is an attempt to associate the thoughts in order to understand the causes and the effects of luxury value towards the luxury purchase intention and tries to explain the current scenario. Therefore, the survey is one of the research strategies that can make clear and explain the research to the respondents. The advantages of the survey is described in Figure 4.4.

**Figure 4.4: Advantages of survey**



**Source: Chauvel and Despres (2002)**

Moreover, by using the survey method, the research process can be controlled by the researchers, and when doing sampling, it can produce results that are representative of the overall population at a small cost compared to collecting data for the overall population (Chauvel & Despres, 2002). Alternatively, when the researcher chooses to use a survey, the researcher needs to focus on the sampling, designing and piloting of the data collection questionnaires.



#### **4.3.2.2 Research Methods**

In the business management research, the concepts of quantitative and qualitative have been used extensively to distinguish the data collection procedures and also the data analysis. Qualitative is used mostly for any data collection such as the interview and data analysis such as categorizing data and generating non-numerical data. Quantitative is used as data collection for the questionnaire or data analysis such as statistics. Both techniques have their advantages and disadvantages (Saunders et al., 2009).

This research adopted the quantitative method to examine the relationship among the variables and is measured numerically (Saunders et al., 2016). This method often incorporates valid data because data will be collected appropriately, so it is important to deliver the questions clearly to be understood by all the participants (Walliman, 2009).

#### **4.3.2.3 Time Horizons**

There are two types of survey for different types of research, which are cross-sectional and longitudinal. The difference between the two types of research is the amount of measurement that is needed. The cross-sectional research focuses on a specific timeframe, and this is much easier and quicker if there is a need in solving a research question. Meanwhile, the longitudinal research is more focused on measuring the variables and requires a continuous follow-up,

which means more time and resource intensity is needed. In this research, the primary plan is getting a large amount of sample that is 247 to... (for more than 1000 luxury buyers).

Therefore, it could be costly to conduct a longitudinal study. However, some scholars assume that the cross-sectional research lacks adequate perception in affording a causal relationship between variables. According to Bryman and Bell (2007) p.127. "the data on them are collected more or less simultaneously, and the research does not (invariably because he or she cannot) manipulate any of the variables."

There is a need in managing time and sequence to research on the relationship between constructs (Edwards & Bagozzi, 2000). In this research, for example, how the luxury values (individual, social, functional and financial values) influence the consumer's attitude, subjective norms and perceived behavioural control might be dependent on time so, in applying the cross-sectional design, there might be no changes because the gap might be too narrow. However, by comparing the both approaches, the cross-sectional design could be used in testing the final and independent construct, and different scales are applied which will be developed on a theory (Aric Rindfleisch et al., 2008).

In contrast, the longitudinal design is used for research that focuses on time-related situations where in following up it will not be able to find some of the overriding measures or bring out the explanations as cross-sectional designs do. Therefore, the cross-sectional approach was applied in this research.

#### **4.4 POPULATION AND SAMPLING**

This research focuses on Chinese luxury consumers, so all the samples are obtained from China. In selecting the sample, it must be consistent with the research objectives and needs to justify the practical aspects. On the way to achieving this, this research concentrates on Chinese consumers who buy luxury fashion products in Tier 1 cities. Tier 1 cities include Beijing, Shanghai, Shenzhen and Guangzhou, where these areas are known as a highly developed consumer market. These are consumers who have higher household income with high consumption practices towards luxury fashion products. The tier 1 Chinese population have a love for luxury products, and they trade up on luxury purchases.

##### **4.4.1 Target Population**

The target population generally includes the whole group of people, events or the exciting things that a researcher needs to investigate (Sekaran, 2003).

According to McMillan and Schumacher (2001),p.159, “A population is a group of elements or cases, whether individuals, objects, or events, that conform to specific criteria and to which we intend to generalise the results of the research. This group is also referred to as the target population or universe”. In China, the Chinese population is 1.35 billion (China, 2014), and 15% of the total population are luxury consumers, which is about 202 million people. The total Chinese bank savings are approximately ¥20 trillion and 80% of the balance is held by 20% of families. This 20 % of household members can pay for luxury, and they are middle to high-class consumers.

The primary objective of this research is to find how far the Chinese consumer’s luxury values perception influences the purchase intention of luxury fashion products. The sample should also take into consideration the practical concerns. Luxury fashion products are expensive, and this price factor can be one of the barricades in purchasing luxury products (Dubois & Duquesne, 1993). The barrier will cut the product’s availability, but at the same time, it can increase its attractiveness to consumers. Everyone prefers luxury products, but only a few consumers will consume the products because the luxury consumption is not only tied to displaying statuses, success and impressing others but also takes into consideration the nature of the luxury values.

In this research, the population that has been selected is defined as “consumers who are relatively wealthy and can afford to purchase luxury fashion products in China”. Thus, the consumer is considered a resident and of China who has the funds for purchasing luxury fashion products. The consumer should have purchased and used luxury fashion products at least on an occasional basis. Most of the wealthy consumers are from Tier 1 cities because they represent a developed consumer market.

The Chinese consumer has higher household income in Tier 1 cities where 70% of the luxury market is dominated by the higher than average household income consumers (more than ¥11,000). Moreover, Chinese consumers have a strong desire for luxury products (Atsmon & Dixit, 2009). Consumers' in Tier 1 cities have high consumption habits in purchasing luxury fashion products where they will buy the luxury products to show off to their social group in which they belong and this image matters to them (Atsmon & Dixit, 2009). The increase in the purchasing power and Western lifestyle influences has improved the luxury consumption in Chinese consumers. Therefore, the number of luxury products has increased in China to give benefit to the situation.

#### **4.4.2 Sampling**

In this section, the sampling method and the sampling procedure are explained. Sampling is one of the procedures in selecting a representative

group from the population in the research. A sample means a group that has been chosen to take part in the research examination. According to Field (2005), a sample is “a smaller (but hopefully representative) collection of units from a population used to determine truths about that population”. These people are known as participants.

#### ***4.4.2.1 Sampling Technique***

In this research, the sample is significant because it is not possible to conduct the survey for the whole population and the budget with the time given. Two types of sampling techniques are probability sampling and non-probability sampling (Saunders et al., 2009). Probability sampling is a situation where each selected case is known and it is usually equal for all the cases. It is possible in answering the research questions and achieving the objectives which are required when estimating the characteristics of the population statistically from the sample. According to Saunders et al. (2009), probability sampling is always associated with market survey and research strategies.

For non-probability sampling, the probability of each case is selected from the total population which is not identified, and at the same time, it is impossible in answering the research questions and explaining the objectives that are essential to make statistical intrusions (Saunders et al., 2009). This research adopts the non-probability sampling because it is related to a range of alternative techniques to select samples based on subjective judgement.

For non-probability sampling, the issue of sample size is ambiguous and, unlike probability sampling, there are no rules. Rather, the logical relationship between the sample selection technique and the purpose and focus of the research are important generalizations made to theory rather than about a population.

Consequently, the sample size is dependent on the research question(s) and objectives in particular, what needs to be found, what is useful, what has credibility and what can be done within the available resources (Patton, 2002). The validity, understanding and insights that will be gained from the data will be more to do with the data collection and analysis skills than with the size of the sample (Patton, 2002). There are five techniques in non-probability sampling: quota sampling, purposive sampling, snowball sampling, self-perception sampling and convenience sampling.

There are many different types of non-probability sampling methods. Two types of these sampling methods are adequately used in this research, that is, snowball sampling and purposive sampling. Snowball sampling defines the process of contacting a small group of people who are relevant to the research topic and makes use of these people to build up contacts with other people in the same field (Bryman & Bell, 2007). However, the problem with snowball sampling is that it is implausible that the sample will be representative of the whole population. "The very notion of a population may

be problematic in some circumstances (Bryman & Bell, 2007).” Therefore, the researcher decides to pick up another kind of sampling which is purposive sampling to make sure that most representatives of the population are selected which leads to the most accurate results. Purposive sampling involves selecting samples from the target group to represent the whole population (Tashakkori & Teddlie, 1998). Since the researcher has in mind specific characteristics of the target market, this kind of sampling is useful.

#### ***4.4.2.2 Sampling Procedure***

The survey is self-administered online questionnaires. Data was collected in Tier 1 cities in China. The luxury consumer directory in China was used to guide the identification and selection of the research samples. Data collection was carried out for six weeks from the middle of May to the end of June 2016. Data collection in China was focused in Tier 1 cities to provide for this research a sufficient number of samples that are relatively homogeneous with regard to business lines.

There are some problems in online surveys where there is an absence of a centralised list of the email addresses of the respondents (Taylor & Maor, 2000; Wilson & Laskey, 2003). In traditional surveys, the email address and the telephone numbers can be found in the yellow pages or phone directories. However, internet users might have more than one email address, and they may change the email address regularly (Wilson & Laskey, 2003). In this



research, to overcome the problems of the email addresses, an online questionnaire was adopted. The sample was gathered from a database provided by the web-based marketing and media research firm in China (<http://www.sojump.com>), an online survey hosting site. Sojump.com is an online survey research firm and is similar to SurveyMonkey.com. It was founded in February 2004 and there have been more than 2.6 million reviews done on this site. The respondents' emails were gathered before the survey could be done and all the respondents that took part in the survey were notified by sending the URL to their emails as an invitation to answer the survey (Taylor & Maor, 2000).

To ensure the quality of the data, Sojump.com used the paid sample service whereby the sample resource is more than 12.6 million which they get through the different cities in China. The researcher used this service and paid the online survey research firm to get the sample that they had for the data collection (Wilson & Laskey, 2003). To get the correct respondents, after completing the survey they are awarded points, which they can exchange for gifts. The overall population of the luxury consumer includes consumer who buys luxury products regularly and occasionally. From that population, it is estimated that around 5.7 million are luxury consumers. The samples used are from tier 1 cities in China with relatively high income and a good combination of affluent Chinese consumers.

The wealth is distributed unevenly across China. At present, the affluent Chinese are concentrated in the East and Central South regions of the country, and around 30 per cent of them live in the four largest cities (i.e. Beijing, Shanghai, Guangzhou, and Shenzhen). Specifically, the sample included respondents from the four largest cities (Tier 1). Though the average personal annual income in these cities varies to certain extent, there is no significant difference among affluent consumers in these cities, according to recent market research (Dixit et al., 2008). The product category used in this research thus provides a good context for us to investigate the relationship between luxury value patterns of affluent Chinese consumers and their purchase intention. The affluent consumers' are willing to pay for high-quality products and special services; the way they do this has changed along with the rest of the China. They want digital experiences that replicate and remind them of visiting the store.

The panel survey company been briefed on the sample that need to be gathered from Chinese residents as of Beijing, Shanghai, Shenzhen, and Guangzhou. They are aged 25 to 45 and have high incomes (more than 60,000 Yuan). The sample are selected are 10% of the higher income range of the Chinese residents as per China National Bureau of Statistics. The cities from which the sample is selected have highest affluent consumers in China. Then from that, the survey was sent through an online site to 1000 luxury consumers. For this survey, the age range is appropriate. These because

according to the National Bureau of China more than 80% of the luxury consumers are between the ages of 25 and 45.

The most important factor in using the appropriate sample size is to achieve the estimates that are appropriately accurate and consistent (Henry, 1990; Verhallen & Robben, 1994). It is known that when the sample is large, the sampling error will be little (Saunders et al., 2009). The estimation made for a sample of 800 is very accurate compared to a sample of 200. This happens because by increasing the sample to four times it will increase the accurateness by the square root of 4 which is 2 (Krejcie & Morgan, 1970). When the sample size increases, the cost of information will be increased too. In this research, the total sample size was 1000 respondents.

#### **4.5 QUESTIONNAIRE DEVELOPMENT**

This section discusses the structure of the questionnaire and the measurements that were adopted in this research to conduct the survey. The questionnaire is one of the most widely used techniques in collecting data in the survey strategy. The respondents are asked to answer the same set of questions, and it is one of the efficient ways of receiving a response from a broad cross-section (Saunders et al., 2009). Structuring a good questionnaire ensures the data gathered are precise and can answer the research questions and achieve the developed research objectives.

According to Saunders et al. (2009), the questionnaire design could affect the reliability and the validity of the data. There are five ways in maximising the validity and the reliability of the data: by designing carefully the questions, clearing and pleasing the layout of the questionnaire, explaining the survey purpose clearly, pilot testing and planning and executing correctly (Saunders et al., 2009).

#### **4.5.1 The Structure of Questionnaire**

The questionnaire has four parts (The Introduction, Part 1: Consumption Information, Part 2: Behavioral Information and Part 3: Personal Information). The introduction introduces the purpose of this online survey, how long it takes to complete the questionnaire; the background of the participants, research ethics, the definition of luxury fashion products and the luxury fashion products that are used in this research. The luxury fashion products include apparel, jewellery, perfumes, fragrances, cosmetics, handbags, purses, shoes, watches, scarves, sunglasses, ties, gloves and belts.

In the first part, the questions are about consumption information. The first part contained a list of 38 luxury fashion brands and a question to respondents about whether they had ever heard of any of these brand names. Some luxury brands were first selected from the research literature on luxury brands (Dubois & Paternault, 1995; Gao et al., 2009; Zhan & He, 2012). The

38 names in the final list were finally chosen by availability in the Chinese market. In addition to the question on brand awareness, respondents were asked whether they had bought any luxury fashion products in the past year. The purpose of the questions in this part was not to investigate brand awareness. Rather, the purpose was to help respondents understand the realm of the luxury products of interest in the research. This domain is considered necessary because the literature shows that consumers' perception of luxury products is subjective and that the definition of luxury products varies among consumers.

The second part of the questionnaire consisted of the questions used to measure the primary variables in the research. One set of variables was to allow analysis of the structure of consumers' luxury values. The other round of variables was to enable assessment of consumers' intentions to purchase luxury products according to the Theory of Planned Behavior model. The third part of the questionnaire contained seven questions for gathering demographic information about the respondents including, age, gender, household income, personal income, education level, occupation, and residence location. The demographic information was collected to enable the description of the characteristics of the sample and analysis of the influence of demographics on consumers' behavioural intentions to purchase luxury products.

In this questionnaire, the Likert scale was used because according to Schiffman and Kanuk (1994), the Likert scale is recognised as the measurement used to measure attitudes and behavior in the marketing research. In this research, the Likert scale was adopted because it is reliable, simple to adapt and the information offered is better to some participant's views (Schiffman & Kanuk, 1994). The respondents were asked to identify their opinions on the statements in the questionnaire by using the 5-level Likert scales (1, 2, 3, 4, 5) which range from strongly disagree to strongly agree (1: strongly agree; 5: strongly disagree). The responses from the Likert scale are recorded in the SPSS. The answers given by the respondents to the questions show how the consumer in the Tier 1 cities in China evaluate and appreciate their purchase behaviour in buying luxury fashion products as mentioned earlier.

#### **4.5.2 Writing the Questionnaire**

The questions in the questionnaire were initially written in English and were later been translated into Chinese because the primary target population in this research are Chinese consumers. According to Francis et al. (2004), there are not only language issues in translating the questionnaire, but there will be some theoretical concerns and uncertainties in the generalizability of the questions. Back translation can increase the validity and the consistency of the research (Brislin, 1986). Therefore, in this research back translation was performed to make sure of the questionnaire validity. A multi-lingual person

should perform the translation from the main language to the target language, and after that, another multi-lingual person should translate the questions back to the main language (Brislin, 1986). Importantly, the translation was conducted by individuals who are native speakers of the target language (Chinese), and the same applied to the person who translated them back to the primary language (English). The translator should know the questionnaire design and have experience in the main target language that is, Chinese in this research.

For this research, two language experts translated the English version of the questionnaire into Chinese. The language experts are Chinese language native speakers and they are English and Chinese language experts from Northern University of Malaysia. To avoid differences between the English and Chinese versions, the Chinese questionnaire was translated back into English by an individual who is fluent in Chinese and English and has worked for British Agency (China Britain Business Council) for about seven years. Then, the researcher with the help of the two language experts from Northern University of Malaysia compared the back-translated version with the original one and resolved some variations between the translations.

### **4.5.3 Pre-Test**

A simple pre-test was conducted to check the questionnaire that was translated before circulating the final version of the questionnaire. Brislin (1986) said that, when no large sample is needed, ten participants would be suitable. The pre-test aims to test the research instrument in the same meaning as in the data collection. It is important to check for glitches in the wording such as lack of clarity, or words that cannot be understood correctly in the questionnaires rather than focusing on getting good results (Brislin, 1986). Following that, the pre-test was performed with ten respondents from the targeted population. The same was done for the back-translated questionnaire. This procedure is to check whether there are any improvements needed for the questionnaire.

The first pre-test were done for the English version questionnaire where 10 Chinese students from China studying in University of Hull were selected to answer the questions. The pre-test took 1 day to be collected as they sat at the cafe and completed the questionnaire within the stipulated period. Secondly, after the back translation to Chinese, the pre-test were administered again with different students. The participants in this pre-test for the Chinese version were 10 Chinese students from China studying at the University of Hull. They were selected by asking a few simple questions such as whether they are buyers and whether they have bought luxury in the past one year. As



soon as the respondents completed the questionnaire, they were asked if they had any difficulty in understanding the questions and if there were any comments on the wording used in the questions. All the participants who participated claimed that they had not encountered any problems in understanding the Chinese version of the questionnaires. The questionnaire was executed in one day. Both the Chinese and English versions of the questionnaire are attached in Appendices 1 and 2.

The pre-test data were analysed using correlation analysis and reliability analysis. The analysis shows that the alpha values are high and this indicates that the questions are understandable and straight forward. The analysis of the pre-test data is in Appendix 3.

#### **4.5.4 Conducting the survey**

The questionnaire developed has three primary constructs which are related to the research: luxury values (individual, social, functional and financial), the Theory of Planned Behaviour (attitude, subjective norms, perceived behavioural control and intention) and the moderator (consumer knowledge). The online questionnaire approach was deemed most appropriate for a comprehensive research program (Zikmund, 2000; Malhotra & Birks, 2007). The main strength of this method is when a respondent answers the questions, all the input is stored in the database automatically (Malhotra & Birks, 2007). So the analysis will be easier and available immediately. The

respondents can answer all the questions in their own time where they can save and continue answering when they are free. Not only that, the respondents are willing to share their personal information because no interviewer is involved in this (Malhotra & Birks, 2007). Bearing in mind all the strengths, the widely used online survey has been used in this research because it can collect the data economically in a short time.

The questionnaire was given to the web-based marketing and media research firm in China (<http://www.sojump.com>). Sojump.com conducted the online survey in China. The firm emailed 1000 respondents who are luxury consumers and managed to get back 901 respondents. The high response rate was 90.1% because the marketing research firm contacted the respondents before the questionnaire was given to them. Some of the respondents gave feedback to the firm that the questionnaire was easy to understand and was clear. Then, the data were automatically input as an SPSS file. The final total response was 841 (84.1%) after the screening and cleaning of the data. Once the data were received, the cleaning process took about one week to delete the unwanted answers and to make sure the questionnaires were correctly filled in to get the final cleaned data.

The questionnaires were distributed in the four cities of Tier 1. There were uneven data received from each city. It is not possible to collect the data from only one city. There are two types of sampling been used known

snowball sampling and purposive sampling. The snowball sampling allows the studies to take place where otherwise it might be impossible to conduct because of a lack of participants. Snowball sampling also will help in discovering the characteristics about a population that are not aware. As in this research, the affluent consumers' are been deserted, so this research identifies them and the questionnaire been distributed to them. There were two steps been followed that is firstly, identifying the affluent consumers' in the population. Secondly, the participants should be made aware that they do not have to provide any other names. This was been done until the sample size is found. When individuals are named, it's sometimes called "cold-calling", as you are calling out of the blue. Cold-calling is usually reserved for snowball sampling where there's no risk of potential embarrassment or other ethical dilemmas.

Not only that the purposive sampling were used too in order to get the right sample size from the target population. The purposive sampling is also known as judgmental, selective, or subjective sampling. This type of sampling can be very useful in situations when you need to reach a targeted sample quickly, and where sampling for proportionality is not the main concern. Purposive sampling starts with a purpose in mind and the sample is thus selected to include people of interest and exclude those who do not suit the purpose. This is also true for approaching respondents that are 'likely suspects' and then starting with questions that reject people who do not suit.

The sampling was handled by the web-based marketing and media research firm in China (<http://www.sojump.com>).

It would not be possible to collect the whole sample from one city. The questionnaire that been distributed was actually needed to have a balance response. The response should be 250 for each city but the data collected are insufficient for each city. This is because most of the respondents did not respond to the questionnaires. The highest responses are from Shenzhen and Beijing. Since all the data are from Tier 1 cities so the data is accepted.

Then, once the questionnaires are returned, the non-response takes place when a randomly sampled individual cannot be contacted or refuses to participate in a survey. The bias occurs when answers to questions differ among the observed and non-respondent items. Depends on whether the missing answers to survey questions (item non-response) or missing sampled units (unit non-response). Weighting is usually used to adjust for unit non-response (i.e., when no one from the sample unit has responded at all), and imputation is usually used for item missing data. In this research, once the survey returns, the missing responses were looked at and have to consider the cost you incurred while gathering these returns. Rather than throwing away those returns, the researcher tries to review the questions where they skipped answering.

Did the respondents state it in a manner that is too difficult for the respondents to understand or is the question too sensitive for respondents to answer? In this surveys, the researcher only dropped survey returns when respondents only fill-in their profile but has no answers on the survey questions and those that their answers is incomprehensible (where the respondents are not serious enough to provide quality answers and they only tick neutral for all the questions). Finally, there were 60 partially filled questionnaire been deleted.

#### **4.5.5 Measurements**

In this section, a review was carried out to find out the most appropriate scales for measuring the constructs of the research model. Some adaptations were made to the selected scales to suit the research purpose. The questionnaire consists of different scales that have already been built and validated in various cultures and have been used in previous studies. The different scales have been adapted to fit the country and product under consideration in the research. According to Fabrigar et al. (1999), to improve the validity and reliability of this research, the reliability and validity of the measures could be further substantiated if a larger sample size was followed and applied. Several scales have been adopted to address the objectives of the research.

All the questions used the 5-level Likert scale carefully chosen rather than the 7-level Likert scale because it would be easier for the respondents to understand and for the researcher to explain. This research mainly investigates how luxury value perception affects the Chinese consumer's attitude, behavioural control and subjective norms and how consumer knowledge moderate the behaviour and purchase intention of Chinese consumer. The measures adopted in this research are discussed in the next section and the [list of the measurements are listed in Appendix 4.](#)

#### ***4.5.5.1 Luxury Values***

The measures of luxury value perception were derived from scales developed by Wiedmann et al. (2007) that contain 55 items, including individual value, social value, functional value and financial value. Individual value is measured by materialistic (4 items), self-identity (3 items) and hedonic (14 items). Social value consists of status and conspicuous value (13 items). Functional value has usability (7 items), quality (3 items) and uniqueness (4 items). Lastly the financial value is measured by price (4 items). The validity evidence is provided by factor analysis, extending the principal component method with varimax rotation.

Berthon et al. (2009), hypothesise that there is three luxury values dimensions which are, the material (objective), individual (subjective) and social (collective). The luxury values are similar to Keller's perspective on the luxury brands that are provided by the consumers where "the personal value and meaning that consumers attach to the brand's product attributes (e.g., functional, symbolic, or experiential consequences from the brand's purchase or consumption)" p.596. Tynan et al. (2010) adapted the customer value by extending the domain in the luxury exploratory research. There are two sub-dimensions in value perception, that is, self-directed and other directed symbolic issues. The work is from Smith and Colgate (2007) work where they proposed four dimensions of value creation which are: symbolic/expressive, experiential/hedonic, utilitarian/functional and cost/sacrifice values.

Shukla (2012), proposed three luxury values which are, social (conspicuous and status), functional (hedonism and materialism) and personal values (uniqueness and price quality). The research combined the price and the quality value because Rao and Monroe (1988) found there is a positive relationship between the two variables. The research proved that all the variables are in a good fit where the RMSEA=0.053, NNFI=0.96, CFI=0.97. The recommended cut-off values are RMSEA <0.06, NNFI<0.09, CFI<0.09.(Rao & Monroe, 1988). Meanwhile, Chattalas and Shukla (2015) used three luxury values and scales in their research which were, social (O'cass & McEwen, 2004; Truong et al., 2008; Shukla, 2010), personal (Tsai,

2005; Wiedmann et al., 2009) and functional (Voss et al., 2003; Tsai, 2005). All the scales used in their research showed that the alpha value were more than the threshold value of 0.7 for both countries (UK and USA).

There are many researchers who used many different dimensions of scales with different items. Many types of scales can be used to measure the luxury value perception. Most of the scales used in previous researches were multidimensional scales. In this research, the luxury values will be measured using the scale developed by Wiedmann et al. (2009), which has been found to be 99.7% valid and reliable. The four dimensions employed in this research are very suitable. Wiedmann et al. (2009), stated that the item scores could be summarized within the dimensions and forms four different factors (individual, social, functional and financial). In the original scale, the 5-point Likert scale was used. The coefficient alpha for the whole scale is reliable where all the values are more than 0.80. No amendment was made on the scale. The pre-test participants checked the items and found them to be appropriate, and they did not suggest any deletion or addition of any item.

#### ***4.5.5.2 Theory of Planned Behaviour Variables***

The scale for the TPB was adopted from Park et al. (2007) for attitude where this measure used bipolar scales. There are four evaluative semantic differential adjectives employed in the questions as recommended by Ajzen



and Fishbein (1980) such as good-bad, pleasant-unpleasant, rewarding-punishing, and beneficial-harmful. In ensuring the accuracy of the data gathered, the questionnaire specifies an action, time and context as suggested by Ajzen and Fishbein (1980). In measuring attitude, the questionnaire determined the action (purchasing), target (luxury fashion products), time, and context (shopping malls) to ensure the accuracy of the information gathered, as Ajzen and Fishbein (1980) recommended. The Cronbach alpha was 0.82, and the scale was adopted for this research.

The subjective norms scale was chosen from Bearden et al. (1989) because this scale is best in pointing out the social pressures in the consumer behaviour context. Subjective norms have eight items in the questionnaire. One hundred and sixty-six items were originally collected from previous research studies and were consolidated after being analyzed for implications and validity. The items were continually reduced after two survey samples were obtained from college-aged respondents (Bearden et al., 1989). The data were analyzed and checked stringently for reliability and validity based on statistical analysis and previous findings. Only items that demonstrated significance were included in the final measurement tool available for future researchers. Perceived behavioural control was adopted from Kim and Karpova (2010). There are three items in the questionnaire. These three items capture respondents' perceived ability to perform the behaviour and its controllability (Ajzen, 2002).

Spears and Singh (2004) reported that anyone wishing to measure buying intention would be faced with a bewildering array of choices, because no standard, psychometrically validated scales exist for measuring buying intention. Batra and Ray (1986) measured buying intention with a single-item, seven-point (definitely would buy/ definitely would not buy) scale. In contrast, MacKenzie et al. (1986) used a three-item seven-point scale (likely/unlikely, probable/improbable, and possible/ impossible) to measure the buying intention. The purchase intention measurement was adopted from Iglesias et al. (2011) because the questions focus on the buyer intention and not on their behaviour. The intention has implications and will always have a real influence towards the individual action. There are three items in the questionnaire. Iglesias et al. (2011) used Pierre et al.'s (2005) and Schlosser et al. (2006) work on purchase intention. The wordings of the measures were slightly modified to be appropriate for this research. The composite reliability for the buying intention scale was 0.909. Therefore the Iglesias et al. (2011) scale was used in this research as a five-point semantic scale.

#### ***4.5.5.3 Consumer Knowledge***

The mediator scale consumer knowledge was adopted from (Zhan & He, 2012). The measurement of consumer knowledge is derived from Kleiser and Mantel (1994) self-rated consumer expertise scale. Previous studies identified

the differences between objective consumer knowledge (i.e., what they know) and subjective knowledge (i.e., what they think they know) in different situations (Alba & Hutchinson, 2000; Moorman, Diehl, Brinberg, & Kidwell, 2004). However, Carlson et al. (2009) establish on a meta-analysis determined that objective and subjective knowledge are strongly related to publicly-used products and recommended that the subjective measures could be used as a substitute for objective knowledge when the measure of the latter is involved. Zhan and He (2012) reduced the scales into three items and used the 5-points Likert scale in the questionnaire. Thus, this research used the self-rated scale to capture the consumers' knowledge about luxury products in a category.

#### **4.5.6 Validity and Reliability**

Qualitative validity and reliability have different meanings compared with quantitative validity and reliability. Quantitative validity means checking for accuracy of findings by using certain procedures. For quantitative reliability, consistency of approach is the primary criterion (Creswell 2009). Several techniques have been proposed in the literature to improve and evaluate validity and reliability in positivism research, which is argued to be equivalent to the classical quality criteria used in positivist research (Guba & Lincoln, 1994; Creswell, 2009; Claydon, 2015).

Rigor in quantitative research is determined by examining the quality of the research (Claydon, 2015). If the research is of poor quality, concerns may be raised that the results may not be accurate or valid. There are three types of validity. The first category is content validity (Pallant, 2013). This group looks at whether the instrument adequately covers all the content that it should concerning the variable. In other words, does the instrument cover the entire domain related to the variable or construct it was designed to measure (Pallant, 2013). In this research, an examination of content validity would include all the content in the research with greater emphasis on the topics that had received more excellent coverage or more depth (Pallant, 2013). A subset of content validity is face validity, where experts are asked their opinions about whether an instrument measures the concept intended.

Second is the construct validity which refers to whether you can draw inferences about test scores related to the concept being studied. For example, if a person has a high score on a survey that measures luxury values; does this person truly have a high degree of possessiveness to luxury products? The final measure of validity is criterion validity. A criterion is any other instrument that measures the same variable. Correlations can be conducted to determine the extent to which the different instruments measure the same variable (Field, 2005).

After validity comes reliability. Reliability relates to the consistency of a measure. A participant completing an instrument meant to measure motivation should have approximately the same responses each time the test is completed (Pallant, 2013). Although it is not possible to give an exact calculation of reliability, an estimate of reliability can be achieved through different measures. Homogeneity (internal consistency) is assessed using item-to-total correlation, split-half reliability, Kuder-Richardson coefficient and Cronbach's  $\alpha$ . Correlations are calculated by comparing both halves (Field, 2005). Strong correlations indicate high reliability, while weak correlations indicate the instrument may not be reliable. Cronbach's  $\alpha$  is the most commonly used test to determine the internal consistency of an instrument. In this test, the average of all correlations in every combination of split-halves is determined (Burrell & Morgan, 1979). Instruments with questions that have more than two responses can be used in this test. The Cronbach's  $\alpha$  result is a number between 0 and 1. An acceptable reliability score is one that is 0.7 and higher.

#### **4.6 DATA ANALYSIS STRATEGY**

All the collected data were entered into the SPSS database. Data preparation was conducted to find any editing, coding, transcribing and cleaning of the data in order to provide valid and trustable data for testing the research hypotheses. The results of the data preparation are discussed in the next chapter (Data Analysis). This research utilized the SPSS 23 (Pallant, 2013) to

analyze the data and test the research hypotheses, including, frequency distribution analysis. This research examined the reliability, validity, and regressions.

Firstly, the reliability of the scales that have been used in the questionnaire was tested to make sure that they were trustworthy. For any multi-item scale to be valid, it must be reliable (Peterson, 1994). Reliability represents the degree of consistency between multiple measures of the same trait (Hair et al., 2006). Carmines and Zeller (1979) reported that assessments of internal consistency have the benefit of requiring only a single test and results in a different estimate of reliability. Cronbach's alpha is the most widely used method for assessing internal consistency out of many different methods (Carmines & Zeller, 1979; Peterson, 1994; Spector, 1994). Spector (1994) stated that Cronbach's coefficient alpha is a direct function of the number of items and the size of the inter-correlation among all the elements on the scale and, consequently, can be increased by extending the number of items or raising their inter-correlation.

The value of Cronbach's alpha ranges between 0 and 1 and the higher the value, the greater the internal consistency between the scale items (Nunnally, 1978). Nunnally and Bernstein (1994) have recommended 0.7 as a satisfactory measure of internal consistency in social sciences research. Thus, Cronbach's alpha is used to test the reliability of scales used in this research.

Secondly, The Pearson Correlation Coefficient is used to measure the strength of association and relation between the variables and reflects its direction, and hence the possibility that one variable can be predicted if the other is known (Frankfort-Nachmias & Nachmias, 2000).

It ranges from +1 to -1. A correlation of +1 means that there is a perfect positive linear relationship between variables, a correlation of -1 means that there is a perfect negative linear relationship between variables and a correlation of 0 means that there is no relationship between the variables. The Pearson Correlation Coefficient is used when both variables are measured at the interval level of measurement, and the relation in between is linear, and both of these assumptions were met in this research. Moreover, the Pearson Correlation Coefficient is an symmetrical measure (i.e. its value depends on neither the variable that is considered a dependent variable nor the one that is regarded as an independent variable) (Frankfort-Nachmias & Nachmias, 2000). This feature is very appropriate for examining the relationship between luxury values and attitude, subjective norms and perceived behavioural control and the ongoing debate on which one affects the other.

Thirdly, multiple regression analysis tests the correlation between the independent variables and the dependent variable and can be considered to be one measure of the quality of the prediction of the dependent variable(Field, 2005). The higher the correlation is, the better is the prediction.

The coefficient of determination (R Square) shows the proportion of variance in the dependent variable that can be explained by the independent variables (Field, 2005). The F-ratio tests whether the overall regression model is a good fit for the data ( $p < 0,05$ ). Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The  $t$ -value ( $t$ ) and corresponding  $p$ -value (Sig.) are used to test the statistical significance of each of the independent variables (Field, 2005).

The multiple regression analysis has eight assumptions that need to be met (Hair et al., 2009).

1. The dependent variable should be measured on a continuous scale. This assumption is fulfilled because all the variables in the research are valued through a 5-point Likert scale, which is regarded as a continuous scale (nowadays an evaluation scale is considered as continuous).
2. There needs to be two or more independent variables, which can either be continuous or categorical. This is also true as the assumption is not violated.



3. There needs to be an independence of observations and this assumption is tested through the Durbin-Watson statistics. If the value is close to two, the residuals are assumed to be independent.
4. There needs to be a linear relationship between (a) the dependent variable and each of the independent variables, and (b) the dependent variable and the independent variables collectively. This is also tested, and the variables that fail the assumption are rejected.
5. The data needs to show homoscedasticity. This is analysed graphically.
6. The data must not show multi-collinearity, which occurs when we have two or more independent variables that are highly correlated with each other. This assumption is tested through a Collinearity Statistics test.
7. There should be no significant outliers, high leverage points or highly influential points and this is also checked.
8. There is the need to check that the residuals (errors) are approximately normally distributed and again no problems have been found in the sample of this research (Hair et al., 2009).

## **4.6 ETHICAL CONSIDERATIONS**

The appropriate research ethics need to be followed where it is important for dealing with the sampling, data collection and the human participants in this research. Bryman and Bell (2007) establish four main ethical considerations. Firstly, the researcher should not bring any harm to the participants. Secondly, the researcher should protect the respondents with any form of privacy. Thirdly, the researcher should conduct the data collection without any dishonesty. Finally, the collected data should be protected by the researcher. This research followed the Hull University Business School's rules and regulations for conducting an ethical research. This research was formally approved by the ethics committee of the Business School. The Chinese consumers of luxury fashion products were identified via an online survey panel (sojump.com).

### **4.6.1 Ethical issues during design and gaining access**

At this stage, there is a need to consider the ethical problems that may arise concerning access seeking. According to Sekaran (2003), the researcher should not apply any pressure in granting access for the projected participants. This situation happens when the researcher is employing organisations, and they might apply pressure to cooperate within the subordinates. The participants have the rights to privacy, and they should not feel that they are pressurised into participating (Sekaran, 2003). If the

participant refuses to take part, the researcher should accept the decision (Robson, 2002). At this stage, consent in participating is not a straightforward matter.

The researcher first contacted the online survey firm to be in charge of the survey and find the relevant samples for the research. Then the researcher, with the help of a Chinese postgraduate student, phoned them and explained the nature of the research in the telephone conversation. The major problem in a marketing/management research when discussing with an organisation is safeguarding the right to confidentiality, access to personal records and personal data, and informant approval. All these issues were taken into account. This stage is about assuring that secrecy or privacy will help to develop an understanding of the nature of the consent being entered into, but even this may be inadequate regarding clarifying the nature of that consent.

The research takes into account the importance of informed consent in taking part, so all the needed information is given to avoid a lack of clarity. This happens because when the researcher contacts the online web survey, they will find the respondents that are needed as per sample that is given by the researcher. So, they have to inform the need for the research. To address this issue, the first page of the questionnaire is full of information on the research and what the respondents need to do next.

#### **4.6.1 Ethical issues during data collection stage**

When the participants agree to take part in the research, they will maintain their rights (Sekaran, 2003). That means the participants have the right to withdraw as participants. All the participants have their rights to save their privacy. According to Zikmund (2000), when the participants have access to questionnaire, the researchers should keep to the aim of the research that has been shared and agreed upon with the participants. Without sharing with the participants, there will be in effect another type of deceit. This situation will likely cause upset and result in the premature termination of the data collection (Sekaran, 2003).

At the data collection stage, if the respondents don't want to answer the questionnaire, their decision should be respected because the participants' confidentiality is given high importance. The researcher explains everything clearly and honestly the purpose of the research and what exactly is needed from the respondents to avoid any concerns from the respondents. After the data is collected, the respondents' information is protected by keeping them confidential with a locked password.

Furthermore, some scholars indicate that ambiguous items will affect informants' ability to give accurate answers (Cronbach, 1951; Peterson, 1994). Thus, the items in the questionnaires were assessed by panel survey team to

eliminate ambiguous items. At the stage of data analysis and reporting, this study reported the data honestly, as a lack of objectivity at that stage would have led to the distortion of the conclusions and recommendations (Saunders et al., 2009).

#### **4.7 CHAPTER SUMMARY**

This chapter has described and explained the research process and the research design to tackle the research problems and research questions. There are some conclusions on the methodology developed. This research needed a quantitative approach to verify the theory and an online survey was conducted to collect the data to test the research hypotheses. Next, the appropriate techniques of the statistics were chosen to test the hypotheses.

This research follows the positivism philosophy. The deductive approach was adopted because the hypotheses in this research are based on the theory that is used in the research (Theory of Planned Behavior). In order to collect data the online survey by using the marketing based research firm (<http://www.sojump.com>) was used. All the measurements in the questionnaire were adapted from researches and the scales have been validated and reliable. All the data were analyzed using the multiple regression. The following chapter describes the data analysis results.

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## **CHAPTER 5: RESEARCH FINDINGS**

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### **5.1 INTRODUCTION**

The previous chapter presents the research design (research philosophy and research strategy), the population and sampling plan, the method of data collection, the research instrument and the ethical considerations. This chapter discusses the data analysis and presents the findings. Firstly, the chapter starts with screening and data cleaning. Secondly, the chapter tests the data reliability and validity and subsequently introduces the measurement models for the variables. Thirdly, it explains the use of correlations and regression in testing the research hypotheses. Fourthly, the chapter reports the data analysis of the measurement model for luxury value dimension, the Theory of Planned Behaviour variables and consumer knowledge. Finally, this chapter reports data analysis of the structure model for the research framework that was established in Chapter two.

### **5.2. SCREENING AND DATA CLEANING**

Before starting the data analysis, it is very important to check the data for any errors. There might be some errors while entering the data and sometimes

these errors would mess up the whole analysis. That's why it is very essential to spend time checking the mistakes in the initial stage rather than correcting them later. According to Kumar et al. (2002), all the data gathered from the questionnaire should go through the preliminary preparation, where the data is screened and cleaned before analysing using the proper approach and techniques.

The data screening in this research was conducted through the examination of the descriptive distribution. From the findings 901 questionnaires were received from the SPSS output and after the screening and cleaning process, there were 60 respondents who did not answer the questionnaires precisely. This happened because the respondents answered "neutral" to most of the questions and some kept saying "strongly agree" to all the questions. Finally after cleaning the data the final count of the feedback was 841.

### **5.2.1 Missing Values**

Data cleaning means that there needs to be checking done for the missing responses (Pallant, 2013). Any missing response is a value to a variable that is unknown because the respondent's answer is wrongly recorded or ambiguously answered. A few strategies are accessible to treat missing values. For example, substitute a neutral value and substitute a credited response, pairwise deletion, and case wise erasure (Byrne, 2013). The most

prominent strategy for managing incomplete information is that of deletion of listwise (Byrne, 2013), which means all cases having missing information for any of the variables are withdrawn from all calculations.

Listwise deletion can bring about a considerable decrease in the sample size that is available for the investigation. The first option in considering the missing answers is the listwise deletion because the missing data percentage is small if the sample size is big (Ferber, 1980). However, the whole of the responses should be regarded if the answers missing are more than 25% (Sekaran, 2000). The second choice is the pairwise deletion, which will essentially result in the change of sample size through variables in the data set. Consequently, it will lead to diverse controls in an analysis due to different sample sizes (Ferber, 1980). To deal with incomplete data, one can replace the unobserved score with some estimated value (Sekaran, 2003). The most commonly used method is the arithmetic mean, which is substituted for a missing value (Cheema, 2014). However, the arithmetic mean method can be problematic. For example, the standard errors will be biased due to the shrink of the variance of the variables (Cheema, 2014).

The listwise deletion was used to deal with sixty missing values in this research. The reason was that those missing responses were related to Part 2 of the questionnaire, which is linked to the important variables such as



individual value, social value, financial values, attitude, subjective norms and consumer knowledge.

### **5.2.2 Outliers**

An outlier is 'a case with such an extreme value on one variable (a univariate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that it distorts statistics' (Tabachnick and Fidell, 2007, p.72). Also, outliers are defined as "observations with a unique combination of characteristics identifiable as distinctly different from the other observations" (Hair et al., 2006, p.73). Outliers can have a substantial impact on the analysis. They can be beneficial or problematic depending on the context of the analysis. The outliers may be beneficial when they indicate the characteristics of the population while they may be problematic when they do not represent the population, and that distorts the analysis. It is recommended to check the outliers and mitigate their effects before the main analysis (Hair et al., 2006).

Hair et al. (1998) identify four reasons for outliers in a data set. Firstly, outliers can be caused by data entry errors or improper attribute coding. These errors are normally caught at the data cleaning stage. Secondly, some outliers may be a function of extraordinary events or unusual circumstances. For example, in a human memory experiment, a participant may recall all 80 of the stimulus items correctly, or illness strikes a participant in the middle of a

clinical interview, changing the nature of her responses when she returns the following week to finish the interview. Most of the time, the safest course is to eliminate outliers produced by these circumstances—but not always.

The fundamental question you should ask yourself is, “Does this outlier represent my sample?” If “yes,” then you should include it. Thirdly, there are some outliers for which we have no explanation. These unexplainable outliers are good candidates for deletion. Fourthly there are multivariate outliers whose uniqueness occurs in their pattern of a combination of values on several variables, for example, unusual combined patterns of age, gender, and a number of arrests.” (p.66)

There are four classes of outliers based on the source of their uniqueness: a procedural error, extraordinary event, extraordinary observations, and uniqueness in combination (Hair et al., 2006). The first class of the outliers, a procedural error, is derived from a data entry error or a mistake in coding; thus, it should be removed or recoded as missing values. The second class of the outliers is affected by an extraordinary event which explains the uniqueness of the observation. The choice of retaining or deleting the outliers depends on whether the extraordinary event matches the research objectives. The third class of the outliers encompasses extraordinary observations which are unexplainable by the researcher. The alternatives to handle the outliers (retention or deletion) are dependent upon the researcher's

judgement. The fourth class of the outliers comprises the ordinary values which vary within the normal range of values on all variables. They are not exceptionally high or low values of the variable, but their combinations of values are unique across variables. This type of outliers should be retained in the analysis unless certain evidence is degrading their valid membership of the population (Hair et al., 2006).

In this research, the data were entered directly into SPSS from the response of the online survey. Therefore, the sort of outliers or the qualities that may happen in information selection section and coding would not occur during the data input. The exceptions that may occur in the other three circumstances were not found in this research. Finally, eight hundred and forty one responses were obtained after the data cleaning process.

This study identified the outliers by examining the unusual data. Firstly univariate outliers were recognised by defining the Z-scores frequency distribution of the observed data Kline (2005). This research used a 5 point Likert scale from (1) strongly agree to (5) strongly disagree, identifying 44 outliers. Table 5.1 shows the univariate outliers.

**Table 5.1 Univariate outliers**

<b>OUTLIERS (OBSERVATION NUMBER)</b>	
14	426
25	430
58	433
68	438
85	568
136	570
145	575
148	577
194	603
309	619
311	647
326	655
345	686
355	687
356	693
364	712
368	715
376	722
391	756
419	880
420	881

Secondly, the multivariate outlier was identified using the Mahalanobis distance (D2). This method is measured by the distance of the standard deviation with the individual observations compared to the mean of the observations (Kline, 2005; Hair et al., 2006; Byrne, 2013). When the value of D2 is large, it is known as the extreme value of one or more variables. The significant statistical value is  $p < 0.001$  and this value is recommended to be used (Kline, 2005; Hair et al., 2006). This research used the SPSS version 23.00 to measure the Mahalanobis distance and was later compared to the chi square critical value of 26.13 with the degree of freedom ( $df = 8$ ), being equals

to the variables when the probability is  $p < 0.001$  (Tabachnick and Fidel, 2001). Table 5.2 shows the results of multivariate outliers. There were eleven cases that were greater than the critical value.

**Table 5.2 Mahalanobis Distance for Multivariate outliers**

Observation	Mahalanobis distance observations
534	28.14534
900	28.09342
181	28.16840
897	28.56832
490	31.90568
241	31.63469
441	31.28318
86	33.45501
246	32.15466
84	44.27816
198	40.53908

Tables 5.1 and 5.2 indicate some outliers. Hair et al., (2006) argued that if the outliers are deleted the multivariate analysis might be improved, but there will be a risk in limiting generalisability. That means the analysis without using these outliers might seriously bias the model. Therefore, the outliers were retained in this research.

### **5.3 SAMPLE PROFILE**

Descriptive statistics were used to make simple comparisons of data including gender, age, monthly income, employment status, education level and marital status. Table 5.3 presents the overall sample profile of the respondents.

**Table 5.3: Demographic Characteristics of Survey Respondents (n=841)**

<b>Variables</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Gender</b>	Male	385	45.78
	Female	456	54.22
<b>Age</b>	Under 20 years old	4	0.48
	20-24 years old	88	10.46
	25-29 years old	210	24.97
	30-34 years old	233	27.71
	35-39 years old	161	19.14
	40-44 years old	61	7.25
	45-49 years old	38	4.52
	50-54 years old	25	2.97
	Over 55 years old	21	2.5
<b>Monthly Income</b>	¥2,000 or less	28	3.33
	¥2,001- ¥5000	151	17.95
	¥5,001- ¥8,000	230	27.35
	¥8,001- ¥11,000	196	23.31
	¥11,001- ¥14,000	136	16.17
	More than ¥ 14,000	100	11.89
<b>Employment status</b>	Full time job	751	89.3
	Part time job	10	1.19
	Housewife/husband	5	0.59
	Student	28	3.33
	Individual industry	17	2.02
	Freelancer	20	2.38
	Other	10	1.19
<b>Education</b>	Junior high school	2	0.24
	High school	64	7.61

	Bachelor degree	628	74.67
	Master graduate	132	15.7
	Doctoral student	15	1.78
<b>Marital Status</b>	Single	221	26.28
	Married	609	72.41
	Divorce	9	1.07
	Widowed	2	0.24

### 5.3.1 Gender and Age

In Table 5.3, three hundred eighty-five respondents were males (45.78%) and four hundred fifty-six were females (54.22%). The investment bank CLSA announced that in 2012, Chinese women represented 45% of Chinese luxury product consumption. In spite of the fact that this percentage is still underneath the world average, it is most likely the Chinese female shoppers are playing an inevitably critical part in the luxury consumption globally (Wang et al., 2011).

The respondents aged between 20-24 years accounted for 10.46% of the sample, followed by age 25-29 years at 24.97%, 30-34 years at 27.71% and 35-39 years at 19.14%. The age of 40-55 years accounted for 17.24% overall. In general, the range of age in this research was from 25 to 45 years, contributing 82.28% to the overall sample. The gender and age of this sample were consistent with Ernst and Young's (2015) report. They found that Chinese consumers of luxury products were primarily between 20 and 40

years old, considerably younger than the consumers of luxury products in the U.S. (37-71 years) (Lancaster, 2016).

### **5.3.2 Monthly personal income**

The monthly personal income of the respondents is shown in Table 5.3 where 21.28% of the respondents had a monthly of income less than ¥5,000 and 27.35% of the respondents had a monthly income of ¥5,001 to ¥8,000. 23.31% of the respondents had an income of ¥8,001 to ¥11,000. Meanwhile, 28.06% of respondents had an income of more than ¥11,000 monthly. In China, the average monthly income of ¥5,000 to ¥50,000 is the main strength of the Chinese luxury consumption. The luxury consumers now comprise 13% of the overall population. They are the active luxury buyers (Lu, 2011). A distinctive Chinese consumers' is known as status conscious, and they often switches brands to be parallel with the current trends or changes in their status (He, 2013).

### **5.3.3 Employment status**

The majority of the respondents who had full-time jobs accounted for 89.3% of the sample (see Table 5.3). Meanwhile, 1.19% of the respondents were in part-time jobs. 3.33% were students, and 2.02% were involved in individual industries. From the respondents, 0.59% were housewives/husbands, 2.38% were freelancers, and 1.19% were others. Consequently, the sample used in



this research provides a representation of the consumers in China, who have full-time jobs and money to buy fashion luxury products. It is possible that when they are employed, they tend to buy luxury to show off or to be accepted in their social groups. This sample gives a good picture of the wealthy in China, who are the target consumers for luxury products (Atsmon & Dixit, 2009).

#### **5.3.4 Education level**

As for the education level in Table 5.3, the majority (74.67%) of the respondents had a Bachelor's Degree. There were 15.7% of the respondents who had a Master's Degree, and 1.78% had a PhD. There were 64 respondents who were from senior middle school and only two were junior high school respondents. From here, it can be seen that when consumer have good education and backgrounds, they will be able to position their wardrobe to meet the fast moving trends with affordable fashion products (Atsmon & Dixit, 2009).

#### **5.3.5 Marital Status**

Table 5.3 shows that married consumers were the biggest luxury spenders as they accounted for 72.41%, followed by single consumers at 26.28%. Only nine respondents were divorced, and two were widowed.

### 5.3.6 Section Summary

In this research, Chinese female consumers were the important buyers of luxury products even though there was only a 9% difference to male consumers. Women are more attached to their appearance physically (Buss, 1989). They use luxury fashion products to support their charm. Age is one of the important demographic variables that influences the luxury products purchase intention. The age group was met from the research sample. Consumer of different ages can respond differently towards purchasing luxury fashion products. Income is an important variable in influencing the luxury purchase intention. This because when consumers have high income, they tend to purchase luxury products that satisfy their needs and satisfaction. This research met the sample income where the sample is in the range of 5,000 yuan to 50,000 yuan.

Luxury products are considered high priced, and the consumers purchase luxury products when they have high income. To attain a high-income level, they need to be employed (working) first. Generally, consumers who are working in full-time jobs are important luxury consumers as they purchase luxury products as they wish without worrying because they will have the cash flow every month. Moreover, education is important too in influencing the buying behavior of luxury fashion products.

Undergraduates, graduates and postgraduates responded differently towards the various attributes of luxury brands. When they are educated they tend to find luxury products that suit the current trends to be accepted in their social group that they belong. Marital status is important too in influencing the purchase intention because married consumers love buying luxury fashion products more in comparison to single people. The sample is a good view of the affluent consumers who buy luxury products. In the next section the reliability and the validity tests will be discussed.

#### **5.4 RELIABILITY AND VALIDITY TESTS**

There are thousands of scales for measuring that can be used in the research but finding the right one is sometimes difficult. Some scales have copyrights where to use them we have to purchase them from the publishers first. Many scales known as the “public domain” which have been published in journal articles, can be used by researchers without any charge. In particular, reliability and validity are two important elements in deciding the right scales for the measurement. They influence the value of the data gained from the questionnaires. The reliability and validity are discussed under the next two subheadings.

### 5.4.1 Reliability

A measure of scale reliability is to test how closely related a set of variables are as a group (Zikmund, 2000). The purpose of the reliability test is to find out how free the scale is from random errors (Zikmund, 2000). There are two indicators of the scale reliability which is the test-retest reliability and also the internal consistency (McCrae et al., 2011).

Test-retest reliability is used to test the stability and the reliability of an instrument and is known as the simplest way, which is measured by controlling it to the same people in two different situations and calculating the correlation between the two scores obtained (Pallant, 2013). A high correlation indicates a reliable scale. When the scale is intended to measure the current mood or situation, it's not likely to be stable all the time. The reliability testing of the mood scale will be low, but the measures of a personal character will be the same where it shows the high testing correlation results (Pallant, 2013).

Internal consistency means the items that make up the scale all measure the same underlying attributes in a few ways (Pallant, 2013). Cronbach's alpha is a measure of internal consistency (Sekaran, 2003; Pallant, 2013). In the SPSS, the statistics will provide the mean correlation within the item that makes up the scale. The values are from 0 to 1, and a high value indicates a higher reliability (Sekaran, 2003; Pallant, 2013). However, a "high" value for alpha does not imply that the measure is unidimensional.

The Cronbach's alpha coefficient ( $\alpha$ ) was firstly developed by Lee Cronbach in 1951 and was used to evaluate the dependability of the measurement scales used in the questionnaire (Cronbach, 1951; Nunnally, 1978; Pallant, 2013). The purpose of the alpha value is to measure the reliability or internal consistency of a set of test items. The reliability of the measurement refers to the extent of the measure that is consistent, and  $\alpha$  is the way of measuring the strength of that consistency (Sekaran, 2003; Pallant, 2013).

Ideally, the value of Cronbach's alpha of a scale should be above 0.7 to be considered as an acceptable variable (Nunnally, 1978; Murphy & Davidshofer, 1988; Pallant, 2013). However, values above 0.8 are preferable (Bryman & Bell, 2007) depending on the purpose and the nature of the scale. The acceptable Cronbach's alpha coefficient indicates that variables used to test the research hypotheses are strong in measuring the construct of interest. The alpha values are dependent on the items in the scale. When the items in the scale are small (less than 10),  $\alpha$  value will be small. When this happens, it is better to calculate the mean interim correlation of the items. The value of the mean inter-item correlation should be 0.2 to 0.4 (Briggs & Cheek, 1986). The reliability for each construct scale is discussed in the following sub-sections.

#### 5.4.1.1 The Results of Reliability Tests

Table 5.4 shows the results of testing the reliability of each variable. The final instrument contains 71 items (see Table 5.4) rated on a five-point Likert-type scale, ranging from (1) strongly disagree to (5) strongly agree. The reliability test of each luxury value is discussed in the following sub-headings.

**Table 5.4 : Reliability Statistics for all the variables**

<b>Variables</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>	<b>Item Deleted</b>	<b>Final Number of Items</b>
Individual value	0.836		21
Social value	0.893		13
Functional value	0.800	1 item, (0.782)	13
Financial value	0.853		4
Attitude	0.868		4
Subjective Norms	0.870		8
Perceived Behavioural Control	0.882	1 item, (0.690)	2
Intention	0.853		3
Consumer Knowledge	0.829		3
<b>Total</b>			<b>71</b>

### *Individual value*

The reliability test conducted for the individual values scale comprises of 21 items. The Cronbach's alpha reached the preferable value of  $\alpha=0.836$ , suggesting very good internal consistency reliability for the scale in testing hypotheses (Pallant, 2013).

### *Social value*

The social value comprises of 13 items, and the Cronbach's alpha reached the preferable value of  $\alpha = 0.893$ . This alpha value also has a good internal consistency reliability for this scale to test the hypotheses.

### *Functional value*

The functional value tested with the 14 items resulted in the value of  $\alpha=0.782$ . Although this value was acceptable, the item ReFuV2 (Question: In my opinion, luxury fashion products are just swanky) was lower than 0.3 in the Corrected Item-Total Correlation (Briggs & Cheek, 1986). To increase the alpha value, the item which has a Corrected Item-Total Correlation of less than 0.3 needs to be deleted. If this item is deleted, there will be an increase in alpha value to 0.800. So, the item is finally deleted, and the new Cronbach's alpha value is 0.800. This new  $\alpha$  value is a preferable value (Pallant, 2013; DeVellis, 2016) compared to the value before deletion.

### *Financial value*

The financial value consists of the four items with the value of  $\alpha = 0.853$ . This value is considered higher than 0.7, a preferable value, which is a good internal consistency reliability for this scale that has been used.

### *Attitude*

The attitude is tested with the four items in the questionnaire. The Cronbach's alpha reached the preferable value of  $\alpha = 0.868$  suggesting very good internal consistency reliability for the scale in testing hypotheses (Pallant, 2013).

### *Subjective norms*

The questionnaire had eight items for the scale for subjective norms. The reliability testing showed that the value of  $\alpha$  is 0.870. This value is considered higher than 0.7, which has a good internal consistency reliability.

### *Perceived behavioural control*

The perceived behavioural control was tested with three items resulting in a value of  $\alpha = 0.690$ . Even though this value was very near to 0.7, the item was checked, and there is the possibility of increasing the alpha if one item was deleted. By investigating the Corrected item-total correlation, the correlation of item PBC1 (Question: I have complete control of purchasing luxury fashion products) had a value lower than 0.3 (0.236) (Briggs & Cheek, 1986) while all other items had a correlation value of more than 0.3. Finally, by exploring the



alpha if deleted, the reliability of the scale (alpha) was increased to 0.882 by deleting the item (PBC1: I have complete control of purchasing luxury fashion products). Thus, the item was deleted and the reliability increased to a preferable value.

#### *Intention*

The questionnaire had three items for the scale for intention. The reliability testing indicated that the value of  $\alpha$  was 0.853. This value is a preferable value (Pallant, 2013; DeVellis, 2016), which has a good internal consistency reliability.

#### *Consumer knowledge*

The questionnaire had three items for the scale of consumer knowledge, and from the reliability test, it showed that the value of  $\alpha$  was 0.829. This value is a good internal consistency reliability for this scale where the value of alpha is more than 0.7 and is considered as a preferable value.

### **5.4.2 Validity**

Validity is the degree which measures what it is supposed to measure (Pallant, 2013). The main question that is raised is “how valid is this test for the decision that I need to make?” or “how valid is the interpretation I propose for the test?” There are three types of validity that have been pointed out (Crocker & Algina, 1987; Sekaran, 2003; Pallant, 2013). They are content-

validity, criterion-validity and construct validity. Firstly is the content validity, which measures the entire content of behaviour or area that is represented in the test (Zikmund, 2000; Saunders et al., 2009). Later, the task is compared with the content of the behaviour. The content validity is higher when the scale items show the main domain that is being measured (Sekaran, 2003). The content validity explaining the dimension and the elements briefly (Sekaran, 2003).

Secondly is the criterion validity, which concerns the relationship between the scales scores and some specified measurable criterion (Sekaran, 2003; Pallant, 2013). This will be an empirical check of the test value where it is more criterion-oriented. Thirdly, is the construct validity which tests the measurement not on the single criterion but on the theoretically concerning variables towards the hypotheses (Ghuri & Grønhaug, 2005; Pallant, 2013). The construct validity is a tested convergent and discriminant validity for the factors that explain the observable situation (Nunnally, 1978; Sekaran, 2003; Collis & Hussey, 2013). This explains that the construct can be explained by the researcher's observations and findings (Collis & Hussey, 2013).

According to Sekaran (2003), "*Convergent validity* is established when the scores obtained with two different instruments measuring the same concept are highly correlated. *Discriminant validity* is established when, based on theory, two variables are predicted to be uncorrelated, and the scores

obtained by measuring them are indeed empirically found to be so.” p.207. The validity can be determined in several ways. The validity can be established through correlational analysis, factor analysis, multi-trait or multimethod matrix of correlation (Sekaran, 2003).

Validity is very important because if the results are not valid then it would be meaningless in the research (Collis & Hussey, 2013). If the validity does not measure what we really want to measure then the entire results could not be used to answer the research questions that had been developed earlier. The results would not generalise any finding, leading to a waste of time and effort (Coe, 2002). If the measure is valid in one instance, it does not mean it is valid when measuring something else. The focus of positivism research design is mainly to increase the validity where it is related to the ability in proving the accurate reflection of the research finding (Easterby-Smith et al., 2008).

The validity of the questions was conducted using the Pearson Product Moment using SPSS. The validity was done by correlating each item in the questionnaire with the total score of the variables. The basic in validity decision making is when the significant value  $<0.05$  the instrument is considered as invalid (Field, 2005). From the validity test, it can be concluded that all the items in the validity test of Pearson correlation between the item and the total score of the variables show all the values to be more than 0.50.

When the count value is more than 0.50 that means all the items used in the questionnaire are valid (see Appendix 5)

## **5.5 FACTOR ANALYSIS**

According to Hair et al. (2006), factor analysis is “an interdependent technique whose primary purpose is to define the underlying structure among the variables in the analysis” p.104. Pallant (2013), describes factor analysis as a family of techniques rather than describing it as a technique alone. Factor analysis is related to the family of factor analytic techniques (Pallant, 2013). There are two main techniques in factor analysis namely, Exploratory factor analysis (EFA) and Confirmatory factor analysis (CFA).

The EFA is used to gather information in the early stages of the research to explore the relationship among the variables (Pallant, 2013). Meanwhile the CFA is used later in the research process where it is more complex and sophisticated, to confirm certain hypothesis or theories in the structure of sets of variables (Pallant, 2013). In factor analysis, even though related, there are two different techniques known as the principle component analysis (PCA) and factor analysis (FA). These two techniques are similar and are mostly used by the researchers similarly (Tabachnick et al., 2001; Mazzocchi, 2008; Pallant, 2013).

### 5.5.1 The Differences between Principle Component Analysis and Factor Analysis.

In order to select a proper and reliable technique, the differences and the similarities need to be considered. Factor analysis and principle component analysis have the same goal, that is, reducing a set of variables measured into a smaller set of variables (Velicer & Jackson, 1990). There are several differences between the two techniques which are presented in Table 5.5 (Mazzocchi, 2008).

**Table 5.5 Differences between Factor Analysis and Principle Component Analysis**

<b>Factor analysis</b>	<b>Principle component analysis</b>
Number of factors predetermined	Number of components evaluated ex-post
Many potential solutions	Unique mathematical solution
Factor matrix estimated (may be correlated)	Component matrix is computed (always uncorrelated)
Factor score estimated	Component score computed
More appropriate when searching underlying structure	More appropriate for data reduction (no prior underlying structure assumed)
Factors not sorted	Factors are sorted
Only common variability taken into account	Total variability taken into account
Preferred when substantial measurement error in variables	Preferred as preliminary method to cluster analysis or avoid multi-collinearity
Rotation is desirable	Rotation not desirable

**Source: Mazzocchi (2008)**

The main differences in both techniques are, factor analysis determines the number of factors (P factors) where the number of p-factors are less than the number of variables n. The researcher can compare the results with the different number of factors for each analysis in order by setting the preliminary number of factors p. Meanwhile, for the principal component analysis, in order to choose the number of components, there is no need to run multiple analysis (Mazzocchi, 2008). Principle component analysis starts by setting  $p = m$ . That's why the variability is clarified by the new principle component factors. They are not assessed with error, but calculated as the principal component problem and there is an exact solution for the estimation method (Mazzocchi, 2008)

When the data matches up with the assumptions of the factor model, the results of the principle component matrix are inaccurate (Fabrigar et al., 1999; Mazzocchi, 2008). In the principle component matrix, the component matrix is computed but always uncorrelated with the variables, while in the factor analysis, the factor matrix is estimated and correlates with the variables. The factor analysis estimates the factors that will impact the response of the observed data while the principle component matrix reduces the total of squared vertical to the component axis (Fabrigar et al., 1999). The observed variables of factor analysis are the linear combination of the unique factors whereas, the variables of the principle component analysis are weighted by the eigenvectors.

Many researchers basically use factor analysis in general and refer to the principle component matrix and factor analysis in a way that can be exchanged (Pallant, 2013). This is because both techniques will produce the same results in some situations. According to Hair et al. (2006), when the communalities are more than 0.60, the results are identical. Even though both produce similar results, when the communalities are low (less than 0.40), the two techniques will have different results (Fabrigar et al., 1999). Therefore, the differences need to be addressed in both techniques. Factor analysis should not be used when the principal component matrix is performed.

In summary, there are a lot of differences with both techniques. After reviewing their differences, this research used the factor analysis. This is because the main aim of factor analysis is to understand the fundamental structure of the relationship between the variables and also in reducing the data. The factor analysis will identify the hidden constructs accounted for the pattern of the structure of the original variables. Next is the discussion on the exploratory factor analysis and the confirmatory factor analysis.

### **5.5.2 Exploratory Factor Analysis (EFA)**

The purpose of the exploratory factor analysis (EFA) is to find the relationship among the variables and present the structure with a smaller set of variables

(Fabrigar et al., 1999). The EFA is more towards data-driven approach where there are no important limitations on the number of factors or components that should be extracted and few constraints for the factor loading. According to Hair et al. (2006), the EFA is very useful when the researcher is searching for the fundamental structure or the data reduction method. The main reason the EFA is used in this research is because of its exploratory nature. There is limited evidence for the number of common factors and specific measures which should be influenced by other factors.

Factor analysis was performed for the 73 items or overall questions in the questionnaire by using the SPSS programme. 52 items are related to luxury value, 18 items are TPB variables, and 4 items are moderator variables (consumer knowledge). The results and interpretation are discussed below. Principal component analysis was applied as factor extraction due to violation of the normality assumption of the data, and oblimin was used as factor rotation. The factor loadings  $\pm 0.70$  or above are regarded as significant with 50% of the variance explained (Hair et al., 2006) due to the sample size of 841 responses.

#### ***5.5.2.1 EFA for Luxury Values***

Exploratory Factor Analyses were performed for each dimension in luxury values by using the SPSS programme. Prior to conducting factor analysis, the



suitability of the data was assessed. The correlations among variables presented in the correlation matrix were examined. It was found from four analyses that many correlation coefficients are not higher than 0.90. This means that there are some interrelationships among variables, but no extreme multi-collinearity or singularity (Field, 2000).

The measure of sampling adequacy (MSA), also called the Kaiser-Meyer-Olkin (KMO) measure, was assessed in terms of luxury value for four variables. The overall MSA are 0.948, 0.934, 0.832 and 0.821 respectively. It was noticed that all groups of luxury values have an overall MSA of greater than 0.80 which is regarded as being in a good range (Hutcheson and Sofroniou, 1999, p.224-225). Additionally, the Bartlett test of sphericity indicate a statistical significance (sig value  $\leq$  0.001). This means that enough correlations exist among the variables to proceed (Hair et al., 2006). All the results support the factorability of the correlation matrix, and factor analysis is appropriate for the data. KMO and Bartlett's test for five analyses are provided in Table 5.6.

**Table 5-6: KMO and Bartlett's Test of Factor Analyses on Luxury Values**

Individual Value		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.948
Bartlett's Test of Sphericity	Approx. Chi-Square	7727.864
	df	210
	Sig.	.000

<b>Social Value</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.934
Bartlett's Test of Sphericity	Approx. Chi-Square	4207.360
	df	78
	Sig.	.000

<b>Functional Value</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.832
Bartlett's Test of Sphericity	Approx. Chi-Square	3331.372
	df	91
	Sig.	.000

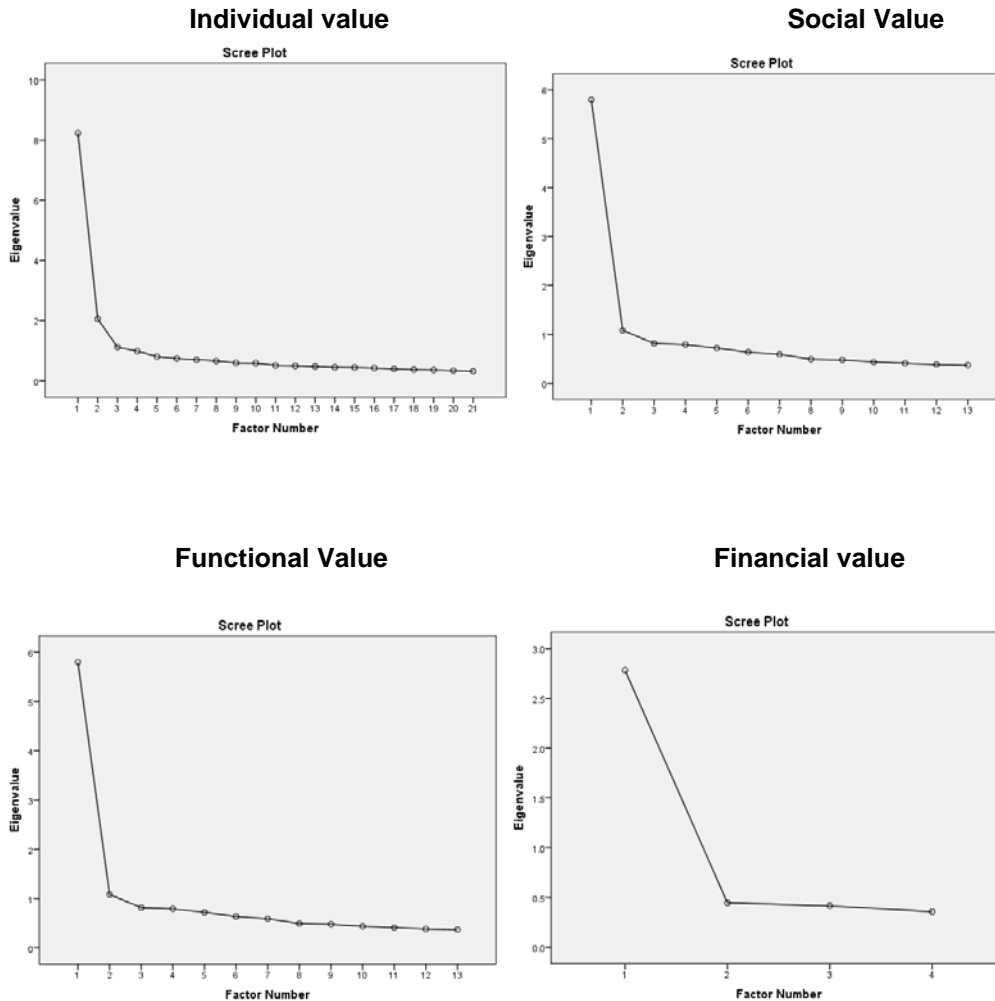
<b>Financial Value</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.821
Bartlett's Test of Sphericity	Approx. Chi-Square	1419.221
	df	6
	Sig.	.000

Figure 5.1 illustrates the Scree Test for four variables of luxury values. Cumulative percentage of the total variance was also examined indicating one or two factors should be extracted to meet the acceptable level of 0.60 cumulative percentage of the total variance. The results from the numbers of factors were explored. The results were compared and contrasted. The best representation was found with one factor accounting for 63.01, 66.48, 57.35, 57.08, and 59.08 percent of the variance for all variables in luxury value respectively.

The scree test was examined and Figure 5.1 illustrates the Scree Test for the luxury values (individual value, social value, functional value and

financial value). For individual value, social value and functional value, three factors can be recommended because of the line beginning to straighten out. As for financial value two factors can be recommended.

**Figure 5.1 Scree Plot for the luxury values**



The cumulative percentage of the total variance was also examined indicating one or two factors should be extracted to meet the acceptable level of cumulative percentage of the total variance. The results from the numbers of factors of the four luxury values were explored. The results were compared

and contrasted. The individual value shows that the eigenvalues for each component are listed. Only 3 components an eigenvalue of more than 1 (8.233, 2.053 and 1.116). These three components explain the total of 54.29% of the variance. For social value, only 2 factors have an eigenvalue of more than 1 (5.80 and 1.083). The two components explain the total of 52.92% of the variance. Meanwhile for functional value, the number of components with an eigenvalue more than 1 are 4 components (4.02, 2.20, 1.30, and 1.07) where the variance explained for these four components are 61.34%. Lastly, the financial value, only one component (2.782) explains the 69.55% of variance. The four luxury values have a variance of more than 50% as per Hair et al. (2006).

Next, each factor components in the four luxury values were given a name to test the reliability. Table 5.7 shows the subscale developed based on the factor analysis and the components that have been established.

**Table 5.7: Subscale developed from Factor Analysis**

<b>INDIVIDUAL VALUE</b> Subscale 1: item 1,2,8,9,11,14,15,16,17,18,19,20,21 Subscale 2: item 3,4,10,12,13 Subscale 3: item 5,6
<b>SOCIAL VALUE</b> Subscale 1: item 1,3,4,5,6,7,8,10,11 Subscale 2: item 2,9,12,13
<b>FUNCTIONAL VALUE</b> Subscale 1: item 3,5,6 Subscale 2: item 1,2,4,7 Subscale 3: item 8,9,10 Subscale 4: item 1,12,13,14
<b>FINANCIAL VALUE</b> Subscale 1: item 1,2,3,4

After the subscales for the four luxury values were developed, the reliability of each subscale was tested. The results are listed in Table 5.8. The results show that the individual value's three subscales have high reliabilities where the Cronbach alpha is more than 0.60 (Hair et al., 2006). The social value's two subscales also show the Cronbach alpha is more than 0.7 and this is also considered as high reliability (Hair et al., 2006). The functional value's subscales shows that the three subscales have a Cronbach alpha of more than 0.6 (Hair et al., 2006) but subscale 4 shows an alpha value 0.427. From the subscale's four items, the total statistics indicate the alpha value would remain the same if any of the other variables were deleted. According to Field (2005), the reduced reliability would not impact the number of items. For the financial value, the reliability is high with 0.853 Cronbach alpha.

**Table 5.8: Reliability of each subscale**

Individual Value

Subscale	Cronbach alpha
1	0.918
2	0.772
3	0.638

Social Value

Subscale	Cronbach alpha
1	0.866
2	0.737

Functional Value

Subscale	Cronbach alpha
1	0.811
2	0.731
3	0.608
4	0.427

Financial Value

Subscale	Cronbach alpha
1	0.853

**5.5.2.2 EFA for Theory of Planned Behaviour (TPB) Variables**

Exploratory Factor Analyses were performed for each dimension in TPB variables by using the SPSS programme. Prior to conducting factor analysis, the suitability of the data was assessed. The correlations among the variables presented in the correlation matrix were examined. It was found from four analyses that many correlation coefficients are not higher than 0.90. This

means that there are some interrelationships among variables, but no extreme multi-collinearity or singularity (Field, 2000).

The measure of sampling adequacy (MSA), also called the Kaiser-Meyer-Olkin (KMO) measure, was assessed in terms of TPB variables for four variables (attitude, subjective norms, perceived behavioural control and intention). The overall MSA were 0.810, 0.902, 0.539 and 0.732 respectively. It was noticed that the 3 groups of TPB variables have an overall MSA are greater than 0.70 which is regarded as being in a good range (Hutcheson and Sofroniou, 1999, p.224-225). The MSA for the perceived behavioural control is lower than 0.539 which is considered as average. Additionally, the Bartlett test of sphericity indicate a statistical significance (sig value  $\leq 0.001$ ). This means that enough correlations exist among the variables to proceed (Hair et al., 2006). All the results support the factorability of the correlation matrix, and factor analysis is appropriate for the data. KMO and Bartlett's test for five analyses are provided in Table 5.9.

**Table 5.9: KMO and Bartlett's Test of Factor Analyses on TPB variables**

**Attitude**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.810
Bartlett's Test of Sphericity	Approx. Chi-Square	1640.660
	df	6
	Sig.	.000

**Subjective norms**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.902
Bartlett's Test of Sphericity	Approx. Chi-Square	2758.957
	df	28
	Sig.	.000

**Perceived Behavioural Control**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.539
Bartlett's Test of Sphericity	Approx. Chi-Square	870.358
	df	3
	Sig.	.000

**Intention**

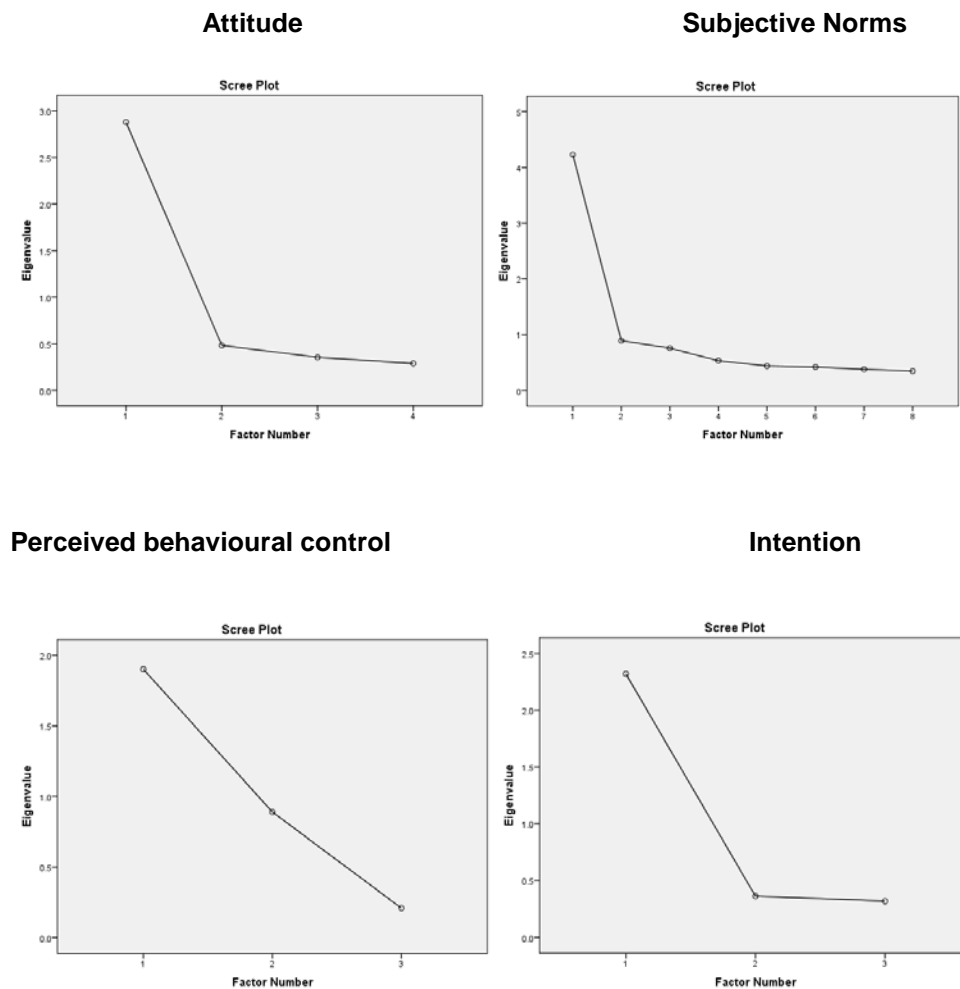
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.732
Bartlett's Test of Sphericity	Approx. Chi-Square	1104.722
	df	3
	Sig.	.000

Figure 5.2 illustrates the Scree Test for TPB variables. The cumulative percentage of the total variance was also examined indicating that one or two factors should be extracted to meet the acceptable level of 0.60 cumulative percentage of the total variance. The results from the numbers of factors were explored. The results were compared and contrasted.



The scree test was examined and Figure 5.2 illustrates the Scree Test for the TPB variables (attitude, subjective norms, perceived behavioural control and intention). For attitude, subjective norms and intention two factors can be recommended because of the line beginning to straighten out. As for perceived behavioural control three factors can be recommended.

**Figure 5.2 Scree Plot for TPB variables**



The attitude shows that the eigenvalues for each component are listed. Only 1 component has an eigenvalue of more than 1 (2.876). This component explains the total of 71.9% of the variance. The subjective norms, perceived behavioural control and intention have only 1 component each and they are 4.231, 1.901 and 2.319 respectively. All these components explain the total of 52.892%, 63.370%, and 77.305% of the variance. All the four TPB variables have a variance of more than 50% as per Hair et al. (2006).

Next, the components were tested for reliability in the four TPB variables (attitude, subjective norms, perceived behavioural control and intention). Table 5.10 shows the reliability analysis. The results show that all the TPB variables (attitude, subjective norms, perceived behavioural control and intention) have high reliabilities where the Cronbach alpha are more than 0.60 (Hair et al., 2006).

**Table 5.10: Reliability of TPB variables**

Variables	Cronbach alpha
Attitude	0.868
Subjective norms	0.870
Perceived behavioural control	0.690
Intention	0.853

### **5.5.2.3 EFA for Consumer Knowledge**

Exploratory Factor Analyses were performed for each dimension in TPB variables by using the SPSS programme. Prior to conducting factor analysis, the suitability of the data was assessed. The correlations among the variables presented in the correlation matrix were examined. It was found from four analyses that many correlation coefficients are not higher than 0.90. This means that there are some interrelationships among variables, but no extreme multi-collinearity or singularity (Field, 2000).

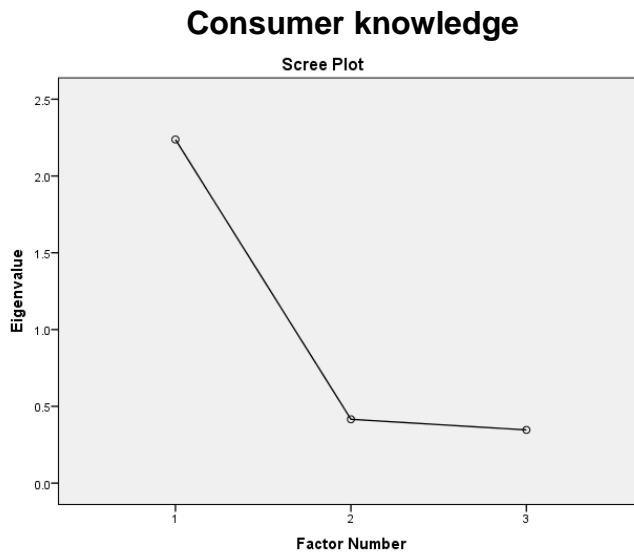
The consumer knowledge measure of sampling adequacy (MSA), also called the Kaiser-Meyer-Olkin (KMO) measure, was assessed. The overall MSA was 0.720 the overall MSA is greater than 0.70 which is regarded as being in a good range (Hutcheson and Sofroniou, 1999, p.224-225). Additionally, the Bartlett test of sphericity indicate a statistical significance (sig value  $\leq 0.001$ ). This means that enough correlations exist among the variables to proceed (Hair et al., 2006). The consumer knowledge results support the factorability of the correlation matrix, and factor analysis is appropriate for the data. KMO and Bartlett's test are provided in Table 5-11.

**Table 5-11: KMO and Bartlett's Test of Factor Analyses on TPB variables**

<b>Consumer Knowledge</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.720
Bartlett's Test of Sphericity	Approx. Chi-Square	948.259
	df	3
	Sig.	.000

Figure 5.3 illustrates the Scree Test for consumer knowledge. The cumulative percentage of the total variance was also examined indicating one or two factors should be extracted to meet the acceptable level of 0.60 cumulative percentage of the total variance. The results from the numbers of factors were explored. The results were compared and contrasted. For consumer knowledge two factors can be recommended because of the line beginning to straighten out.

**Figure 5.3 Scree Plot for consumer knowledge**



The cumulative percentage of the total variance was also examined indicating one or two factors should be extracted to meet the acceptable level of cumulative percentage of the total variance. The results were compared and contrasted. The consumer knowledge shows that only 1 component has an eigenvalue of more than 1 (2.237) .This component explains the total of 74.581% of the variance. The consumer knowledge has a variance of more than 50% as per Hair et al. (2006). Next, the reliability for the consumer knowledge was tested. The reliability analysis results show the Cronbach alpha is 0.829, so it has high reliability as the Cronbach alpha is more than 0.60 (Hair et al., 2006).

## **5.6 TESTING THE ASSUMPTIONS**

Testing for the assumptions underlying the statistical basis for multivariate analysis is an important process to establish the foundation for multivariate techniques from which statistical inferences and results are drawn (Easterby-Smith et al., 2008; Pallant, 2013). When the assumptions are violated, the results may be more distorted and biased in multivariate analysis due to the complexity of the relationships. Some techniques are robust and less affected by assumption violation; however, the successful analysis may derive from meeting some of the assumptions (Tabachnick et al., 2001; Hair et al., 2006). Hence, the researcher must be aware of any assumption violations and their implications on the interpretation of the results.

The assumptions are tested for two levels: the test for the individual variable (univariate), and the collective test for all variables (multivariate) (Hair et al., 2006). The univariate tests for meeting the assumptions have been stated in this chapter; the multivariate tests for assumptions are mentioned after the multivariate analysis is performed (Tabachnick et al., 2001). The important assumptions in the multivariate analysis include normality, outliers, linearity, multi-collinearity and singularity and homogeneity of variance-covariance matrices.

### ***Univariate Normality***

Normality refers to “the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods” (Hair et al., 2006, p.79). It is claimed that the departure from normality may lead to invalid statistical results; thus, the normality test must be addressed. Univariate normality for an individual variable can be easily tested by assessing the graphs including the histogram and the normal probability plot, and statistical tests of normality, particularly the Kolmogorov-Smirnov and Shapiro-Wilk tests (Tabachnick and Fidell, 2007). The tests of normality for all variables are shown in Table 5.12.

**Table 5.12: The Univariate Tests of Normality**

Tests of Normality						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
IndividualValue	.076	841	.000	.969	841	.000
SocialValue	.063	841	.000	.981	841	.000
FunctionalValue	.061	841	.000	.993	841	.001
FinancialValue	.097	841	.000	.973	841	.000
Attitude	.154	841	.000	.938	841	.000
SubjectiveNorms	.058	841	.000	.988	841	.000
PerceivedBehaviouralControl	.107	841	.000	.976	841	.000
Intention	.138	841	.000	.950	841	.000
ConsumerKnowledge	.157	841	.000	.947	841	.000

a. Lilliefors Significance Correction

Kolmogorov-Smirnov and Shapiro-Wilk tests compared the values in the sample with a set of values which were normally distributed and contained the same mean and standard deviation of the sample. A non-significant result (Sig value  $\geq 0.05$ ) indicated normality. In other words, the distribution of the sample was not statistically different from a normal distribution. However, a significant result (Sig values  $< 0.05$ ) indicated that the distribution of the sample was probably non-normal (Field, 2005). All the variables violate the assumption of normality (Sig values  $< 0.05$ ). The shape of the distribution of each variable was also examined, and the results are consistent with the statistical tests of normality.

It was shown that all the variables are a departure from the normality, with predominantly negative skewness (skewed to the right). Data

transformations were conducted several times by trial and error to remedy the non-normality. The distributions of the variables were immediately reassessed after all of the transformations to check for normality (Field, 2005). Squared and cubed transformations were performed for negative skewness while logarithm and square root were undertaken to transform positive skewness (Field, 2005). Inverse was used to transform flat distributions. Unfortunately, none of the data transformations had been successful.

Specifically, the moderate negative skew is often changed to moderate positive skew after the remedies by squared and cubed transformations. Hence, transformations are not helpful for this study. However, with the large sample size of 841 cases in this study, the detrimental impacts from non-normality may be negligible, and the data transformation as a remedy may not be required (Hair et al., 2006).

## **5.7 HYPOTHESES TESTS**

Hypothesis testing is attempting to answer the research questions and hypotheses that this research has set. The analysis begins with correlation analysis followed by multiple regression analysis.



### 5.7.1 Correlation

In statistics, Pearson's correlation coefficient ( $r$ ) is a measure of the strength and direction of a linear relationship between two variables on a scatterplot, Cohen and Cohen (1983). Cohen and Cohen (1983) p:50, stated that a correlation is, "the rate of change (linear) in one variable per unit change in the other variable (and vice versa) which best fits the data in the sense of minimising the squared discrepancies between the estimated and actual scores." Thus, the correlation (Pearson/ Spearman) was used to understand the depth of the relationship between the variables involved in this research. The value of  $r$  would give an indication of the direction of the variables such as negative or positive and the strength of the relationship (Cohen & Cohen, 1983).

The correlation coefficient value is positioned between +1 and -1. If the correlation coefficient is +1, it means there is a perfect positive relationship between the two variables (Field, 2005). This means when there is a change in one variable, the other variable changes too in the same direction correspondingly (one variable larger, the other variable larger). If the correlation coefficient value is -1, this means there is a perfect negative relationship between the two variables (Field, 2005). In other words, it means that when one variable changes, the other variable changes equally in the opposite direction (one variable larger, the other variable smaller). When the correlation coefficient value is 0, no linear relationship exists between the two

variables. Cohen (1988) p. 79-81) provided the guidelines for interpreting the results of the correlation: Small:  $r = 0.10$  to  $0.29$ ; Medium:  $r = 0.30$  to  $0.49$ ; Large:  $r = 0.50$  to  $1.0$

**Table 5.13: Correlation Statistics for all the variables**

	IV	SV	FuV	FiV	ATT	SN	PBC	INT	CK
Individual value (IV)	1								
Social value (SV)	0.650**	1							
Functional Value (FuV)	0.676**	0.381**	1						
Financial value (FiV)	0.638**	0.514**	0.444**	1					
Attitude (ATT)	0.820**	0.574**	0.655**	0.601**	1				
Subjective norms (SN)	0.416**	0.736**	0.153**	0.424**	0.417**	1			
Perceived behavioural control (PBC)	0.559**	0.407**	0.416**	0.561**	0.535**	0.367**	1		
Intention (INT)	0.725**	0.548**	0.491**	0.639**	0.740**	0.473**	0.588**	1	
Consumer knowledge(CK)	0.713**	0.513**	0.580**	0.570**	0.422	0.282	0.251	0.751**	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

The relationship was investigated using the Pearson correlation coefficient. Table 5.13 shows that the four luxury values: (individual value (IV), social value (SV), functional value (FuV) and financial value (FiV) have a positive relationship with attitude (ATT), subjective norms (SN) and perceived behavioural control (PBC) with the moderating variable, consumer knowledge.

#### ***IV and ATT, SN and PBC***

There is a strong correlation between IV and ATT with an r-value of 0.820,  $p < 0.01$ . The relationship between IV and ATT is stronger compared to SN and PBC where attitude has a larger correlation compared to SN ( $r = 0.416$ ,  $p < 0.01$ ) and PBC ( $r = 0.559$ ,  $p < 0.01$ ). The r-value explains that the individual value has a positive attitude towards purchasing luxury fashion products which Chinese consumers love buying, and they have a perceived behavioural control in the purchasing process. The Chinese consumer feels that in buying the luxury fashion products, their social group accepts them.

#### ***SV and ATT, SN and PBC***

Social value (SV) has a positive relationship with ATT, SN and PBC. Table 5.13 shows that the relationship between SV and SN is stronger than ATT and PBC. The relationship between SV and SN has an r-value of 0.736,  $p < 0.01$  compared to ATT ( $r = 0.574$ ,  $p < 0.01$ ) and PBC ( $r = 0.407$ ,  $p < 0.01$ ). Social values will trigger the Chinese consumer into buying luxury fashion products which help the Chinese consumer to be accepted by others. The confidence level in buying luxury fashion products is low in Chinese consumers and might be influenced by someone in their social group.

### ***FuV and ATT, SN and PBC***

Functional value (FuV) shows that the relationship among ATT, SN and PBC are positively correlated. The r value for ATT is 0.655  $p < 0.01$  where the r value shows a relatively large correlation but for PBC,  $r = 0.416$  where it is a medium correlation and SN is  $r = 0.153$  where it is a small correlation. The values explain that the subjective norms have less influence on the functional value in that the Chinese luxury consumers are less interested in the core benefit of the luxury fashion products which results in the acceptance in their social group. The Chinese consumer has a medium level of confidence in the buying process of luxury fashion products.

### ***FiV and ATT, SN and PBC***

The financial value (FiV) shows that all the variables are positively correlated with ATT followed by PBC and SN. All the correlation values are more than 0.4, where they have a medium to large influence towards FiV. The value of ATT is  $r = 0.601$ ,  $p < 0.01$  which explains that the Chinese luxury consumers show high interest in buying the higher valued luxury fashion products. The value of SN is  $r = 0.424$ ,  $p < 0.01$  where the Chinese consumer possesses a medium level influence on the opinions of other to accept in their social group. The value of PBC is  $r = 0.561$ ,  $p < 0.01$  which shows that the Chinese consumer has a large influence in the buying process of luxury fashion products.

### ***ATT, SN and PBC towards INT***

The correlation values for attitude (ATT), subjective norms (SN) and perceived behavioural control (PBC) towards intention (INT) are positively correlated, and the r values are 0.740(ATT), 0.473(SN) and 0.588(PBC) with  $p < 0.01$ . The values show that the level of influence towards INT is medium to large. ATT has the strongest relationship with intention. When the Chinese consumers' attitude towards the luxury fashion product is high, they will buy the product, but if they have an unfavourable attitude, they will not influence the intention to buy the luxury fashion product. PBC has a large influence towards INT too with r-value= 0.588 with  $p < 0.01$ . This value explains that the Chinese consumers have the easiness to perform the behaviour in buying luxury fashion products and this has a large influence towards the intention. SN has a medium influence intention. This value describes that the Chinese consumer has a perception that they need to be accepted by the social group that they belong to (friends, family or society) by having the intention to buy the luxury fashion products. Next the multiple regressions tested the hypotheses.

#### **5.7.2 Multiple Regression**

Multiple regression analysis is a statistical technique that can be used to analyse the relationship between a single dependent (criterion or outcome) variable and several independent (predictor) variables (Hair et al., 2006, pp.176). This analysis is a highly flexible procedure that will allow the scholars

to address many different types of data. Possibly the best mutual multiple regression analysis includes a single continuous variable measured on an interval or ratio scale and multiple continuous predictor variables also measured on an interval or ratio scale (O'Rourke et al., 2005).

This analysis has been used in quantitative research for decades because it is adaptable, flexible and applicable to any dependency relationships in research problems. According to O'Rourke et al. (2005), the analysis of multiple regression allows determining whether the relationship between the variables and the predictor variables when examined as a group exists. The results of the multiple regression coefficients for a given predictor variable very important. This coefficient signifies the total weight given by the particular predictor while holding the predictors continuously (O'Rourke et al., 2005).

Multiple regression allows a research to answer the question, "what are the strongest predictors of ...". There are two main aims in using the multiple regression which are prediction and explanation. For the prediction, the main purpose is to foresee the single dependent variable via a known value of the set of independent variables. The individual contribution of each variable in clarifying the variable in the dependent variable is known as an explanation.

The analysis can be done by examining the regression coefficients, including their magnitude, direction (positive or negative), and statistical significance for each independent variable as well as developing substantive and theoretical grounds to explain the impacts of the independent variables (Hair et al., 2006). This research uses multiple regression to explain the relationship of the variables rather than prediction. The main purpose is to explain the relationship of the luxury values and the Theory of Planned Behaviour variables. The moderating factor of consumer knowledge explains the relationship between the moderator and the intention.

Multiple regression analysis is suitable when the researcher is looking for numerical values and not functional relationships (Hair et al., 2006). All the relationships in this research built on the statistical relationships. This is because the data represent human opinions and perceptions where the measurements involved would have some levels of error. The perceptions mean, there would be no accuracy in the collected survey data.

The multiple regression analysis is constructed based on identifying the straight regression line to fit the number of points. It marks in decreasing the overall sum of the squared residuals or the squared differences among forecasted values of a dependent variable by the line and experiential values of the dependent variable (Field, 2005). The regression equation is as below (equation 5.1).

**Equation 5.1**

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Where:

Y: dependent variable

B0: intercept of the regression line

B1: the first independent variable (X1),

B2: the second independent variable (X2),

Bn is the regression coefficient of the nth predictor (Xn),

E: is the error term or the difference between the predicted and observed of Y for the *i*th observation

According to Berry and Feldman (1985), the intercept presents the value of the dependent variable when all the independent variables equal zero' (p.9). On the contrary, the intercept interpretation is influenced by the characteristics of the independent variables. Sometimes the intercept is used in the prediction practice and may have no explanatory value. The prediction applies when the independent variable has no true value of zero (Hair et al., 2006).

A regression coefficient presents the volume of independent change value which is influenced by the independent value (Hair et al., 2006). The regression coefficient explains the strength of the relationship between the dependent and independent variables. The sign of the coefficient, meanwhile, the magnitude of the coefficient shows that the degree of changes in the dependent variable when there are changes in the independent variable can



see the positive or negative relationship. When there is no effect, the coefficient of the independent variable is zero (Schroeder et al., 1986).

Multiple regression analysis is used to test the relationship between two variables, which in this research are luxury values and consumer behaviour. All the precise independent variables are entered into the regression SPSS programme. This control allows the researcher to control the selected variable. According to Hair et al. (2006) and Field (2005), complications arise from description errors in line to either exclusion or inclusion of independent variables are minimized because the choice of variables is to depend on the literature and theoretical support. The results from the multiple regression analysis for the hypotheses are interpreted below.

*a) Hypothesis 1*

*H1a: A Chinese consumer's individual value will significantly influence his/her attitude towards the luxury fashion products in China.*

*H1b: A Chinese consumer's individual value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

*H1c: A Chinese consumer's individual value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

To test the hypotheses 1a, b, and c, attitude, subjective norms and perceived behavioural control were used as dependent variables while individual value was used as an independent variable. The results of multiple regression analysis found that the individual value and attitude explain they are significant where  $p < 0.05$ ,  $R^2 = 0.651$ ,  $R^2_{\text{adjusted}} = 0.651$ .

**Table 5.14: Summary of results for Hypothesis 1**

<b>Dependent Variables:</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b><math>\beta</math></b>	<b>t</b>	<b>p-value</b>	<b>F-value</b>
Attitude	0.651	0.651	0.807	39.589	0.000	1567.325
Subjective Norms	0.217	0.216	0.466	15.265	0.000	233.015
PBC	0.306	0.305	0.553	19.234	0.000	269.935

Independent variable: Individual value

Table 5.14 explains that a total of 65.1% of the variance of the Chinese consumer attitude is explained by the individual value  $\beta = 0.807$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance, there is enough proof to conclude that individual value has a great impact in predicting Chinese consumers' attitude in purchasing luxury fashion products. Thus, H1a is accepted.

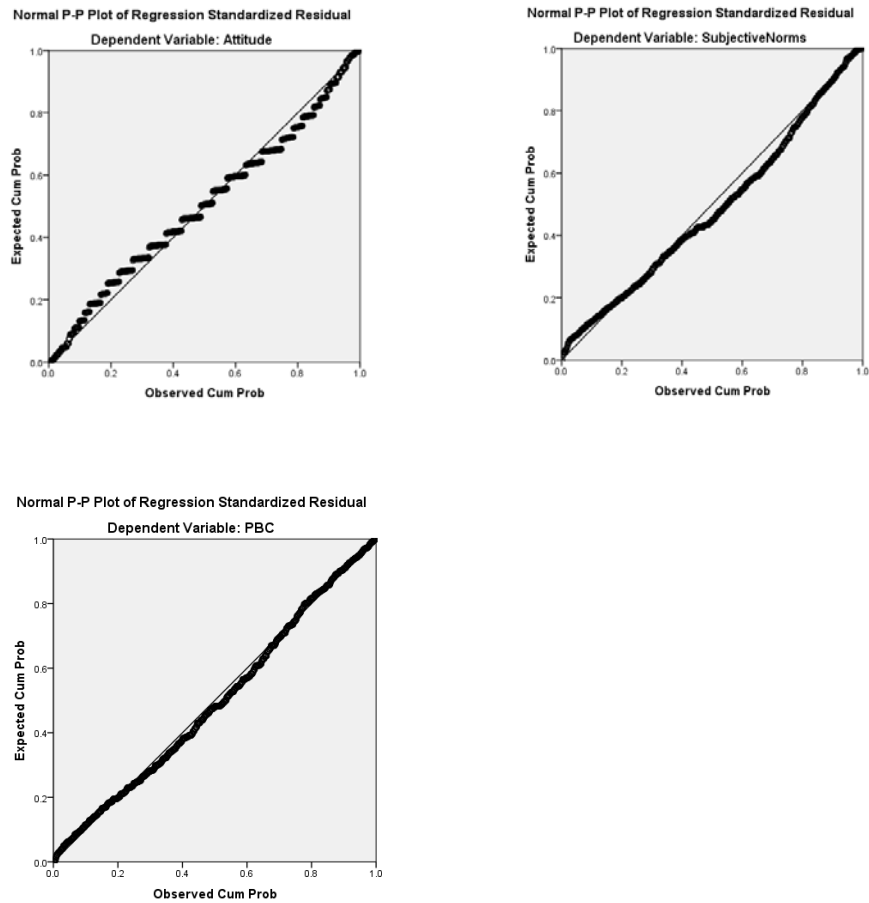
In Table 5.14, the findings show that the individual value and subjective norms explain  $p < 0.05$ ,  $R^2 = 0.217$ ,  $R^2_{\text{adjusted}} = 0.216$ . It explains that only 27% of the variance of Chinese consumers' behaviour to perform or not to perform a certain behaviour is explained by the individual value with  $\beta = 0.466$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance, there is enough evidence to conclude that

individual value has a big impact in predicting Chinese consumers' social pressure in purchasing luxury fashion products. So, H1b is accepted.

Hypothesis 1c proves that the individual value and perceived behavioural control explain  $p < 0.05$ ,  $R^2 = 0.306$ ,  $R^2_{\text{adjusted}} = 0.305$ . Only 30.6% of the variance of Chinese consumers' perception of the easiness or difficulty of a certain behaviour is explained by the individual value with  $\beta = 0.553$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance, there is enough evidence to conclude that individual value has a strong impact in predicting Chinese consumers' behavioural control in purchasing luxury fashion products. So, H1c is accepted.

Taken together, these results provide evidence that individual value influences attitude stronger than the perceived behaviour control and subjective norms in determining behaviour. This means that the consumers' have a strong attitude in determine their self-identity, hedonic and materialistic values compared to perceived behavioural control and subjective norms. Figure 5.4 is the P-Plot for the Hypotheses 1a, 1b, 1c which shows the points where the plot forms a linear pattern, which indicates the normal distribution is a good model for this data set. These correlations tend to be linear and positive.

Figure 5.4: P-plot for Hypotheses 1a, 1b, 1c



*b) Hypothesis 2*

H2a: *A Chinese consumer's social value will significantly influence his/her attitude towards the luxury fashion products in China.*

H2b: *A Chinese consumer's social value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H2c: *A Chinese consumer's social value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

Hypothesis 2a was tested and social luxury value is the independent variable. Regression analysis found that the social value and attitude explain they are significant where  $p < 0.05$ ,  $R^2 = 0.329$ ,  $R^2_{\text{adjusted}} = 0.328$ . Table 5.15 explains that a total of 32.9% of the variance of the Chinese consumer attitude is explained by the social value with  $\beta = 0.574$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the Durbin-Watson value of 1.892, there is a positive relationship between the variables and therefore, social value has a big impact in predicting Chinese consumers' attitude in purchasing luxury fashion products. So, H2a is accepted.

**Table 5.15: Summary of results for Hypothesis 2**

Dependent Variables:	R <sup>2</sup>	Adjusted R <sup>2</sup>	$\beta$	t	p-value	F-value
Attitude	0.329	0.328	0.574	20.291	0.000	411.738
Subjective Norms	0.542	0.541	0.736	31.485	0.000	991.326
PBC	0.165	0.165	0.407	12.899	0.000	166.390

Independent variable: Social value

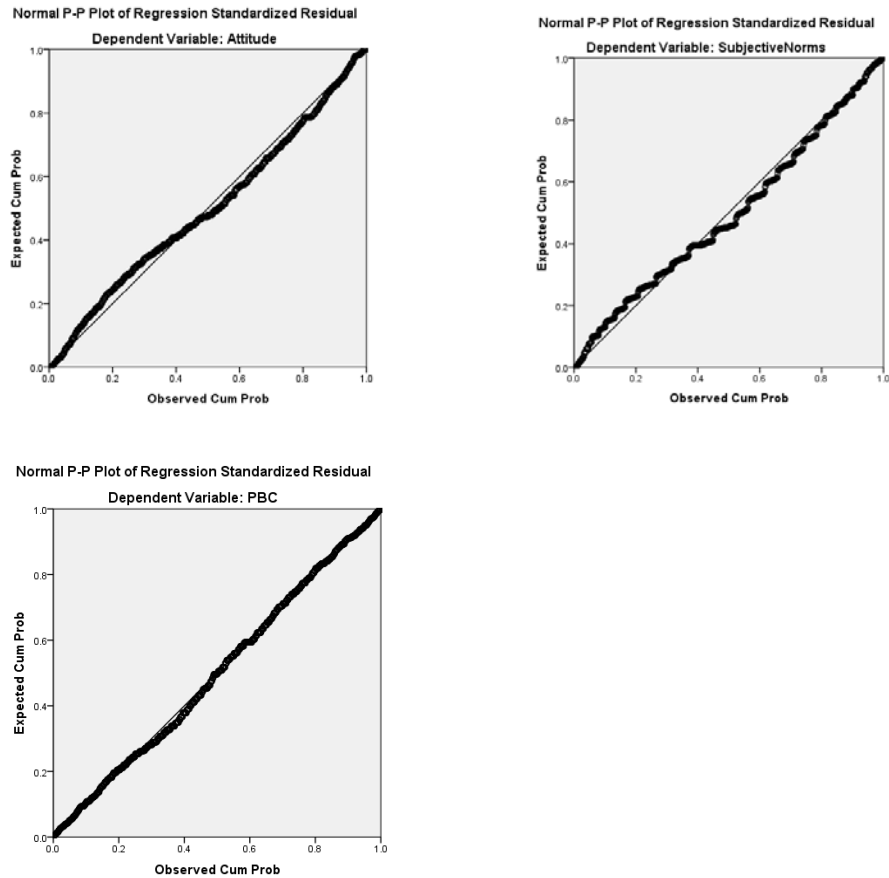
Hypothesis 2b was tested, and from Table 5.15 it can be concluded that the social value and subjective norms explain  $p < 0.05$ ,  $R^2 = 0.542$ ,  $R^2_{\text{adjusted}} = 0.541$ . This explains that 54.2% of the variance of Chinese consumers' behaviour to perform or not to perform a certain behaviour is explained by social value with  $\beta = 0.736$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 2.054, it shows that there is no autocorrelation

between the variables. So, it can be concluded that social value does have a big impact in predicting Chinese consumers' social pressure in purchasing luxury fashion products. So, H2b is accepted.

Hypothesis 2c was tested and from Table 5.15 it can be concluded that social value and PBC explain  $p < 0.05$ ,  $R^2 = 0.165$ ,  $R^2_{\text{adjusted}} = 0.165$ . This explains that only 16.5% of the variance of Chinese consumers' perception of the easiness or difficulty of a certain behaviour is explained by social value with  $\beta = 0.407$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 1.949, there is enough evidence to conclude that social value has a big impact in predicting Chinese consumers' behavioural control in purchasing luxury fashion products. So, H2c is accepted.

These results provide evidence that social value influences subjective norms stronger than the attitude and perceived behaviour control in determining behaviour. This means that luxury brands are vital to consumers seeking social status; thereby indicating that the social hierarchy associated with brands is fundamental to conspicuous consumption compared to the attitude and perceived behavioural control. Figure 5.5 is the P-Plot for the Hypotheses 2a, 2b, 2c which shows the points where the plot forms a linear pattern, which indicates the normal distribution is a good model for this data set. These correlations tend to be linear and positive.

Figure 5.5: P-plot for Hypotheses 2a, 2b, 2c



c) Hypothesis 3

H3a: A Chinese consumer's functional value will significantly influence his/her attitude towards the luxury fashion products in China.

H3b: A Chinese consumer's functional value will significantly influence his/her subjective norms towards the luxury fashion products in China.

H3c: A Chinese consumer's functional value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.

Hypothesis 3a was tested, with functional value as the independent variable and attitude as the dependent variable. Using the enter method in regression analysis, it was found that the functional value and attitude explain they are significant where  $p < 0.05$ ,  $R^2 = 0.102$ ,  $R^2_{\text{adjusted}} = 0.101$ . Table 5.16 explains that a total of 10.2% of the variance of the Chinese consumer attitude is explained by functional value with  $\beta = 0.320$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the Durbin-Watson value of 1.909, there is a positive relationship between the variables and functional value has given a big impact in predicting Chinese consumers' attitude in purchasing luxury fashion products. So, H3a is accepted.

**Table 5.16: Summary of results for Hypotheses 3**

Dependent Variables:	R <sup>2</sup>	Adjusted R <sup>2</sup>	$\beta$	t	p-value	F-value
Attitude	0.102	0.101	0.320	9.77	0.000	95.458
Subjective Norms	0.045	0.044	0.212	6.289	0.000	39.554
PBC	0.101	0.100	0.317	9.688	0.000	93.862

Independent variable:  
Functional value

Hypothesis 3b was tested, and from Table 5.16 it can be concluded that the functional value and subjective norms explain  $p < 0.05$ ,  $R^2 = 0.045$   $R^2_{\text{adjusted}} = 0.044$ . This explains that only 4.5% of the variance of Chinese consumers' behaviour to perform or not to perform a certain behaviour is explained by social value with  $\beta = 0.212$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 1.993, it shows that there is a positive relationship between the variables. So, it can be concluded that functional value has a big



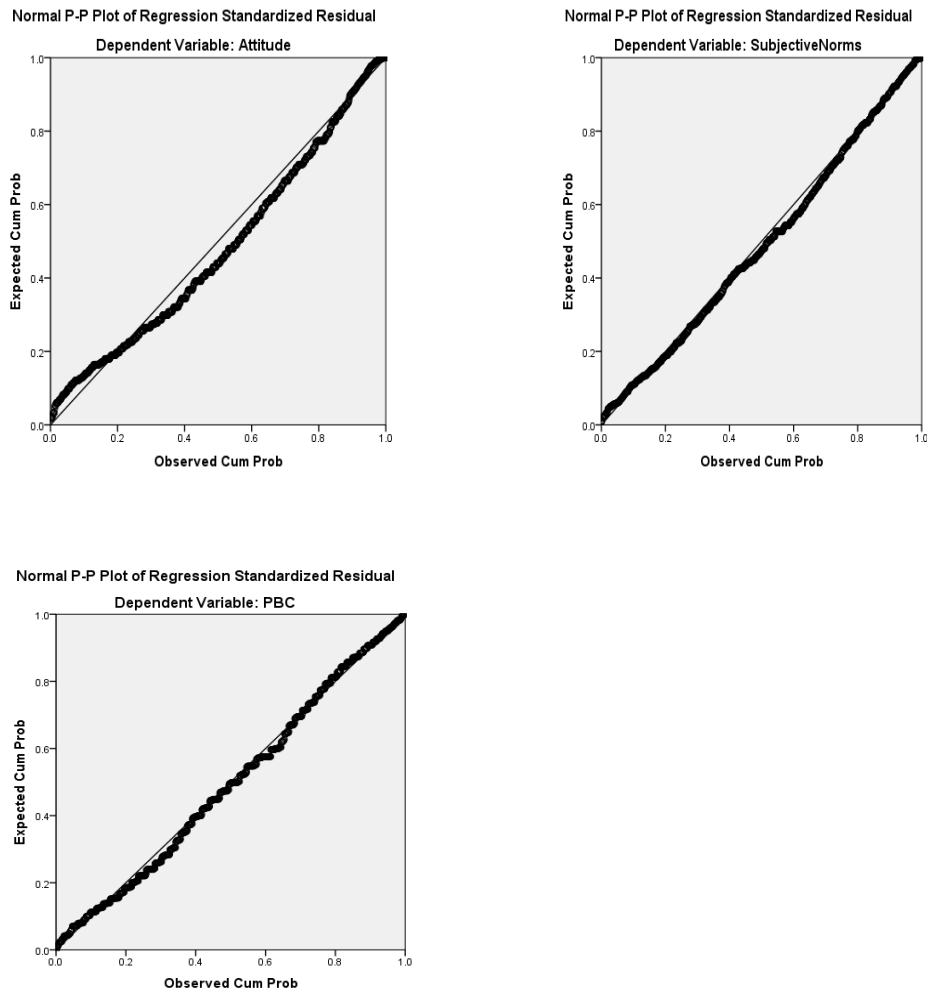
impact in predicting Chinese consumers' social pressure in purchasing luxury fashion products. So, H3b is accepted.

Hypothesis 3c was tested, and from Table 5.16 it can be concluded that the functional value and PBC explain  $p < 0.05$ ,  $R^2 = 0.101$ ,  $R^2_{\text{adjusted}} = 0.100$ . This explains that only 10.1% of the variance of Chinese consumers' perception of the easiness or difficulty of a certain behaviour is explained by functional value with  $\beta = 0.317$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 1.957, there is enough evidence to conclude that functional value has a big impact in predicting Chinese consumers' behavioural control in purchasing luxury fashion products. So, H3c is accepted.

These results provide evidence that functional value influences attitude and perceived behavioural control stronger than subjective norms in determining behaviour. It shows that the luxury accessory consumer associates high quality, usability and special attributes as a wide form of expressing luxury. As seen in Table 5.16, the  $\beta$  value shows that the attitude and the perceived behavioural control are the highest one where, it represents that special attributes and high quality present in the accessories provide emotional appeal and provide that the consumers are looking for. Figure 5.6 is the P-Plot for the Hypotheses 3a, 3b, 3c which shows the points where the

plot forms a linear pattern, which indicates the normal distribution is a good model for this data set. These correlations tend to be linear and positive.

**Figure 5.6: P-plot for Hypotheses 3a, 3b, 3c**



*d) Hypothesis 4*

*H4a: A Chinese consumer's financial value will significantly influence his/her attitude towards the luxury fashion products in China.*

H4b: *A Chinese consumer's financial value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

H4c: *A Chinese consumer's financial value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

Hypothesis 4a was tested with financial value as the independent variable and attitude as the dependent variable. Using the enter method in regression analysis, it was found that the financial value and attitude explain they are significant where  $p < 0.05$ ,  $R^2 = 0.362$ ,  $R^2_{\text{adjusted}} = 0.361$ . Table 5.17 explains that a total of 36.2% of the variance of the Chinese consumer attitude is explained by financial value with  $\beta = 0.601$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the Durbin-Watson value at 1.836, there is a positive relationship between the variables and financial value has a big impact in predicting Chinese consumers' attitude in purchasing luxury fashion products. So, H4a is accepted.

**Table 5.17: Summary of results for Hypothesis 4**

Dependent Variables:	R <sup>2</sup>	Adjusted R <sup>2</sup>	$\beta$	t	p-value	F-value
Attitude	0.362	0.610	0.601	21.796	0.000	475.060
Subjective Norms	0.179	0.178	0.424	13.541	0.000	183.364
PBC	0.315	0.314	0.561	19.630	0.000	385.333

Independent variable:  
Financial value

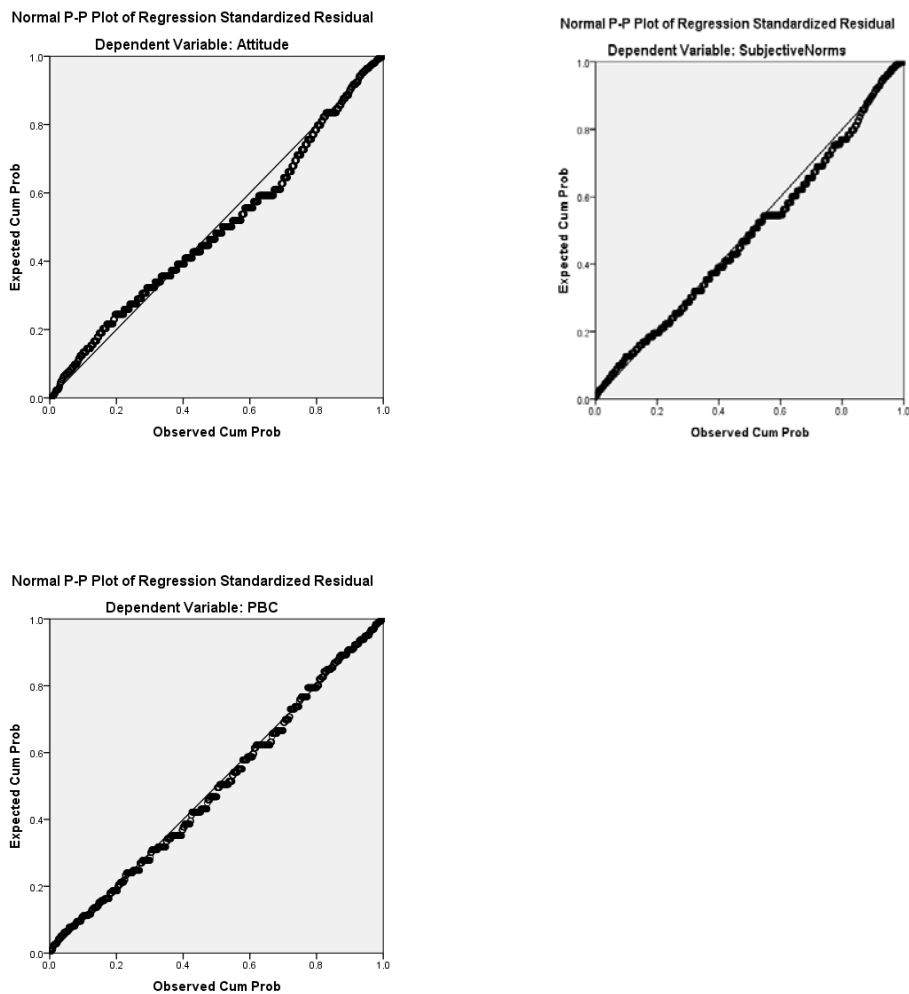
Hypothesis 4b was tested, and from Table 5.17 it can be concluded that the financial value and SN explain  $p < 0.05$ ,  $R^2 = 0.179$   $R^2_{\text{adjusted}} = 0.178$ . This explains that only 17.9% of the variance of Chinese consumers' behaviour to perform or not to perform a certain behaviour is explained by financial value with  $\beta = 0.424$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 1.925, it shows that there is a positive relationship between the variables. So, it can be concluded that financial value has a big impact in predicting Chinese consumers' social pressure in purchasing luxury fashion products. So, H4b is accepted.

Hypothesis 4c was tested, and from Table 5.17 it can be concluded that the financial value and PBC explain  $p < 0.05$ ,  $R^2 = 0.314$ ,  $R^2_{\text{adjusted}} = 0.314$ . This explains that only 31.5% of the variance of Chinese consumers' *perception* of the easiness or difficulty of a certain behaviour is explained by financial value with  $\beta = 0.561$ ,  $p \leq 0.00$ . At  $\alpha = 0.05$  level of significance and the value of Durbin-Watson at 1.947, there is enough evidence to conclude that financial value gives a big impact in predicting Chinese consumers' behavioural control in purchasing luxury fashion products. So, H4c is accepted.

These results provide evidence that financial value influences attitude stronger than perceived behaviour control and subjective norms in determining behaviour. This finding proves the prevailing wisdom that status-conscious consumers use a price cue as a substitute in determining the prestige. The

results proved that the attitude have strong influence where the consumer will judge the higher prices generally signify better quality or status, while lower prices signify more affordable products. Figure 5.7 is the P-Plot for the Hypotheses 4a, 4b, 4c which shows the points where the plot forms a linear pattern, which indicates the normal distribution is a good model for this data set. These correlations tend to be linear and positive.

Figure 5.7: P-plot for Hypotheses 4a, 4b, 4c



e) Hypotheses 5, 6, 7

H5: A Chinese consumer's attitude towards luxury fashion products will significantly influence his/her purchase intention in China.

H6: A Chinese consumer's subjective norms towards luxury fashion products will significantly influence his/her purchase intention in China.

H7: A Chinese consumer's perceived behavioural control towards luxury fashion products will significantly influence his/her purchase intention in China.

**Table 5.18: Summary of results for Hypotheses 5, 6 and 7**

Dependent Variables:	R <sup>2</sup>	Adjusted R <sup>2</sup>	$\beta$	t	p-value	F-value
Attitude	0.547	0.546	0.740	31.828	0.000	1013.047
Subjective Norms	0.224	0.223	0.473	15.554	0.000	241.927
PBC	0.346	0.345	0.588	21.047	0.000	442.967

Independent variable:  
Purchase Intention

Hypotheses 5, 6 and 7 were tested, with attitude, subjective norms and perceived behavioural control as the dependent variables and purchase intention as the independent variable. Using the enter method in regression analysis, it was found that there is a direct and positive effect on (a) attitude has a positive impact on the intention of the Chinese consumer to purchase the luxury fashion products.

This is explained by  $p < 0.05$ ,  $R^2 = 0.547$ ,  $R^2_{\text{adjusted}} = 0.546$  (Table 5.18). At  $\alpha = 0.05$  level of significance and the Durbin-Watson value of 1.867, there is a positive relationship between the variables. (b) subjective norm has a positive impact on the Chinese consumer intention to purchase luxury fashion products, where  $p < 0.05$ ,  $R^2 = 0.224$ ,  $R^2_{\text{adjusted}} = 0.223$ . With  $\alpha = 0.05$  level of significance and the Durbin-Watson value of 1.880, there is a positive relationship between the variables. (c) perceived behavioural control have a positive impact on the Chinese consumer intention to purchase luxury fashion products, where  $p < 0.05$ ,  $R^2 = 0.346$ ,  $R^2_{\text{adjusted}} = 0.345$ . With  $\alpha = 0.05$  level of significance and the Durbin-Watson value of 1.954, there is a positive relationship between the variables.

This means that attitude, subjective norms and perceived behavioural control are the contributing factors of Chinese consumers' intention in purchasing luxury fashion products. Therefore, hypotheses 5, 6 and 7 are accepted. Table 5.18 shows that the major determinant of purchasing intention is attitude, followed by perceived behavioural control and subjective norms. It can be said that attitude contributes more than perceived behavioural control and perceived behavioural control contributes much more than subjective norms in the prediction of the consumer's intention in this research. Consumers' attitude has a major effect on purchasing intention and consumers would have higher intention of purchasing luxury products when they perceive more control. On the contrary, consumers would have no

intention to act when they seem to face much difficulty and think it is impossible for them to buy luxury products. This is contrary to previous studies which maintain subjective norms as the major factor influencing Chinese consumers' intention.

This research provides valuable insights for luxury fashion by indicating consumers' purchase intentions would affect by different extent of attitude, subjective norms and perceived behavior control of consumers. The findings of this study suggests that creating a positive attitude toward purchasing luxury fashion products may be a significant consideration for marketers to increase consumers' purchase intentions of luxury fashion products. In order to cultivate favorable attitudes, the luxury marketers should invest resources in shopping circumstances and atmosphere to create shopping value of excitement and pleasure which would eventually enhance consumers' attitude. In other hand, to increase the idea of social norms acceptance, the luxury fashion marketers could develop advertisements to cultivate the idea by using family and friends' alliance image. Latterly, the makers who wish to improve consumer perceived behavior control should imply the affordable price image and affluent information of luxury fashions in different media for consumers' resource.



f) *Hypothesis 8*

*H8a: Consumer knowledge moderates the relationship between attitudes with intention of purchasing luxury fashion products.*

*H8b: Consumer knowledge moderates the relationship between subjective norms with intention of purchasing luxury fashion products.*

*H8c: Consumer knowledge moderates the relationship between perceived behavioural control with intention of purchasing luxury fashion products.*

To investigate how consumer knowledge moderates the attitude, subjective norms and perceived behavioural control to predict the level of Chinese consumers' intention in purchasing luxury fashion products, the moderated multiple regression was used by implementing PROCESS for SPSS. The preliminary analysis was piloted to ensure there was no defilement of normality, linearity and homoscedasticity. The correlations amongst attitude, SN and PBC in this research were examined and presented in Table 5.19. All independent variables were statistically correlated with intention, which indicates that the data were appropriately correlated with the dependent variable for analysis.

**Table 5.19: Descriptive statistics, reliability, and correlations for all continuous variables**

Variables	Attitude	SN	PBC	Intention	Consumer Knowledge
Attitude	1				
SN	0.417**	1			
PBC	0.535**	0.367**	1		
Intention	0.740**	0.473**	0.588**	1	
Consumer Knowledge	0.732**	0.403**	0.608**	0.751**	1
Means	9.038	22.5826	7.9263	7.6849	7.3103
Standard Deviation	3.00571	5.72136	2.36931	2.64879	2.45483
Range	16	30	12	12	12
Cronbach Alpha	0.868	0.870	0.690	0.853	0.829

\*\* Correlation is significant at the 0.01 level (2-tailed)

PROCESS is a computational tool for path analysis-based moderation and mediation analysis as well as their combination as a “conditional process model” (Hayes and Preacher, in press; Hayes, in press). In a single command, it provides many of the capabilities of SOBEL (Preacher and Hayes, 2004), INDIRECT (Preacher & Hayes, 2008), MODPROBE (Hayes & Matthes, 2009), MODMED (Preacher, Rucker, & Hayes, 2007), and MED3/C (Hayes, Preacher, & Myers, 2011) while greatly expanding the number and complexity of models that combine moderation and mediation (“mediated moderation” and “moderated mediation”).

In this research, Y is the Chinese consumer’s intention to purchase luxury fashion products, X is the three variables that will influence intention which is attitude subjective norms and perceived behavioural control. M is

consumer knowledge which is tested to see how far consumer knowledge moderates the relationship among attitude, subjective norms, perceived behavioural control and intention. The model projected to use MODEL 1 between X, M, and Y that is statistically significant. The relevant output can be found below.

Firstly, hypothesis 8a where the relationship between attitude and intention with the moderating factor of consumer knowledge was tested. The moderation was inspected using “Model 1” in PROCESS (Figure 2; Hayes, 2013). Attitude, consumer knowledge and intention were entered into the PROCESS Macro as covariates. Intention was entered as the outcome variable, CKW was entered as the moderator (M) variable, and attitude were entered as the independent variable. The relationship between attitude and intention with consumer knowledge as moderator is not significant with  $F(3,838) = 451.656, p < 0.001$ , accounting for 60.3% of the variance which explains that the Chinese consumer intention is not explained by attitude with the moderation factor of consumer knowledge at  $\beta = -0.015, p = 0.427$ . Here we can conclude that the CKW does not moderate the relationship between attitude and intention.

**Table 5.20 Output from PROCESS for Hypothesis 8a**

```

Run MATRIX procedure:

***** PROCESS Procedure for SPSS Release 2.16.3 *****

      Written by Andrew F. Hayes, PhD    www.afhayes.com
      Documentation available in Hayes (2013). www.guilford.com/p/hayes3

*****

Model = 1
  Y = INT
  X = Attitude
  M = CKW

Sample size
  842
*****

Outcome: INT

Model Summary
  R    R-sq    MSE    F      df1    df2    p
  .776 .603    .377  451.656  3.000  838.000  .000

Model
coeff  se      t      p    LLCI  ULCI
Constant  2.272  .025  91.047  .000  2.223  2.321
CKW      .473   .037  12.831  .000  .400  .545
Attitude .495   .041  11.976  .000  .414  .576
int_1    -.015  .019  -0.794  .427  -.052  .022

Product terms key:
int_1 Attitude X CKW

R-square increase due to interaction(s):
      R2-chng  F      df1  df2    p
int_1  .000  .631  1.000  838.000  .427

*****

Conditional effect of X on Y at values of the moderator(s):
      CKW  Effect  se      t      p    LLCI  ULCI
-.888  .508  .050  10.251  .000  .411  .605
.000   .495  .041  11.976  .000  .414  .576
.888   .481  .039  12.395  .000  .405  .558

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

*****
***** ANALYSIS NOTES AND WARNINGS *****

Level of confidence for all confidence intervals in output:
  95.00

NOTE: The following variables were mean centered prior to analysis:
  Attitude CKW

NOTE: All standard errors for continuous outcome models are based on the HC3 estimator

----- END MATRIX -----

```

Secondly, hypothesis 8b where the relationship between subjective norms and intention with the moderating factor of consumer knowledge was tested. Intention, consumer knowledge and subjective norms were entered into the PROCESS Macro as covariates. Intention was entered as the outcome variable, consumer knowledge was entered as the moderator (M) variable, and subjective norms was entered as the independent variable. The relationship between subjective norms and intention with consumer knowledge as moderator is significant with  $F(3,837) = 320.732, p < 0.001$ , accounting for 54.7% of the variance which explains that the Chinese consumer's intention is explained by subjective norms with the moderation factor of consumer knowledge at  $\beta = 0.134, p < 0.001$ . Here we can conclude that the consumer knowledge moderates and gives a big impact on the relationship between subjective norms and intention.

**Table 5.21 Output from PROCESS for Hypothesis 8b**

```

Run MATRIX procedure:

***** PROCESS Procedure for SPSS Release 2.16.3*****

      Written by Andrew F. Hayes, PhD    www.afhayes.com
      Documentation available in Hayes (2013). www.guilford.com/p/hayes3

*****

Model = 1
Y = INT
X = SN
M = CKW
Sample size
      841
*****

Outcome: INT

Model Summary
      R    R-sq    MSE    F    df1    df2    p
      .740  .547    .426  320.732  3.000  837.000  .000

Model
coeff    se    t    p    LLCI    ULCI
Constant  2.227  .024  91.360  .000  2.179  2.275
CKW       .637  .031  20.495  .000  .576  .698
SN        .328  .041  7.924  .000  .247  .409
int_1     .134  .032  4.136  .000  .070  .197

Product terms key:
int_1  SN    X  CKW

R-square increase due to interaction(s):
      R2-chng    F    df1    df2    p
int_1  .009  17.106  1.000  837.000  .000

*****

Conditional effect of X on Y at values of the moderator(s):
      CKW Effect    se    t    p    LLCI    ULCI
-.883  .210  .044  4.729  .000  .123  .297
.000   .328  .041  7.924  .000  .247  .409
.883   .446  .056  8.025  .000  .337  .555

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

*****
***** ANALYSIS NOTES AND WARNINGS *****
Level of confidence for all confidence intervals in output:
      95.00

NOTE: The following variables were mean centred prior to analysis:
SN    CKW
NOTE: Some cases were deleted due to missing data. The number of such cases was: 1
NOTE: All standard errors for continuous outcome models are based on the HC3 estimator

----- END MATRIX -----

```

Finally, hypothesis 8c where the relationship between perceived behavioural control and intention with the moderating factor of consumer knowledge was tested. Perceived behavioural control, consumer knowledge and intention were entered into the PROCESS Macro as covariates. Intention was entered as the outcome variable, consumer knowledge was entered as the moderator (M) variable, and perceived behavioural control was entered as the independent variable. The relationship between perceived behavioural control and intention with consumer knowledge as moderator is significant with  $F(3,837) = 332.018, p < 0.001$ , accounting for 54.1% of the variance which explains that the Chinese consumer intention is not explained by attitude with the moderation factor of consumer knowledge at  $\beta = 0.041, p = 0.175$ . Here we can conclude that the consumer knowledge does not moderate the relationship between perceived behavioural control and intention.

Taken together, these results provide evidence that consumer knowledge moderates between subjective norms and purchase intention. The individual consumer was more likely to act in a manner corresponding with consumer knowledge, therefore, subjective norms could predict purchase intentions to some degree. For attitude and perceived behavioural control is not the same case where consumer knowledge does not moderate the relationship. This because the significant values are more than 0.001. from the results it can be seen that the consumer knowledge possess pertaining to

luxury accessories has no influence on their attitudes towards their purchase intention.



**Table 5.22 Output from PROCESS for Hypothesis 8c**

```

Run MATRIX procedure:
***** PROCESS Procedure for SPSS Release 2.16.3 *****

      Written by Andrew F. Hayes, PhD    www.afhayes.com
      Documentation available in Hayes (2013). www.guilford.com/p/hayes3
*****

Model = 1
Y = INT
X = PBC
M = CKW

Sample size
      841
*****

Outcome: INT

Model Summary
      R    R-sq   MSE    F    df1    df2    p
      735   .541   .431  332.018  3.000  837.000  .000

Model
coeff   se     t     p     LLCI    ULCI
Constant  2.245  .027  82.677  .000  2.192  2.298
CKW       .609  .037  16.501  .000  .537  .681
PBC       .303  .042  7.193  .000  .221  .386
int_1     .041  .031  1.356  .175  -.019  .101

Product terms key:

int_1  PBC    X  CKW

R-square increase due to interaction(s):
      R2-chng    F    df1    df2    p
int_1   .001  1.839  1.000  837.000  .175
*****

Conditional effect of X on Y at values of the moderator(s):
      CKW  Effect    se     t     p     LLCI    ULCI
-.883   .267   .047  5.659  .000  .174  .359
.000    .303   .042  7.193  .000  .221  .386
.883    .340   .053  6.433  .000  .236  .444

Values for quantitative moderators are the mean and plus/minus one SD from mean.
Values for dichotomous moderators are the two values of the moderator.

*****
***** ANALYSIS NOTES AND WARNINGS *****

Level of confidence for all confidence intervals in output:
      95.00
NOTE: The following variables were mean centered prior to analysis:
      PBC    CKW

NOTE: Some cases were deleted due to missing data. The number of such cases was:
      1
NOTE: All standard errors for continuous outcome models are based on the HC3 estimator

----- END MATRIX -----

```

In sum, the results of the overall hypotheses that were accepted and rejected were tested by multiple regression (see Table 5.23). The results (Table 5.23) reveal that all the four luxury values have a direct effect on the attitude, subjective norms, and perceived behavioural control towards purchasing luxury fashion products. Therefore, hypotheses 1, 2, 3 and 4 are supported and accepted. The intention to purchase luxury fashion products is influenced by the attitudes of the Chinese consumers, the subjective norms, and the perceived behaviour control.

Moreover, there is a positive and direct effect for hypotheses 5, 6 and 7, which support all the three hypothesis. The Chinese consumer attitude towards luxury fashion purchase intention is not influenced by the moderating factor, consumer knowledge. The Chinese consumers' attitude towards their intention in purchasing luxury fashion product does not influence consumer knowledge. Therefore, Hypothesis 8(a) is rejected. Meanwhile, the subjective norms in the intention of purchasing a luxury product are influenced by consumer knowledge. There is a positive relationship between the variables.

It means the Chinese consumers' self-confidence in their intention of buying luxury fashion products is determined by the consumers' knowledge on the luxury fashion product that they intend to buy. Hypothesis 8(b) is accepted. Perceived behavioural control reflects a person's self-confidence in the ability

to form a behavioural intention. From the results, it can be seen that there is no relationship between the variables and thus hypothesis 8(c) is rejected.

**Table 5.23: The results of research hypotheses**

Impact of Individual value to Attitude (H1a)	$\beta$	p-value	supported/rejected
Individual value $\longrightarrow$ Attitude	0.807	0.000	Supported
Impact of Individual value to SN (H1b)			
Individual value $\longrightarrow$ SN	0.466	0.000	Supported
Impact of Individual value to PBC (H1c)			
Individual value $\longrightarrow$ PBC	0.553	0.000	Supported
Impact of Social value to Attitude (H2a)			
Social Value $\longrightarrow$ Attitude	0.574	0.000	Supported
Impact of Social value to SN (H2b)			
Social Value $\longrightarrow$ SN	0.736	0.000	Supported
Impact of Social value to PBC (H2c)			
Social Value $\longrightarrow$ PBC	0.407	0.000	Supported
Impact of Functional value to Attitude (H3a)			
Functional Value $\longrightarrow$ Attitude	0.320	0.000	Supported
Impact of Functional value to SN (H3b)			
Functional Value $\longrightarrow$ SN	0.212	0.000	Supported
Impact of Functional value to PBC (H3c)			
Functional Value $\longrightarrow$ PBC	0.317	0.000	Supported
Impact of Financial value to Attitude (H4a)			
Financial Value $\longrightarrow$ Attitude	0.601	0.000	Supported
Impact of Financial value to SN (H4b)			
Financial Value $\longrightarrow$ SN	0.424	0.000	Supported
Impact of Financial value to PBC (H4c)			
Financial Value $\longrightarrow$ PBC	0.561	0.000	Supported
Impact of Attitude to Intention (H5)			
Attitude $\longrightarrow$ Intention	0.740	0.000	Supported
Impact of SN to Intention (H6)			
SN $\longrightarrow$ Intention	0.473	0.000	Supported
Impact of PBC to Intention (H7)			

PBC	—————▶	Intention	0.588	0.000	Supported
Impact of moderating effect Consumer Knowledge					
CKW (H8a)	-----▶	Attitude/Intention	-0.015	0.427	Rejected
CKW (H8b)	-----▶	SN/Intention	0.134	0.000	Supported
CKW (H8c)	-----▶	PBC/Intention	0.041	0.175	Rejected

## 5.8 CHAPTER SUMMARY

This chapter presented the results of this research. To execute the data analysis, data preparation was first directed to explain the data collected into a form that was suitable for the analysis. This process was accomplished with cleaning and screening the data to confirm the precision of the data. When the data were organised, the profile and analysis of respondents were developed through the relationships of the characteristics of the respondents. This was monitored by descriptive analyses which included the calculations of minimum, maximum, mean scores and standard deviation, for the main variables of interest. Following that, the reliability and validity of the model were inspected. Later the descriptive analysis, the outliers and the assumptions were tested, after which multiple regression was used for testing the hypotheses that had been developed earlier in this research.

The results reveal that all the luxury values (individual, social, functional and financial) significantly influence the attitude, subjective norms and perceived behavioural control of the Chinese consumer. The results also reveal discovered that Chinese consumer knowledge is not acceptable in

examining their attitude and perceived behavioural control. Subjective norms have a direct relationship with the intention of purchasing luxury fashion products. The results show that attitude, subjective norms, and perceived behavioural control are the impact factors in predicting Chinese consumers' intention to purchase luxury fashion products. All the consequences of these results are discussed in the next chapter.

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## **CHAPTER 6: DISCUSSION**

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### **6.1 INTRODUCTION**

This chapter discusses the findings of the research hypotheses in answering the research questions. The discussion first addresses the research questions and the research objectives with a summary table of the research hypotheses. Next, the discussion follows the sequence of the research questions to critically argue the findings to achieve the research objectives. This chapter ends with a summary.

### **6.2 RESEARCH QUESTIONS AND RESEARCH OBJECTIVES**

Most researchers have agreed that luxury values affect attitude, subjective norms and perceived behavioural control towards luxury purchase intention (Bian & Forsythe, 2012; Hennigs et al., 2012; Park, Ko, & Kim, 2010; Shukla, 2011; Shukla & Purani, 2012). The literature has shown that most previous studies have compared Western with Eastern culture (Bian & Forsythe, 2012; Park, Ko, & Kim, 2010; Shukla, 2011; Shukla & Purani, 2012). However, this study only focuses on investigating luxury values in China because of its potential as the largest luxury market in the world.

This research is necessary because it is theoretically vigorous and needed a strong foundation to understand better the luxury values and open new opportunities for predicting Chinese consumers' purchase intention. This research focuses on the moderating variable, that is, consumer knowledge as it is known as the influencing factor towards the decision-making process (Vigar-Ellis, 2016).

The research questions are:

- a) How will the luxury values influence influential capture factors that affect Chinese consumers' attitude, subjective norms and perceived behavioural control towards purchasing luxury products?
- b) What are the important factors that determine the Chinese consumer's intention in purchasing luxury products in China?
- c) How will the mediator factor of consumer knowledge influence the relationships among attitude, subjective norms and perceived behavioural control towards the intention of purchasing luxury products in China?

To tackle the research questions, this research set out the following research objectives:

- a) To investigate the effects of luxury values towards the Theory of Planned Behaviour variables (attitude, subjective norms and perceived behavioural control).
- b) To examine the factors that determine the consumer intention to purchase luxury products.
- c) To determine the moderating role of consumer knowledge to distinguish the behavioural purchase intention.

### 6.3 SUMMARY OF RESEARCH HYPOTHESES

The multiple regression testing showed that the research hypotheses H1-H7 were supported. However, the consumer knowledge had different strengths influencing the relationships among attitude, subjective norms, perceived behavioural control and purchase intention. Table 6.1 illustrates the outcomes of the research hypotheses that been tested in Chapter 5.

**Table 6.1: Results of the Research Hypotheses**

Hypothesis		Supported / Not supported
<b>H1a</b>	A Chinese consumer's individual value will significantly influence his/her attitude towards the luxury fashion products in China.	Supported
<b>H1b</b>	A Chinese consumer's individual value will significantly	Supported



	influence his/her subjective norms towards the luxury fashion products in China.	
<b>H1c</b>	A Chinese consumer's individual value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.	Supported
<b>H2a</b>	A Chinese consumer's social value will significantly influence his/her attitude towards the luxury fashion products in China.	Supported
<b>H2b</b>	A Chinese consumer's social value will significantly influence his/her subjective norms towards the luxury fashion products in China.	Supported
<b>H2c</b>	A Chinese consumer's social value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.	Supported
<b>H3a</b>	A Chinese consumer's functional value will significantly influence his/her attitude towards the luxury fashion products in China.	Supported
<b>H3b</b>	A Chinese consumer's functional value will significantly influence his/her subjective norms towards the luxury fashion products in China.	Supported
<b>H3c</b>	A Chinese consumer's functional value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.	Supported
<b>H4a</b>	A Chinese consumer's financial value will significantly influence his/her attitude towards the luxury fashion products in China.	Supported
<b>H4b</b>	A Chinese consumer's financial value will significantly influence his/her subjective norms towards the luxury fashion products in China.	Supported
<b>H4c</b>	A Chinese consumer's financial value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.	Supported
<b>H5</b>	A Chinese consumer's attitude towards luxury fashion products will significantly influence his/her purchase intention in China.	Supported
<b>H6</b>	A Chinese consumer's subjective norms towards luxury fashion products will significantly influence his/her	Supported

	purchase intention in China	
<b>H7</b>	A Chinese consumer's perceived behavioural control towards luxury fashion products will significantly influence his/her purchase intention in China.	Supported
<b>H8a</b>	Consumer knowledge moderates the relationship between attitude and intention in purchasing luxury fashion products.	Not Supported
<b>H8b</b>	Consumer knowledge moderates the relationship between subjective norms and intention in purchasing luxury fashion products.	Supported
<b>H8c</b>	Consumer knowledge moderates the relationship between perceived behavioural control and intention in purchasing luxury fashion products.	Not Supported

Because of the rapid growth and ever-increasing demand for luxury products in China, this research has aimed to gain an understanding regarding the luxury values towards luxury purchase intentions in China. This research has examined the Chinese consumer behaviour toward luxury fashion products by empirically using the conceptual framework of the Theory of Planned Behaviour (Ajzen, 1991). The results achieved from the multiple regression showed a good fit. It indicated that the four values (individual, social, functional value and financial value) are the most important determinant of the attitude, subjective norms and perceived behavioural control for luxury fashion products.

The results derived from this research reasserted the traditional belief that China, emphasizes interdependence among people and, therefore, the purchasing decisions of Chinese consumers are guided by

others' opinions rather their self-directed decisions (Hofstede, 2001). A qualitative study by Eng and Bogaert (2010) also concluded that Chinese buy luxury brands to convey their social identity and status to significant others. The findings of this research reconfirmed that, in a country attitude has a greater impact on purchase intentions than subjective norms and perceived behavioural control. The results of this research are in line with the findings obtained by Kim and Karpova (2010) for their study on attitudes toward purchasing counterfeit fashion goods.

Sanyal et al. (2014) revealed that subjective norm has the highest impact on consumers' intentions to purchase luxury items. In the Chinese market environment, attitude is considered to be more important than any individual's subjective norms when determining their luxury purchase intentions. A study by Chan and Lau (2002) made in the context of the Chinese culture, which is also collectivistic in nature, has shown that subjective norm to have a greater impact than attitude. In many other studies, subjective norm has also been found to be a significant predictor of purchase intention (Ramayah et al., 2003a, Summers et al., 2006; Zhang et al., 2007; Xu et al., 2004).

The relationship between PBC and purchase intention has been found to be significant by the present research to the findings of the TPB. Most of the previous studies have found positive and significant

relationships between PBC and purchase intention (Kang et al., 2006; Lim and Dubinsky, 2005; Son and Jin, 2013). Few studies in the past have also shown a weak relationship between PBC and purchase intention. Also, according to the TRA, attitudes toward the behaviour and subjective norm are the two variables which can predict behavioural intentions satisfactorily (Fishbein and Ajzen, 1975).

PBC was found to have a positive and significant relationship with Chinese consumers' luxury purchase behaviour. The direct impact of PBC on purchase behaviour was a significant result of Ajzen's study and has been supported by many previous studies (Madden et al., 1992; Ajzen, 1988). The results of this study indicate that, if individuals have resources (time and money), they may decide to make actual purchases of luxury goods directly without needing the mediating role of purchase intention on purchase behaviour.

#### **6.4 IMPACT OF LUXURY VALUES**

Research Question 1: How will the luxury values influence influential capture factors that affect Chinese consumers' attitude, subjective norms and perceived behavioural control towards purchasing luxury products?

Research Objective 1: To investigate the effects of luxury values towards the Theory of Planned Behaviour variables (attitude, subjective norms and perceived behaviour control).

To tackle the above research objective, all the following research hypotheses were examined and accepted:

***Research Hypothesis 1:***

*H1a: A Chinese consumer's individual value will significantly influence his/her attitude towards the luxury fashion products in China.*

*H1b: A Chinese consumer's individual value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

*H1c: A Chinese consumer's individual value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

***Research Hypothesis 2***

*H2a: A Chinese consumer's social value will significantly influence his/her attitude towards the luxury fashion products in China.*

*H2b: A Chinese consumer's social value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

*H2c: A Chinese consumer's social value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

**Research Hypothesis 3**

*H3a: A Chinese consumer's functional value will significantly influence his/her attitude towards the luxury fashion products in China.*

*H3b: A Chinese consumer's functional value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

*H3c: A Chinese consumer's functional value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

**Research Hypothesis 4:**

*H4a: A Chinese consumer's financial value will significantly influence his/her attitude towards the luxury fashion products in China.*

*H4b: A Chinese consumer's financial value will significantly influence his/her subjective norms towards the luxury fashion products in China.*

*H4c: A Chinese consumer's financial value will significantly influence his/her perceived behavioural control towards the luxury fashion products in China.*

One of the emerging markets is China where the growth of the luxury business in China has become the most highly demanding market. With the potentially huge amount of luxury customers, the luxury product companies have paid much attention to understanding their sophisticated customers from different aspects. This means that, practitioners and academics will need to understand the importance of why customers purchase luxury products (Keller, 2009). Values are known to play a determining role in the consumer decision-making process. Based on the Theory of Planned Behaviour context, this study begins examining how luxury values impact Chinese consumers in the context of luxury fashion products in China. The research hypotheses H1a, b, c stated that there is a positive relationship between the individual value (materialistic value, self-identity value and hedonic value) and attitude, subjective norms and perceived behavioural control in the Chinese luxury consumer's luxury consumptions.

Individual value is one of the important determinants that influence the attitude, the social pressure and the degree of controlling the specified behaviour of Chinese consumers. This means, the individual value-oriented consumers are more concerned with the existence of identifying their internal self-related to the luxury fashion products and increasing their experience with the products that they purchase. This finding echoes Wong and Ahuvia (1998),

that consumers tend to match their individual preferences with the image of the luxury product.

Furthermore, this study has revealed that Chinese consumers are trying to hunt for self-directed preference from the purchasing of luxury fashion products and to focus on the triumph of their self-identity, self-indulgence and self-awareness rather than trying to please others. It was evident that the Tier 1 Chinese were happy spending their money for relaxation, satisfaction and contemplation. Not only that, the research found that the Chinese consumers are more likely to use luxury products creatively to show their uniqueness and personality. This means that the Chinese consumer has a significant level of desire for luxury fashion products and even though their intention in buying the luxury fashion products might be different from others, they still want to create their sense of the trend.

Previously, Shukla and Purani (2012) found that there was a negative relationship between self-directed values and luxury consumption among the target market. However, several other studies (Shaw and Shiu, 2002; Mandel and Smeesters, 2008; Chattalas and Shukla, 2015) show a positive relationship between individual value (self-identity), behavioural intention and consumption, respectively. Therefore, consumers may be impacted by individual values to drive their luxury consumptions. In particular, identifying



personally with a luxury brand may solely motivate them to purchase a luxury product.

The overall individual values are more related to lifestyle. According to Li et al. (2012), lifestyle here includes status, family background, personality, motivation and marketing stimuli. Lifestyle is an attitude of the consumer to show themselves in the society (Keller, 2009). When a person buys luxury products, it has a significant effect on the individual values which directly influence the lifestyle of the consumer. When the consumer buy luxury fashion products it makes them look different from others so the individual values are strongly significant towards the consumer's attitude and accepted H1a. This means that the consumer doesn't mind buying and owning the certain luxury fashion products because they do not want others to look down on them.

Individual value is the important dimension in stimulating the consumer to buy luxury products (Wiedmann et al., 2007). The individual value will be the base of the subjective perception of the utility to perform the behaviour. The subjective perception here will arouse the feeling to stimulate the consumer (by family members, friends or relatives) on whether to choose or not to choose the luxury fashion products (Wiedmann et al., 2009). In this research, H1b proves that the individual value has a significant relationship with subjective norms where this is consistent with the previous studies

(Shukla, 2011; 2012; Shukla & Purani, 2012; Chattalas & Shukla, 2015; Shukla et al., 2015).

This research also accepted the H1c where the individual value and perceived behavioural control have a positive relationship. The individual value influences the consumers' perception of their capabilities (easiness or difficulties) in showing their behaviour. In this context, the individual values stimulate the consumer's behavioural control to react and to buy or not to buy the luxury fashion products. This research is consistent with the previous studies by Armitage and Conner (2001) and Zhan and He (2012).

Secondly, this study has found that social value strongly influences the Chinese consumer's luxury fashion consumptions. In other words, Chinese consumers believe that when they own a luxury fashion product that is visible publicly, they are given a chance of victory by impressing their business partners or clients. When they wear the luxury fashion products, it can help to show off their power and their wealth to others where this is more possibly driven by the status value and conspicuous value of the luxury products. This research implies that Chinese consumers are more worried about their physical presence and fashion perception, which can have a significant impact on how others look on them when consuming luxury products.

Research Hypotheses 2a, b, c stated a positive relationship between the social value (status value and conspicuous value) and attitude, subjective

norms and perceived behavioural control in Chinese luxury fashion consumption. The result also reinforces the previous conclusion that luxury reflects conspicuous consumption and status, for which people purchase luxury products mainly to display their wealth (Han et al., 2010; Teck-Yong & Bogaert, 2010, Chattalas & Shukla, 2015). In other words, Chinese consumers have a desire to differentiate themselves from others and may use luxury products to exhibit this.

Furthermore, when a high social luxury value exists, it means the consumer feels of not being in control. Prior literature shows that Chinese consumers depend on others' point of view and have less self-confidence in their capability in the purchasing process and less confidence in the fashion products that they choose. They use the luxury products as a symbol of communication and meaning about themselves to others in the same society. From this standpoint, Zhan and He (2012) concluded that the Chinese consumers value the conscious and they spend their money wisely on the luxury products that have a preferred social image.

According to Park et al. (2008), luxury consumption will create a social image. The association between Chinese consumers and luxury fashion products will form a means of conventionality to the people towards gaining social appreciation. When following the social value through the utilisation of the luxury fashion products, the Chinese consumers form a good bonding with

the prestigious and high-status groups that match them to achieve a high status in the society. High social values will create an uncontrollable feeling. Consumers who are more dependent on others' opinions have less confidence in their abilities during the purchasing process and less confidence in their selected products. Nevertheless, Chinese consumers who are inclined to watch what others buy are interested in making a good impression on others, and are concerned with what their friends think about the products that they buy. Not only that, the most important influencing factor in their luxury consumption is the social standing. The social pressure influences the consumers, and they want to be acknowledged by the people who are in the same social group and want to wear the same products that others buy.

Research Hypotheses 3a, b, c stated a positive relationship between the functional value (usability value, quality value and uniqueness value) and attitude, subjective norms and perceived behavioural control towards Chinese consumer luxury consumption. The consumers care about the appearance, and the usability value of the luxury products and they agree that the luxury fashion products are old fashioned and useless. The research proves that luxury is not known as a superior attachment without any primary benefits, but referred to as a valuable and pleasurable part of life. This is because the usability value is related to a product that is designed to complete certain functions and pleases consumer needs. The features show that luxury fashion products have different qualities and that the products are only available to few

people. This matches with the acceptance of perceived quality where luxury products give enhanced quality value compared to non-luxury products (Quelch, 1987; Garfein, 1989; Roux, 1995; Nia & Zaichkowsky, 2000; O’Cass, 2002; Vigneron & Johnson, 2004).

Furthermore, consumers with higher perceptions of quality value and usability value also have a positive attitude towards luxury products. As suggested by Gentry et al. (2001), quality is considered as the primary factor affecting positive attitude and purchase of luxury products. Moreover, many previous studies showed that quality could influence decisions to purchase luxury products because they offer better benefits than typical products (O’Cass and Frost, 2002). Also, consumers who focus on the usability value tend to have a positive attitude towards luxury products.

Normally, uniqueness is more to the acceptance or belief that the luxury product develops in a consumer’s preference (Verhallen & Robben, 1994; Pantzalis, 1995). This means when the desire increases, the product will be considered as more unique. When the product becomes more unique, the product will be expensive when it is compared to the usual standards (Verhallen & Robben, 1994). This highlights the uniqueness and the exclusiveness of luxury fashion products as an understanding towards luxury value perception. The Chinese consumers wish that the luxury fashion products are different and exclusive from other products and this can be full

filled when the consumption is limited to select patrons. Chinese consumers prove that they are more concerned about the features and the appearance of the luxury products.

The consumer tends to pay more for luxury products that will make an impression on others. This situation occurs because of the social orientation of the consumers where they want to be at the same level of status in their reference group (Eastman et al., 1997). The results show that functional value is significant to Chinese consumers in China who want to purchase luxury products that are unique from other products and that are high in quality to satisfy themselves. Consumers who place importance on uniqueness value have a positive attitude towards luxury products. Consumers have a positive attitude in purchasing luxury products when the luxury products embody exclusivity and rareness (Lynn, 1991). Chinese consumers are more dependent on others' opinions and what others would think about what they wear rather than just buying what they like.

Research Hypotheses 4a, b, c stated a positive relationship between the financial value (price value) and attitude, subjective norms and perceived behavioural control towards Chinese consumer luxury consumption. As said earlier, the price of luxury products would play a positive role in the consumer's perception. The results have shown a positive relationship between price value and attitude, subjective norms and perceived behavioural

control. Usually, consumers who are status-conscious will use the price value as an alternative to prestige (Wiedmann et al., 2007). The luxury products which will be priced higher than the average standard products, will not be available to a major portion of the community. From the research, the findings reveal that the tier 1 city consumers are happy with the prices that have been marked for the luxury products. This is a crucial role has been played in the society as to where the luxury products are situated. The fourth hypothesis is supported.

The Chinese consumer thinks that the products are very well priced, are economical and are good products for the price. The luxury values significantly influence the attitude and behaviour of the Chinese consumers. Therefore, the luxury values are known as a syndrome of belief where they represent the consumer's belief that will eventually affect the attitude and behaviour of the consumer. This research examines the relationship between the luxury values, and the attitude, norms and behaviour in a proposed model for examining luxury product consumption. The Theory of Planned Behaviour model was used in this research considering the attitude, norms and behaviour in one model in analysing the consumer's purchasing intention of luxury fashion products.

The research found that financial value has a positive effect on the purchase intention of luxury fashion products. The most important issue of

Chinese consumers is the fact that their happiness depends on purchasing what they want. They judge other people by their financial status where they think that being rich is crucial to being in their reference group. Chinese consumers also think that one of the symbols of wealth and social class is luxury products where the luxury products can change their mood (sad to happy) (Teimourpour et al., 2013). Chinese consumers believe that luxury products are necessary for their lives and they think about what others will say when purchasing the luxury products, and take into account others' opinions.

Past research had also found that personal values influence consumers in purchasing certain luxury products and products to create an excellent image (e.g., Bushman, 1993). Thus, individual values are stronger interpreters in creatin self-confidence with a positive attitude towards luxury products in the buying process followed by social value, financial value and the least strong predictor, which is the functional value.

The findings of this research suggested that consumers, who pay attention to individual value, tend to have a positive attitude toward luxury fashion products. Individual value relates to consuming luxury products in public areas; hence, this can influence consumers to use their luxury products publicly in order to illustrate their wealth. Firstly, Chinese consumers' have positive luxury self-identity leads to positive evaluation of luxury fashion products. When luxury self-identity is salience, Chinese consumers tend to



percept their self-image that congruent with product-image towards luxury fashion products. Luxury fashions products are viewed as consumers' extended or symbol self. Chinese consumers are motive to buy luxury fashion products, as they want to improve their self-status and wellbeing.

Therefore, the concrete attributes: good quality, limited supply, and aesthetic craftsmanship can be important factors to stimulate consumers' luxury self-identity. Secondly, hedonism positively influences the Chinese consumers' attitude in evaluating luxury fashion products. Comparing with non-luxury products, luxury products more tend to satisfy the Chinese consumer's intrinsic pleasure and emotional benefits. Luxury products help people to get self-actualization and self-rewards. The hedonic aspect includes sensory pleasure, aesthetic beauty, or excitement. Moreover, the retail environment should also comfortable that increase consumers' sensory enjoyment and self-satisfaction during the shopping experience. The materialism influences the Chinese consumers' evaluation on luxury products. People who have a strong sense of materialism are more likely to desire possession and acquisition of luxury products. Materialists often waste money on some non-essential products, as ways of enhancing wellbeing, indicating success and showing self-esteem.

However, the findings relating to social value did not correspond with previous studies (Dubois & Duquesne, 1993: Eastman et al., 1999: O'Cass&

Frost, 2002), as there less effect of social value on attitude and perceived behavioural control toward luxury fashion products among Chinese consumers. It can be seen that the Chinese consumers aim to consume luxury fashion products in order to illustrate their social status. Luxury fashion consumption is considered to be a complex purchase with high involvement (Kotler, 2003). This can imply that consumers of luxury fashions are mostly those who already have a certain level of social and conspicuous consumption prosperity. The conspicuous consumption has positive relationship with luxury fashion consumption.

Chinese consumers who are motivated by conspicuous consumption are more likely to display their wealth, power, and social status to others. Conspicuousness of a product has positive relationship with Chinese susceptibility to the reference group. Therefore, high quality and price, limited supply, and aesthetic craftsmanship are positively connected with conspicuous aspect. The Chinese consumers' desires exclusive hope to differentiate themselves with others. The Chinese consumers' use certain brands as symbolic sign to communicate their group membership to others. People who have prestige want to show their luxury and affluent lifestyle or to distinguish themselves from those non-prestige consumers by using prestige products.

The Chinese consumers' are more likely to have a positive attitude, subjective norms and perceived behavioural control towards luxury products

when the luxury products embody uniqueness, usability and quality. Furthermore, Chinese consumers with high perceptions of the quality have a positive influence toward luxury fashion products. As suggested by Gentry et al. (2001), quality is considered as the main factor affecting positive attitude and purchase of luxury products. Moreover, many previous studies showed that quality can influence decisions to purchase luxury products because they offer better benefits than normal products. In addition, Chinese consumers who focus on functional value have influence toward luxury fashion products.

This can be explained by findings from research study, in which respondents mentioned that functional value was experienced when they displayed their luxury products to other people, and in turn, gained better services and privileges. Chinese consumers, have a positive effect toward luxury products also have a high tendency to purchase luxury fashion products in the future. This result is consistent with previous research studies regarding purchase intention in the area of luxury consumption (Chen 2007, Lane and Potter, 2007; Tang and Medhekar, 2010). Their responses could therefore be seen as post hoc rationalizations offered because, while ownership of luxury fashion products is acceptable, the espoused reason for owning them has to be functionality, however spurious this reason may seem given the huge price differential between bags of equal functionality.

Lastly, because luxury fashion brands can be further divided into sub-categories. Similarly, Chinese consumers' value these brands based on the utility rather than the symbol they brought, because fashion products actually have functional value unlike some other luxury goods categories. Chinese luxury brand consumers, like those in other countries, fall into many groups with differing, and sometimes conflicting, motivations (Truong et al., 2010). So, for example, some Asian brand consumers are ostentatious in the way they display their wealth, while others are far more discreet. The question of whether luxury brand consumption is consistent with traditional Chinese consumer or inconsistent with them cannot be answered simply since the reality is complex and nuanced.

Financial value gathers importance in the case of luxury fashion products. According to Tellis and Gaeth (1990), the price has a positive influence on consumer perceptions regarding evaluating quality; whereby a higher price signifies greater quality. Furthermore, prestige sensitivity has similar attributes and thus generates favourable connotations with the price cue, since Chinese consumers associate both prominence and status with higher prices (Shukla, 2011; Wong and Ahuvia, 1998). According to Shukla (2011) and Wong and Ahuvia (1998), purchasing premium-priced products, with the intention of seeking prestige, are considered acceptable in various collectivist cultures and labelled commonly as "conspicuous consumption" within the consumer behaviour literature (Peter and Olsen, 2010).

Concerning Thomas (2007), cases involving luxury products tend to exhibit positive relation amid general value and hefty financial sacrifices linked to the product. Prestige pricing increases the financial value of luxury brands; the more expensive it is compared to normal standards, the more desirable and valuable it becomes (Hennigs et al, 2012; Hennigs et al, 2013; Hennigs et al., 2015). Accordingly, the findings confirmed that the uniqueness and desirability of the luxury brand elevate the cost of acquisition

Overall, this research has found that the individual, social, functional and financial values are significant predictors of attitude, behavioural control and subjective norms. Therefore, it can be said that the Chinese consumers are more self-oriented and have a positive attitude towards purchasing luxury fashion products. At the same time, they have more control over the purchasing process and through the purchase of the luxury fashion products they feel accepted by the social group that they belong. The status value of the luxury fashion products would help the consumers to be accepted by others in the social class. Not only that, it could contribute to a higher confidence level in the buying process. Luxury values are revealed as being more important in creating and reacting to the intention towards luxury fashion production.

## 6.5 IMPACT OF CONSUMER BEHAVIOUR ON LUXURY

Research Question 2: What are the important factors that determine the Chinese consumer's intention in purchasing luxury products in China?

Research Objective 2: To examine the factors that determines the consumer intention to purchase luxury products.

To tackle the above research objective, all the following research hypotheses were examined and accepted:

*H5: A Chinese consumer's attitude towards luxury fashion products will significantly influence his/her purchase intention in China.*

*H6: A Chinese consumer's subjective norms towards luxury fashion products will significantly influence his/her purchase intention in China.*

*H7: A Chinese consumer's perceived behavioural control towards luxury fashion products will significantly influence his/her purchase intention in China.*

The primary Theory of Planned Behaviour (TPB) model was assessed. The TPB model is better in predicting and explaining the power of purchasing behaviour. According to Hair et al. (2006), to understand the purchase

behaviour comprehensively on luxury products the process in examining the TPB model was evaluated with the addition of luxury values. The outcomes showed that the model achieved a positive relationship on theoretical grounds and proved that the role played by the luxury values is very important in determining the purchasing behaviours.

The research findings are favourable to the hypotheses. The multiple regression results prove that the three essential factors proposed in the TPB model (Ajzen, 1991), i.e., attitude, subjective norms, and perceived behavioural control, contribute significantly to the estimation of Chinese consumers' purchasing intention of luxury fashion products. The findings proposed that the final judgement in purchasing luxury fashion products is a sensible practice wherein consumers consider their attitude and normative pressure and the significant effects of perceived behavioural control on intention (Leone et al., 1999). The results also showed that attitude, subjective norms, and perceived behavioural control are all mostly purposes of luxury values.

Chinese consumers have a favourable positive attitude when they purchase luxury fashion products to satisfy themselves and fulfil their desire for luxury products. When the Chinese consumer has high attitude in purchasing luxury fashion products, it means he/she will have high purchase intention to buy them. When the people have higher social support in purchasing luxury

products, they will make sure they perceive more social acceptance in buying the luxury products. As a result, they will have greater intention in buying the luxury products. People who understand less effort in purchasing luxury products perceive more control on purchasing such products and, in turn, will have greater intention to buy them. These results support the academic and practical literature on the Theory of Planned Behaviour model. Therefore, the hypotheses 5, 6, and 7 in this research are supported.

The findings are consistent with the Theory of Planned Behaviour models, and also, more and more interesting outcomes are found in this research. The outcomes disclose some direct connections between the variables involved in this research. The results will present an understanding of the fundamental determinants that influence the Chinese consumer regarding luxury products. Not only that, it will provide the discussion on the research questions and the conclusions as a whole

This study has found that attitude has the greatest direct effect on purchasing intention, followed by perceived behavioural control towards purchasing luxury products. **Subjective norm has the smallest direct influence on consumers' intention to buy luxury products. The findings are not consistent with past studies where this research emphasises the importance of attitude in predicting behavioural intention. In other words, attitude is the most influential factor among the three antecedents that directly influence Chinese consumers'**



**intention to buy luxury fashion products.** When consumers have adequate attitude towards purchasing luxury products, the perceived control over purchasing luxury products, whether favourable or unfavourable, determines their intention to buy luxury products. Contrary to potentials, the subjective norm has a much weaker direct effect on consumers' intention to purchase luxury products in comparison to attitude and perceived control.

A possible explanation may lie in the complexity of the factors that determine the weight of attitudes towards performing behaviours and the subjective norms in behavioural intention. Fishbein and Ajzen (1975, 1980) pointed out that the nature of behaviour, the conditions under which the behaviour is to be performed, and the characteristics of the person who is to perform the behaviour, all influence the relative weight of attitude and subjective norms. For example, the subjectivenorm is found to influence the decisions of consumers when eating with friends, but there is no control in the situation of eating alone according to the study of Bagozzi et al. (2000).

On the one hand, attitude towards purchasing luxury products focuses directly on the consequences of action, and thus influences the purchasing intention greater than the subjective norm, which may be comparative to change factors (Vallerand, Deshaies, Cuerrier, Pelletier, & Mongeau, 1992). On the other hand, the results that attitude rather than the subjective norm is a better predictor of consumers' intention to purchase luxury products may

reflect the variety of behaviours among Chinese consumers. Attitude and perceived control have interdependent influences on consumers' intention to buy luxury products. Indeed, attitude has the strongest total effect on Chinese consumers' intention to purchase luxury products in this research.

While subjective norm has the weakest direct effect on purchasing intention, the influence of beliefs on Chinese consumers' purchasing intention cannot be ignored. In other words, consumers who have more social support in purchasing luxury products also have a more positive attitude towards purchasing luxury products, and perceive more control in purchasing luxury products. Similar results are also found in previous studies. For instance, Fishbein and Ajzen (1975) found that attitude and normative beliefs are shown to be associated with risk-taking situations. In other words, individuals who have more social support in purchasing luxury products have more positive beliefs about purchasing luxury products, and less perceived difficulty in purchasing luxury products. Therefore, normative beliefs influence attitude and perceived behavioural control in both direct and indirect ways.

This research investigate the Chinese consumer attitudes toward luxury fashion products on purchase intentions and shows that emotions are linked to central attitudes, where Chinese consumers tend to respond favourably to brands that are perceived to be consistent with their values and goals. The marginally positive relationship between attitudes and purchase intention

suggest that both Chinese consumers have a greater intent to purchase their favourite luxury fashion products when the luxury brands are consistent with their intrinsic beliefs and social image. Extending the findings of other researchers (Bearden & Etzel, 1982; Grubb & Grathwohl, 1967) that people consume luxury brands for social-function reasons, these findings show that attitudes toward luxury fashion products play an important role impacting purchase intention for luxury products both directly and indirectly through their impact on affect.

Furthermore, attitude has a dominant and powerful influence on Chinese consumers' purchase intention. Chinese consumers seem to pay more attention to luxury products that people easily recognize to show their social status and thus brand consciousness has a crucial effect on Chinese consumers' attitude towards purchase intention. Thus, the implication of the significant effect on Chinese consumers' attitude towards purchasing luxury goods emphasizes the vital role of luxury fashion products staff to inform Chinese consumers about their brand's social recognition.

The subjective norm is the next most significant factor influencing Chinese consumers' purchase intention of the luxury fashion products product. The stronger the perceived subjective norm was in favour of purchasing the product, the more likely the purchase intention. Even though Chinese consumers, in general, were fairly independent and were

less motivated to comply with others, a majority wanted their behaviour to fit their social status. However, few of the Chinese consumers agreed that their social status made them thinking in purchasing the luxury fashion products. This hesitation may have been related to Chinese consumers' uncertainty about the social acceptance of wearing the luxury fashion.

In more Western cultures, people perceived themselves as autonomous and independent of the group and prioritized personal goals over collective goals, which would lead to a higher use of personal social norms in behavioural decisions. On the other hand, in China, the consumers tend to perceive themselves as interdependent with their group and tend to strive for in-group rather than personal goals. This is matched with the findings of this study that subjective norm is also an important factor in influencing Chinese consumers' purchase intention.

The Perceived behavioural control is the next significant factor in influencing the Chinese consumers' purchase intention. The relationship is a positive relationship which means that the greater impact of control in explaining variability in behaviour is not unusual. Eagly and Chaiken (1993) and Bonne and Verbeke (2006) studies concerning various behavioural criteria have reported similar findings. Ajzen (1991) suggested that control could directly affect behaviour by increasing effort to goal achievement. The results indicate that when Chinese consumers' makes luxury fashion purchase

decisions, the accessibility of products is important consideration than personal concerns for buying the product. The marketer have a better chance of success when expanding the business to regions to higher income residents. To develop the untapped market, the luxury fashion providers can benefit from creating opportunity and resources for consumers.

In summary, attitude towards purchasing luxury fashion products, subjective norms and perceived behavioural control are valuable in clarifying the factors influencing purchasing behaviour regarding luxury products, although the significant impact of these three primary elements is different in predicting the intention of consumers. This research attempts to develop a framework that goes beyond the clarification in connecting the luxury values with purchasing behaviour regarding luxury fashion products. Therefore, this study develops a model that holds the luxury values (individual, social, functional and financial) as well as consumer knowledge to illustrate the ways that these factors influence consumer behaviour regarding luxury fashion products.

## **6.6 CHINESE CONSUMERS' KNOWLEDGE ON LUXURY**

Research Question 3: How will the mediator factor of consumer knowledge influence the relationships among attitude, subjective norms and perceived

behavioural control towards the  
intention of purchasing luxury products in China?

Research Objective 3: To determine the moderating role of consumer knowledge to distinguish the behavioural purchase intention.

To tackle the above research objective, all the following research hypotheses were examined and accepted:

The results show that consumer knowledge significantly moderates subjective norms but does not significantly influence consumers' attitude and perceived behavioural control with intention. The findings indicate that the moderator of consumer knowledge in influencing consumers' intention to purchase luxury products, confirms the argument of Fishbein and Ajzen (1975; 1980) and Ajzen (1991) that "external variables" do not influence behavioural intention directly, but moderately. In brief, this research clarifies that consumer knowledge does not directly affect the relationship between attitude and perceived behavioural control of purchasing intention, but exerts influence on the direct determinants of subjective norms and purchasing intention.

Attitude shows the consumers' knowledge about the luxury fashion products that they want to buy, but the results indicate that the Chinese consumer is not concerned about the luxury products that they want to buy but

they are more concerned about the brand or what others would say about it. When a person has a high-level of knowledge, that means he/she has the confidence in carrying the consumption behaviour, but since there is no influence in the behavioural control, it shows that the Chinese consumer has a weaker relationship with purchasing behaviour.

Consumer knowledge reflects one's true knowledge about the subject matter. It does not contain a person's self-confidence in the ability to form behavioural intention. Therefore, the effects of the two variables on behaviour intention were rejected. When the Chinese consumer do not accurately perceive how much or how little they actually know, consumer knowledge may over or under estimate one's actual product knowledge. The measures of consumer knowledge can indicate self-confidence levels as well as knowledge levels. That is, knowledge can be thought of as including an individual's degree of confidence in his/her knowledge, while Chinese consumer knowledge only refer to what they actually knows.

The result is not consistent with past studies with regard to the importance of consumer knowledge in the moderation of attitude and perceived behavioural control with intention. This research shows a negative relationship between the moderator and the variables. Consumer knowledge positively moderates the relationship between subjective norms and purchase intention. This means when the consumer knows about luxury products they

tend to assume what others would think and say about the individual products that they know before purchasing them. When a consumer knows about the different luxury products, the social influence will influence the purchase intention. Overall, this research has provided support for the Theory of Planned Behaviour constructs to subjective norms, but not to attitude and perceived behavioural control.

This research is in contrast to Zhan and He (2012) where they investigate the underlying motivations for luxury consumption among Chinese middle-class consumers by testing the relationships between psychological traits (i.e., value consciousness, susceptibility to normative influence, and the need for uniqueness) and attitudes towards best-known luxury brands. The findings suggest that as consumers become more value conscious, they evaluate the most famous brands more favourably. Consumers with high susceptibility to normative influences exhibit more positive brand attitudes, suggesting that social influence is an important driver for luxury consumption. The relationship between the need for uniqueness and brand attitudes depends on consumer knowledge; as consumers learn more about different luxury brands, they evaluate the best-known brands more negatively as uniqueness-seeking becomes a more important goal.

The addition of luxury values and consumer knowledge into the Theory of Planned Behaviour model and demonstration of the new relationships



between variables may give some insight into understanding purchasing intention beyond the factors proposed in the underlying Theory of Planned Behaviour model. Hence, the findings from the data analysis confirm that both inner and outer factors need to be considered in the framework of purchasing behaviour regarding luxury products and the conceptual approach needs to reflect the importance of consumer knowledge.

## **6.7 CHAPTER SUMMARY**

Based on the findings discussed above, the conclusions are generated as follows:

- a) The primary Theory of Planned Behaviour model needs to be improved in predicting the Chinese consumers' intentions to purchase luxury fashion products in China.
- b) The luxury values in the modified TPB model have more power to explain the Chinese consumers' purchase intentions towards luxury fashion products in China. Adding luxury values into the Theory of Planned Behaviour model allows explaining the Chinese consumers' purchasing intention regarding luxury fashion products widely.
- c) The mechanisms in the behavioural intention models (attitude, subjective norms, and perceived behavioural control) have significantly influenced the

Chinese consumers' intentions towards buying luxury fashion products in China.

- d) This research examines the effects of consumer knowledge in moderating Chinese consumers' purchase intentions.

To sum up, the conceptual model in this research has not only pointed out the influences of the components of the Theory of Planned Behaviour model but has also disclosed the significant role of consumer knowledge in understanding the Chinese consumers' intentions in purchasing luxury fashion products in China. The next chapter will discuss the research contributions, limitations and future research.

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## **CHAPTER 7: CONCLUSION**

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### **7.1 INTRODUCTION**

This study investigates the effects of luxury values on Chinese consumers' intention-behaviour predicting by attitudes towards the behaviour, subjective norms, and perceived behavioural control and the consumer knowledge in China. This chapter concludes the results by discussing the contributions regarding theoretical and practical implementations, along with the research limitations and future research.

### **7.2 THEORETICAL CONTRIBUTIONS**

There are five contributions to implement in the theoretical aspect.

Firstly, this study examines the purchasing intention-behaviour from a broad integrative point of view where the main domain is investigating the Chinese consumers who are the second largest consumer market. "Tradition at the academy places the various levels of the model in the sometimes isolating domains of different disciplines (e.g., anthropology, social psychology, cognition, and cross-cultural psychology)." p.380 (Singelis & Brown, 1995). This research integrates luxury values, consumer knowledge

and behavioural intention to explore the purchasing behaviour of Chinese consumers regarding luxury fashion products. The purchasing behaviour is well represented within established the attitude, subjective norms, perceived behavioural control and intention as well as luxury value concepts. This gaps been filled and provided a strong theoretical case is established in the current study (Shukla, 2010). Thus, this research has theoretical implications for the fields of consumer behaviour, marketing and sociology by providing the theoretical basis for understanding consumers' intention to purchase luxury fashion products.

Secondly, this research adds to existing literature in the Marketing field by investigating the overall luxury values and their influence on purchase intention, both directly and indirectly, from the perspective of Chinese consumers. Accordingly, it fills the gaps in this field and provides the overall luxury values influences on Chinese consumers (Tynan, Mckechine and Chhuon, 2010; Wiedmann, Hennigs and Siebels, 2009; Vigneron and Johnson, 2004). Earlier research focused on one or two dimensions; however, the current research concentrates on all the dimensions that establish the four luxury values as proposed by Wiedmann (2007). The findings reveal the significance of the individual value, social value, functional value and financial value in developing and explaining the overall intention and behaviour of Chinese society. The four luxury value dimensions play a role in luxury purchasing.

Consistent with some earlier studies on luxury values, individual value is observed as the major factor in Chinese consumers' preference for luxury products. This indicates that Chinese consumers pay considerable attention to their individual needs, their desire for luxury fashion products, and the purchase of these products for associations of prestige. From this perspective, Zhan and He (2012) conclude that Chinese consumers are value conscious because they spend wisely on those products that give self-pleasure and happiness to the consumer.

Next is the social value where it shows that the Chinese give great concern to social value after individual desires where they feel that the luxury fashion products could provide them with a social symbolic valuable meaning and relates them to status in the society. Thus, the present study develops a broad model integrating the four determinants of luxury values, which is considered an extended model of the Theory of Planned Behaviour to improve the existing thought process of consumer purchase intention of luxury fashion products.

Following that the meaning that is given by functional value towards the Chinese consumer is the third, where the consumer interpret uniqueness, quality value and the usability of the luxury fashion products as a status distinction rather than as a western counter abnormality. This type of

specificity can serve to meet others' expectations and gain social approval. Similarly, researchers always suggest that consumers in Eastern emerging markets purchase luxury products for social value rather than for utilitarian benefits (Shukla 2012), but viewing them as mere opposites are overly naive. The positive effects of functional value reveal that fashionable design, superior materials and excellent technique are influencers that can provide the desired status for Chinese consumers.

Thirdly, from the theoretical contribution point of view, this research provides a wider standpoint in discovering the Chinese consumer's individual, social, functional and financial values for purchasing luxury brands. By considering all different aspects that constitute a consumer's opinion of luxury value, this research has integrated these standpoint values into one multidimensional model to explain directly why Chinese consumers choose to buy luxury products, and the variables that influence their luxury value perceptions. This because the Chinese consumer are more incorporated in the four luxury values and they would like to show off' on their luxury purchase.

It can be seen that the Chinese luxury consumer's behaviour is different from that of the western consumers. Wong and Ahuvia (1998) mentioned that individuals might have different ways of seeking self-pleasure through their consumption behaviours across cultures, with consumers paying more attention to products as a source of pleasure. This research on consumers'

purchasing behaviour has value because it makes clear the important determinants of Chinese consumers' intention to purchase luxury products. The theoretical susceptibility then commands purchasing behaviour regarding luxury products to be conceptualised into personal, social, functional, financial as well as consumer knowledge.

Fourthly, the moderating role of the modified TPB construct has made progress by being examined from the Chinese perspective where the impact factor of the intention and behaviour in purchasing luxury fashion products is investigated. The development has succeeded in exploring Chinese consumers and the role of consumer knowledge in purchasing behaviour in the Chinese context, which has largely remained hopeful. Even though the results showed a negative relationship in the moderating role between attitude with intention and perceived behavioural control with intention, there is a connection between the subjective norms and the intention which can be seen. The results show the role of consumer knowledge in the purchasing intention of a consumer. It can be seen that the subjective norms are determined by the perceived social pressure from others for individuals to behave in a particular manner and their motivation to comply with those people's views.

The influence of subjective norms on forming intention through the moderating factor of consumer knowledge proved to be accepted. Consumers

that are more knowledgeable are aware of more brand names and know more about the differences between products and the brands. In this research, it's proven that Chinese consumer knowledge on a particular product increases when they assume what others would think and this is the major moderator for subjective norms and intention in purchasing luxury fashion products.

On the one hand, this research provides a needed theoretical and empirical confirmation of luxury values at an individual level among Chinese consumers. This research shows the ways that the four values can provide more understanding of the existing differences in each value in the growing market of Chinese consumers. On the other hand, this research not only reveals the nature of Chinese consumers towards the luxury values but also uncovers the role of consumer knowledge and its effects on luxury fashion products intention and behaviour. Despite the growing interest in luxury value perceptions and increasing studies on the theoretical concepts, minimal theoretical and empirical research have been conducted in examining Chinese consumers with regard to the procedures in the literature by which consumer knowledge influences the intention and behavioural outcomes.

This thesis presents a framework for analysing consumers' purchasing intention regarding luxury fashion products with an attempt to improve the existing literature concerning luxury products. The building of such a conceptual framework provides the means for viewing related issues of



specific luxury values, arriving at a comprehensive understanding of Chinese consumers' purchasing behaviour regarding luxury products. Therefore, this research extends the existing literature and contributes to the growing research related to luxury product consumption in an emerging country, such as China.

Finally, this study observes the analytical abilities of the Theory of Planned Behaviour (Ajzen, 1991) in predicting consumers' purchasing intention in the China context. Most researches in consumer behaviour, consumer psychology, and social psychology are based on theoretical frameworks developed using evidence from western cultures, primarily the United States (Shukla, 2012; Shukla & Purani, 2012). The present study provides insight into the importance of the influence of luxury values on purchasing intention, which has been underestimated in luxury product consumption, especially in consumer behaviour.

In addition, this research provides valuable insights for luxury fashion products by indicating consumers' purchase intentions would affect by different extent of attitude, subjective norms and perceived behaviour control of consumers. The findings of this research suggests that creating a positive attitude toward purchasing luxury fashion products may be a significant consideration for marketers to increase Chinese consumers' purchase intentions of luxury fashion products. In order to cultivate favourable attitudes,

luxury fashion providers should invest resources in shopping circumstances and atmosphere to create shopping value of excitement and pleasure which would eventually enhance consumers' attitude. In other hand, to increase the idea of social norms acceptance, the luxury fashion providers could develop advertisements to cultivate the idea by using family and friends' alliance image. Latterly, who wish to improve consumer perceived behaviour control should imply the affordable price image and affluent information of luxury fashion products in different media for Chinese consumers' resource.

This research applies the TPB model by empirically indicating the moderating influence of consumer knowledge on consumers' purchasing intention. The results suggest that the preliminary TPB model should embrace a more integral view of "external variables" when studying a particular behaviour. TPB is used, modified, and extended to predict Chinese consumers' purchasing intention in this research, which provides a basis for further examination of several related theoretical paradigms.

### **7.3 PRACTICAL CONTRIBUTIONS**

The theoretical framework proposed in this thesis eventually produces some practical suggestions for management and marketers. Some developments in this research are expected to assist practitioners in the luxury fashion products industry in designing and implementing marketing strategies for their

businesses in China. The first is that Chinese luxury consumers' luxury value perceptions reflect their purchasing behaviours and habits. It has also provided a new theoretical insight into the phenomenon of luxury consumption, and has contributed to the relatively limited literature on the concept of luxury in the context of the Chinese market.

The second is a framework for analysing determinants that influence the purchasing intention of consumers. The third is the importance of consumer knowledge in purchasing luxury products, which are empirically examined in this research. Given the dynamic nature of the Chinese market, a combined reasoned approach allows practitioners to gain a comprehensive understanding of the luxury product consumption in China and, in turn, the insights gained can support the growth of marketing strategies for luxury fashion products. The outcome of the findings can help luxury firms in targeting and positioning. It has been shown that the Chinese luxury consumers establish a unique luxury value perception, so when building promotional strategies to target China, luxury companies need to use different plans for action or strategies that reflect broad general characteristics of Chinese consumers distinct from the Western countries.

There is an increasing interest in the Chinese market partly due to the recent rapid economic development in China. Many international companies in the luxury fashion products industry have been trying to establish a presence

in China. Competition is thus augmented and strengthened in this market. The Chinese consumer market is notably different from other developed markets in the sense of its potential size and diversity. Although it is widely recognised that long-term business opportunities in China are enormous, many companies tend to overlook the diversity among Chinese consumers, which leads to errors in assessing consumer demand and enacting effective marketing strategies (Cui & Liu, 2001).

This research reveals that the knowledge on luxury fashion products fail to explain how the products can distinguish users from each other. Thus, companies need to increase their efforts to achieve product differentiation within the fashion products. For instance, companies may illustrate how various product lines project distinctive user images, or they can also consider incorporating customisation into product design so that consumers have more opportunities to express their choices. In addition to within-brand differentiation, marketers should also think about how to stand their products out from their competitors' offers in the same category. The luxury fashion product differentiation will benefit companies in the long run as consumers become more familiar with luxury products and the knowledge of the products will be taken into consideration by the Chinese consumers.

Regarding managerial implications, luxury brand owners, managers and sellers should be aware of these findings. A close connection with the

Chinese consumer (especially in regions like Tier 1 cities, where consumer income is growing), understanding and providing confidence and support during the buying process could later contribute to reducing hesitation and strengthening the consumers' trust in the luxury fashion product industry. Marketing communication promoting luxury products such as clothes as gifts for consumers' self-enrichment, improving self-esteem and presenting the symbolic and experiential benefits of wearing luxury products would be appropriate to engage and retain the Chinese consumers of luxury products.

Consumers tend to place great importance on displaying their wealth and their appearance to others. In Chinese luxury buying behaviour, most of the consumers buy luxury fashion products not only to show off but also to gain respect within their social groups. Therefore, it is essential for luxury goods companies to obtain a comprehensive understanding of their brand awareness to succeed in the Chinese market. As an example, it is a good idea to make the brand name or logo visible, use celebrities to promote their products and choose word of mouth communication strategies to attract the Chinese consumers to buy this luxury fashion products.

In luxury product consumption, the significant reference groups for the Chinese consumers are family, friends, colleagues, and spokespersons of luxury products. These reference groups not only directly affect the subjective norms, but also consumers' attitude towards purchasing luxury products and

perceived behavioural control, which are the determinants of consumers' intention to purchase luxury products. Marketers should recognise the importance of significant reference groups for decision-making of Chinese consumers on luxury products purchase. Such results imply that building healthy relationships with the important referent groups of target consumers may be a highly effective marketing strategy. Different aspects stimulate consumers to choose luxury fashion products. Comprehensive and multiple brand-positioning marketing strategies for luxury brands should be used.

Knowing the reference groups of Chinese consumers' and the target audience provides a wealth of information about the kind of information prospects that the consumer want or need at each stage of the luxury fashion purchase journey, as well as how to shape the messaging and how to package the data. These also provide insight into where prospects are most likely to want to find information. Knowing the appropriate reference groups will allow the marketers to choose someone well known in the aspiration group to speak for your brand.

It takes time to gather sufficient information to classify reference groups of customers and prospects. Choosing the right people to appear in ads or to provide endorsements can be tricky but, particularly if the person is known to hold an opinion at odds with a critical value held by the luxury fashion products. However, when there are necessary information, the luxury fashion

product marketing team can craft very powerful marketing messages that strike the right chord with target audience. This reference groups can help the luxury fashion products develop powerful marketing programs that deliver the right message in the right packaging at the right time in the right place.

Providing the significant reference groups will help the products convey positive influences on the target consumers. The marketers can thus consider affecting target consumers through interpersonal channels, such as the word-of-mouth strategy. An in-depth investigation of their relationships with the significant referent groups of target consumers will be necessary for the marketers. The results of this research also have implications for international marketing practitioners, due to the shortage of studies on luxury products that have been conducted in the Chinese context. The finding with the most thoughtful implications for international marketers is the different weights of attitude, perceived behavioural control and subjective norms in determining Chinese consumers' purchasing intention.

In summary, this study has provided the means to which researchers and practitioners can understand Chinese consumers' purchasing intention regarding luxury products, and the findings have significant implications for marketers who are currently operating or planning to enter the Chinese market. The results can also be adapted to offer interesting comparisons with traditional or other emerging luxury product markets. Further, the applied

significance of the findings not only lies in its value for luxury product consumption but also provides a way to which this research can be applied to other domains of investigation.

#### **7.4 LIMITATIONS**

In spite of the interesting theoretical and managerial implications, this research has limitations, which offer a way forward for future studies. This research focuses only on the luxury fashion products in China. The findings of this study can be summarised and interpreted for the influences on luxury consumption in this particular context only. Also, the results can differ when investigating different types of luxury products and demographic segments. Future research could extend the study to less developed regions and make cross-regional comparisons.

This research is focused on only one country, China. The purchase intention and the moderator role will be different compared to other Western countries or in the same Asian region such as Malaysia, India and Indonesia. Future studies should conduct empirical verification of this conceptual model across a wider array of nations in terms of economic as well as cultural domains. It would be quite interesting to empirically examine the effect of different levels of individualism and collectivism, uncertainty avoidance and power distance on the relative impact of personal, functional and social value perceptions respectively. Chattalas and Garcia (2009) for instance, found that



consumers in cultures with a higher level of collectivism exhibit more favourable evaluations of utilitarian (i.e. functional) products as well as, less favourable attitudes toward hedonic (i.e. personal-oriented) consumption.

The sample was collected in the Tier 1 cities (Guangzhou, Shenzhen, Shanghai and Beijing) which may limit the overview of the findings. Nevertheless, the sample of a particular group of luxury fashion consumers is considered appropriate by previous researchers. Jain (1987) points out that it is useful to use groups of consumers instead of countries as a basis for identifying international segments. According to Dawar and Parker (1994), within a segment and regarding a particular product category such as luxury clothes, consumer behaviours do not tend to vary across cultures or countries. Further research could be conducted by comparison study within the country such as Tier 1 and Tier 2 or Tier 3 cities.

The data are limited to the luxury fashion products in China. Logically, the results and conclusions, especially those relating to consumer knowledge, could apply to other luxury products, but caution must be taken when specifying the findings to other backgrounds as the results show that the attitude and perceived behavioural control do not have importance in the purchase intention of luxury fashion products. In that case, using other luxury products could also find the importance of consumer knowledge in the purchasing intention of luxury products. Also, the study sample only involved

consumers living in tier 1 cities, and it therefore may apply to the middle-class consumers living in top tier-2 cities. The results cannot be universal to other cities, especially those in less developed regions because consumption behaviours differ significantly in those places. It could go to other settings such as other Asian countries, Europe or the United States.

Next, the questionnaire in this research was written in English and then translated into Chinese to collect the data. Meanings of each question in the Chinese version might not be entirely equivalent to the original English version. Back translation was performed to check the equivalence of meaning in the Chinese and English versions. After the back translation, adjustments were made to each questionnaire items to make the definitions similar in the two versions. As example, in the questionnaire the work 'swanky' was being asked by the translator and the English meaning were given which is "stylishly luxurious and expensive" and the translator translated into Chinese.

Lastly, the focus of the research is on luxury purchase intention instead of luxury brand consumption. Although purchase intention is more useful than attitude in predicting purchase behaviour, it is not as effective as examining behaviour itself. People can have beliefs, but these cannot necessarily predict their behaviour (Solomon, 2011). This should be taken into consideration for the section.

## 7.5 FUTURE RESEARCH

This research reveals that consumer knowledge has a direct effect on consumers' subjective norms but not on attitude and perceived behavioural control and does not have an impact on Chinese consumers' purchase of luxury fashion products. It prompts a need for a better consumer knowledge assessment. An important line of future research will need to explore the potential role of consumer knowledge on consumers' purchase intention in top tier 2 cities or in other countries to see how they influence the purchase intention. Further, research can be conducted to explore the purchase intention and purchase behaviour and the impact of consumer knowledge among Chinese consumers perhaps in Tier 2 cities as they are now becoming attractive places to the investors and representing some of the fastest growing economies.

Tier 2 cities in China have also shown that they offer plenty of opportunities to luxury companies. Tianjin, Hangzhou and Suzhou each have their own policies to attract foreign investment. In recent years, however, the Tier 2 cities have developed their own industries and the future for these up-and-coming cities is bright. However, the ongoing urbanization, increasing income level and the rapid development of new transportation network in China have made lower tier cities more competitive and appealing to luxury retailers. Many luxury retailers have made their entry into the lower-tier cities.

Also, future research can examine whether there are differences in the purchasing intention among consumers in different countries. In other words, future studies can apply the framework of this investigation for cross-cultural study, to investigate consumers' intention to purchase luxury products and compare the results of structure and measurement models of each country. The findings in this study are limited to luxury fashion products and Chinese consumers. Thus, they may not be generalised to other luxury products and populations in other regions and countries. This research has laid out some recommendations for future research from a broader perspective; that is, further research is needed to validate and generalise the findings to a wider cultural context and similar research objectives across a broad range of product categories of luxury. This type of investigation may help deepen the understanding of why and how consumers with different personal and cultural backgrounds have different purchasing behaviours.

The findings on purchasing behaviour in this research can be applied to other luxury product categories beyond fashion products that share the same target consumers with luxury products, such as luxury automobiles, luxury electronic products, credit cards, champagne, wines and spirits. Empirical research testing of the framework on more product categories will further advance the usefulness of the model, and ultimately help practical

consequences for understanding purchasing behaviour in effective marketing campaigns.

This research includes only the luxury values into the TPB model as impact factors. However, the results motivate more work into the role of more variables other than attitude, subjective norms, and perceived behavioural control when studying a particular purchasing behaviour. Thus, future research can attempt to examine whether other variables can be further added as determinants of behavioural intention. For example, demographic variables may have moderating effects on behavioural intention. Demographic characteristics, such as income, gender and age may have an impact on consumers' luxury values, attitude, subjective norms, perceived behavioural control, and consequently influence behaviour. In addition to demographic characteristics, variables relative to a particular behaviour in question can be involved in the framework. For example, brand awareness can be examined when studying branding strategies. Furthermore, this research does not investigate the actual behaviour, and thus the relationships between behavioural intentions and actual behaviour can be considered in future studies.

Lastly, future research with more developed analysis execution can be piloted to address the methodological limitations of this research. Methodologically, future research can also try to refine some of the measures

of luxury values about purchasing luxury products and should be used in the other product categories to maximise the validity.

## **7.6 CHAPTER SUMMARY**

This chapter addressed the research contributions with regard to theoretical and practical aspects. The research limitations and future research were also stated.

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## APPENDIX

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### APPENDIX 1: CHINESE QUESTIONNAIRE

亲爱的问卷参与者：

我是一名来自英国赫尔大学营销与商业战略专业并在刘文玲教授督导下的在读博士生。我的研究专注于奢侈品价值对于中国消费者奢侈时尚产品消费态度的影响。我对于您愿意参与我的研究并填写问卷表示深深的感激。

您参与的这个研究将致力于更加全方位地了解中国消费者的认知，态度，以及行为模式。这份问卷大约会占用您10-15分钟的时间。请秉持自愿的原则参与并填写问卷。您的参与及对问卷的回答将会被保密并只用于学术研究。因此，请您尽可能诚实准确地回答这份问卷上的所有问题。

您有权力选择在任何时间停止参与此研究并放弃填写问卷。这不会对您造成任何不利影响。请回答所有问卷上的问题，即使有些问题看起来会非常地相似。这个问卷是我们秉持严谨的研究态度设计的。在这里提前感谢您对于此项研究的支持与帮助。

时尚奢侈产品指的是产品具有以下几个特性：卓越的产品质量，高昂的价格，稀少并独特，普遍具有较长的品牌历史。与此同时，消费者对于时尚奢侈品的消费通常比较明显。这些产品不但实用，而且可以满足消费者情绪上的渴求，感觉上的满足以及心理上社会地位的彰显。这也是因为奢侈品具备反映象征价值的功能。

在这个问卷当中，时尚奢侈品主要包括服装，珠宝，香水，化妆品，手袋，钱包，鞋履，手表，围巾，太阳眼镜，领带，手套及腰带。

如果您对于此问卷有任何的疑问或者想获取更多的相关信息，请通过以下的联系方式与我联系。

再次提前对您的参与表示由衷的感谢。

英国赫尔大学商学院

Arunnaa Sivapathy

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通信地址：Arunnaa Sivapathy Doctoral Student, Hull University Business School

Cottingham Road, Hull HU6 7RX, UK

## 第一部分：消费信息

在过去的一年，您是否购买过时尚奢侈品？

是的  没有

在过去的一年，您买过多少件时尚奢侈品？

没买过  4-6 件  10-12 件  
 1-3 件  7-9 件  12件以上

在过去的一年，你平均花费钱购买时尚奢侈品

少于1,000元  1,000-3,000元  3,001-5,000元  
 5,001-7,000元  7,001-9,000元  9,001元以上

请在以下的奢侈品牌中选择你所熟知的（可无限制多选）

<input type="checkbox"/>	Armani 阿玛尼	<input type="checkbox"/>	Ebel 玉宝（手表）	<input type="checkbox"/>	Omega 欧米茄（手表）
<input type="checkbox"/>	AudemarsPiguet 爱彼（手表）	<input type="checkbox"/>	Fendi 芬迪	<input type="checkbox"/>	Patek Philippe 百达翡丽（手表）
<input type="checkbox"/>	Bally 巴利	<input type="checkbox"/>	Givenchy 纪梵希	<input type="checkbox"/>	Piaget 伯爵（手表）
<input type="checkbox"/>	Breguet 宝玑（手表）	<input type="checkbox"/>	Gucci 古琦	<input type="checkbox"/>	Prada普拉达
<input type="checkbox"/>	Burberry 巴宝莉	<input type="checkbox"/>	Hermes 爱玛仕	<input type="checkbox"/>	Ralph Lauren 拉夫·劳伦
<input type="checkbox"/>	Bvlgari 宝格丽	<input type="checkbox"/>	Hugo Boss 雨果博斯	<input type="checkbox"/>	Rolex 劳力士（手表）
<input type="checkbox"/>	Calvin Klein (CK) 卡尔文	<input type="checkbox"/>	IWC 万国（手表）	<input type="checkbox"/>	Salvatore Ferragamo 菲拉格慕
<input type="checkbox"/>	Cartier 卡地亚	<input type="checkbox"/>	Jaeger-LeCoultre积家（手表）	<input type="checkbox"/>	Tiffany 蒂夫尼
<input type="checkbox"/>	Chanel 香奈儿	<input type="checkbox"/>	Kenzo（高田贤三）	<input type="checkbox"/>	Tod's 托德斯
<input type="checkbox"/>	Christian Dior 迪奥	<input type="checkbox"/>	Longines 浪琴（手表）	<input type="checkbox"/>	Vacheron Constantin 江诗丹顿（手表）
<input type="checkbox"/>	Coach 蔻驰	<input type="checkbox"/>	Louis Vitton 路易威登	<input type="checkbox"/>	Versace 范思哲
<input type="checkbox"/>	Dunhill 登喜路	<input type="checkbox"/>	Max Mara 麦斯玛拉	<input type="checkbox"/>	Yves Saint Lauren 圣罗兰
<input type="checkbox"/>	E.Zegna 杰尼亚	<input type="checkbox"/>	Montblanc 万宝龙	<input type="checkbox"/>	Other brands: 其他品牌_____

## 第二部分：行为信息



**提醒：请回答所有问题**

请阅读以下的表述并选择最能反映你个人观点的答案

表述	非常赞同	赞同	中立	不赞同	非常不赞同
如果我能拥有某些我没有的时尚奢侈品，我的生活会更美好。					
如果我可以负担得起购买更多的时尚奢侈品，我会更开心。					
我有时会觉得烦恼。因为我负担不起所有我想买的时尚奢侈品。					
我拥有所有时尚奢侈品，我需要享受生活。					
我从不购买与我本人气质和个性不相符的时尚奢侈品。					
我买的时尚奢侈品必须符合我是什么和我是谁的原则。					
我对时尚奢侈品的选择取决于这些产品是否反映了如何看待我自己和别人如何看待我。					
购买时尚奢侈品可以被看作我给自己庆祝对我特别的时刻和场合的礼物。					
总的来说，我认为时尚奢侈品可以被当作我买来犒劳自己的礼物。					
当心情低落的时候，我可能会买时尚奢侈品作为给自己的礼物，缓解情绪上的负担。					

请在以下的表述中选择最能反映你个人观点的答案。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
我奢侈品消费的重要动机是奖励自己努力的工作，或者体会获得感，或者我有权享受这些商品的感觉。					
对我来说，奢侈品消费是一种减压的方法。					
我享受花钱购买并不实用的时尚奢侈品。					
我通常只买我需要的时尚奢侈品。					
购买时尚奢侈品给我带来很多快乐。					
时尚奢侈品是在不顾及别人感受的情况下我自己快乐的一个来源。					
我可以全由自己地享受时尚奢侈品，不管别人对这些产品的感受。					
我所谓一个时尚奢侈品的消费者，文化提升是我购买的一个重要动力。					
购买时尚奢侈品带给我的生活更深刻的意义。					
自我实现是我购买时尚奢侈品的一个重要动力。					
奢侈品消费提高我的生活质量。					

你在何种程度上赞同以下的表述和观点。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
我想知道什么时尚奢侈品牌和产品会给人留下好的印象。					
我通常观察别人买什么，从而让自己紧跟潮流变化。					
在购买一件时尚奢侈品之前，知道什么品牌和产品会给其他人留下好印象是重要的。					
在购买一件时尚奢侈品之前，知道哪类人会使用这个品牌或商品是重要的。					
在购买一件时尚奢侈品之前，知道其他人如何看待那些使用这种品牌或商品的人是重要的。					
我会关注别人买什么。					
在购买一件时尚奢侈品之前，知道我的朋友如何看待不同的品牌或商品是重要的。					
我会主动避开那些不流行的时尚奢侈品。					
如果我买一些贵的东西，我会担心别人怎么看我。					
彰显社会地位是购买时尚奢侈品的一个重要动机。					
我作为一个奢侈品消费者，跟朋友分享我的消费经历是一个重要的动力。					
我经常咨询我朋友的意见帮助我在某个时尚奢侈品类别中选择最好的产品。					
我和我朋友倾向于买一样的时尚奢侈品。					

请根据阅读以下的表述及观点。然后根据你个人的感受这些表述进行评估。你可以选择从非常赞同至非常不赞同这个区间内的任何答案。请回答所有问题。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
在我看来，时尚奢侈品是合理标价的。					
在我看来，时尚奢侈品是物有所值的。					
在我看来，时尚奢侈品是物超所值的。					
在我看来，时尚奢侈品是合算的。					
在我看来，时尚奢侈品是没用的。					
在我看来，时尚奢侈品是用来炫耀的。					
在我看来，时尚奢侈品是令人愉快的。					
在我看来，时尚奢侈品是过时的。					
在我看来，时尚奢侈品是好的。					
时尚奢侈品让我的生活更美好。					
我对时尚奢侈品没有兴趣。					

你在何种程度上赞同以下的表述及观点。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
我倾向于自己评估时尚奢侈品实质上的属性与性能而不是听从别人的意见。					
我永远不会考虑购买那些被很多人青睐却达不到我对质量的要求的时尚奢侈品。					
我买时尚奢侈品只为满足我自己的需求并不是为了让别人眼前一亮。					

时尚奢侈品是不能在超市出售的。					
真正的时尚奢侈品是不能被大量生产的。					
只有很少的人拥有真正的时尚奢侈品。					
购买时尚奢侈品的人试着把他们自己和其他人区分开。					

以下是一些关于你对时尚奢侈品态度的表述及观点，请选择最能反映你个人观点的答案。

表述	非常赞同	赞同	中立	不赞同	非常赞同
对我来说，购买时尚奢侈品让我高兴。					
对我来说，购买时尚奢侈品是愉快的。					
我青睐购买时尚奢侈品					
对我来说，购买时尚奢侈品是有益的。					

以下是一些关于你对时尚奢侈品相关行为的表述及观点，请选择最能反映你个人观点的答案。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
我极少买最新的时尚奢侈品，直到我很确定我的朋友认可了这些产品。					

别人喜欢我买的时尚奢侈品牌和产品是重要的。					
当我买时尚奢侈品的时候，我会普遍选择其他人认可的牌子。					
如果其他人觉得我适合某件时尚奢侈品，我会经常购买他们认为我会买的奢侈品牌。					
我想知道什么时尚奢侈品牌和产品会给人留下好的印象。					
我通过和别人购买一样的时尚奢侈产品和品牌获得归属感。					
如果我想成为一个人，我会经常购买他/她购买的时尚奢侈品牌。					
我经常通过买一样的时尚奢侈品和品牌效仿其他人。					
我对于购买时尚奢侈品有完全的控制。					

以下是一些关于你对时尚奢侈品相关行为的表述及观点，请选择最能反映你个人观点的答案。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
对我来说，购买时尚奢侈品是轻而易举的。					
如果我想，我可以轻易地购买时尚奢侈品。					
我对购买时尚奢侈品有很强的意愿。					
我有很大的可能性购买时尚奢侈品。					
我倾向于购买时尚奢侈品。					

我认为我自己在时尚奢侈品方面是有知识的。					
我享受学习和了解时尚奢侈品牌和产品。					
我认识大部分时尚奢侈品的品牌名称。					

请对于以下所有的表述，选择最能代表您实际情况的答案。

表述	非常赞同	赞同	中立	不赞同	非常不赞同
我认为手机广告是获取即时信息的好资源。					
手机广告提供了我所需要的信息。					

### **第三部分：个人信息**

请根据您的实际情况，填写以下的信息。

性别

- 男
- 女

年龄

	20-24岁		25-29岁		30-34岁		35-39岁
	40-44岁		45-49岁		50-54岁		55岁以上

月收入情况

	2,000元以下		2,001-5,000元
	5,001-8,000元		8,001-11,000元
	11,001-14,000元		14,001元以上

就业状态

	全职工作
	兼职工作
	家庭主妇/夫
	学生
	个体业者
	自由职业者
	其他

受教育程度

	初中
	高中
	大学本科
	研究生
	博士



婚姻状态

	单身
	已婚
	离异/分居
	丧偶

**十分感谢您利用宝贵的时间填写此份问卷以及对于此项研究的帮助与支持**

## APPENDIX 2: ENGLISH QUESTIONNAIRE

### The Questionnaire

Dear Participants

I am a doctoral student under the supervision of Dr Wen-LingLiu in the Marketing & Business Strategy group at the University of Hull. My research focuses on the impact of luxury value on consumers' attitudes towards luxury fashion products in China. I would appreciate your participation in this study in the form of a questionnaire.

An integral part of this research is to identify the perceptions, attitudes and behavioural patterns of Chinese consumers. The questionnaire will take about 10-15mins to be completed. Your participation is voluntary. Your responses will be treated as confidential and only used for the academic research, so please answer the questions as honestly and accurately as you can.

If you decide that you no longer want to be involved in this study you are free to withdraw at any time without any adverse consequences. Please answer ALL of the questions even though you will notice that some statements are very similar. This is deliberate and is needed for rigour. Thank you in advance for assisting with this research. Your help is really appreciated.

Luxury fashion products are products characterised by excellent quality and a very high price, rare or unique, generally having a personal history, whose consumption is often in a conspicuous manner, having the ability to provide excellent functional benefits and that are likely to provide intangible benefits by satisfying the emotional desires for sensorial gratification and psychological as those for status and prestige, due to the ability to transfer their symbolic value to consumers.

**The realm of luxury fashion products in this survey** includes apparel, jewellery, perfumes, fragrances, cosmetics, handbags, purses, shoes, watches, scarves, sunglasses, tie, gloves and belts.

If you have any questions concerning this survey, or if you would like to get more information, please get in touch using the contact details provided below.

Thank you once again in advance for completing the questionnaire.

Yours faithfully,

Arunnaa Sivapathy  
Doctoral Student

**Part 1: Consumption information**

A. Have you ever bought luxury fashion products in the past one year?

Yes  No

B. The amount of luxury fashion products have you been purchased in past one year?

No item  4-6 items  10-12 items  
 1-3 items  7-9 items  More than 12 items

C. On average, money spent on one luxury fashion product (Yuan) in past one year

Less than 1,000  1,000-3,000  3,001-5,000  
 5,001-7,000  7,001-9,000  More than 9,001

D. Please choose the following luxury brands that you have known (you can click as many as you know)

<input type="checkbox"/> Armani	<input type="checkbox"/> Ebel	<input type="checkbox"/> Omega
<input type="checkbox"/> AudemarsPiguet	<input type="checkbox"/> Fendi	<input type="checkbox"/> Patek Philippe
<input type="checkbox"/> Bally	<input type="checkbox"/> Givenchy	<input type="checkbox"/> Piaget
<input type="checkbox"/> Breguet	<input type="checkbox"/> Gucci	<input type="checkbox"/> Prada
<input type="checkbox"/> Burberry	<input type="checkbox"/> Hermes	<input type="checkbox"/> Ralph Lauren
<input type="checkbox"/> Bvlgari	<input type="checkbox"/> Hugo Boss	<input type="checkbox"/> Rolex
<input type="checkbox"/> Calvin Klien (CK)	<input type="checkbox"/> IWC	<input type="checkbox"/> Salvatore Ferragamo
<input type="checkbox"/> Cartier	<input type="checkbox"/> Jaeger Coultre	<input type="checkbox"/> Tiffany
<input type="checkbox"/> Chanel	<input type="checkbox"/> Kenzo	<input type="checkbox"/> Tod's
<input type="checkbox"/> Christian Dior	<input type="checkbox"/> Longines	<input type="checkbox"/> Vacheron Constantin
<input type="checkbox"/> Coach	<input type="checkbox"/> Louis Vitton	<input type="checkbox"/> Versace
<input type="checkbox"/> Dunhill	<input type="checkbox"/> Max Mara	<input type="checkbox"/> Yves Saint Lauren
<input type="checkbox"/> E.Zegna	<input type="checkbox"/> Montblanc	<input type="checkbox"/> Other brands: _____

## Part 2: Behavioural Information

**IMPORTANT: Please answer all the questions below.**

For each statement below please indicate the most appropriate response that best describes your opinion.

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
My life would be better if I owned certain luxury fashion products I don't have.					
I'd be happier if I could afford to buy more luxury fashion products.					
It sometimes bothers me quite a bit that I can't afford to buy all luxury fashion products I'd like. (R)					
I have all the luxury fashion products I really need to enjoy life.					
I never buy a luxury fashion products inconsistent with the characteristics with which I describe myself. (R)					
The luxury fashion products I buy must match what and who I really am.					
My choice of luxury fashion products depends on whether they reflect how I see myself but not how others see me.					
Purchasing of luxury fashion products can be seen as giving me gifts to celebrate an occasion that I believe significant to me.					
On the whole, I may regard luxury fashion products as gifts I buy for					

treating myself.					
When in a bad mood, I may buy luxury fashion products as self-given gifts for alleviating the emotional burden. (R)					

For each statement below please indicate the most appropriate response that best describes your opinion.

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Reward for hard work or that I feel I have earned or am entitled to be an important motivator for my luxury consumption.					
To me, luxury consumption is a way to reduce stress.					
I enjoy spending money on luxury fashion products that aren't practical.					
I usually buy only the luxury fashion products that I need.					
Buying luxury fashion products gives me a lot of pleasure.					
Luxury fashion products are one of the sources for my own pleasure without regard to the feelings of others.					
I can enjoy luxury fashion products entirely on my own terms no matter what others may feel about them.					
For me as a luxury fashion products consumer, cultural development is an important motivator by buy.					

Purchasing luxury fashion products provides deeper meaning in my life.					
Self-actualization is an important motivator for my luxury fashion products consumption.					
Luxury consumption enhances the quality of my life.					

To what extent do you agree with the following statements?

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
I like to know what luxury fashion brands and products make good impressions on others.					
I usually keep up with style changes by watching what others buy.					
Before purchasing a luxury fashion product it is important to know what brands or products to buy to make good impressions on others.					
Before purchasing a luxury fashion product it is important to know what kinds of people buy certain brands or products.					
Before purchasing a luxury fashion product it is important to know what others think of people who use certain brands or products.					
I tend to pay attention to what others are buying.					
Before purchasing a luxury fashion product it is important to know what my friends think of different brands or products.					

I actively avoid using luxury fashion products that are not in style.					
If I were to buy something expensive, I would worry about what others would think of me.					
Social standing is an important motivator for my luxury fashion consumption.					
For me as a luxury consumer, share experiences with friends are an important motivator.					
I often consult my friends to help choose the best alternative available from a luxury fashion product category.					
My friends and I tend to buy the same luxury fashion products.					

Please state the strength of agreement or disagreement to the following statements by clicking the appropriate box (be sure that you check every statement; do not omit any)

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
In my opinion, luxury fashion products are reasonable priced.					
In opinion, luxury fashion products offer value of money.					
In my opinion, luxury fashion products are good products for the price.					
In my opinion, luxury fashion products are economical.					
In my opinion, luxury fashion products					

are really useless. (R)					
In my opinion, luxury fashion products are just swanky. (R)					
In my opinion, luxury fashion products are pleasant.					
In my opinion, luxury fashion products are old-fashioned. (R)					
In my opinion, luxury fashion products are good.					
Luxury fashion products make my life more beautiful.					
I am not interested in luxury fashion products. (R)					

To what extent do you agree with the following statements?

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
I'm inclined to evaluate the substantive attributes and performance of a luxury fashion product myself rather than listen to others' opinions.					
The luxury fashion products are preferred by many people but that does not meet my quality standards will never enter into my purchase consideration.					
I buy the luxury fashion products for satisfying my personal needs without any attempt to make an impression on other people.					
A luxury fashion product cannot be sold in supermarkets.					



True luxury fashion products cannot be mass-produced.					
Few people own a true luxury fashion product.					
People who buy luxury fashion products try to differentiate themselves from the others.					

The statements below relate to YOUR attitude towards the luxury fashion products. Please select the most appropriate answer for your response to each item below.

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
For me buying luxury fashion products made me happy					
For me buying luxury fashion products was pleasant					
For me buying luxury fashion products was favourable					
For me the buying luxury fashion products was beneficial					

The statements below relate to YOUR behaviour towards the luxury fashion products. Please select the most appropriate answer for your response to each item below

Question	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
I rarely purchase the latest luxury fashion products until I am sure my friends approve of them.					

It is important that others like the luxury fashion products and brands I buy.					
When buying luxury fashion products, I generally purchase those brands that I think others will approve of.					
If other people can see me using a luxury fashion product, I often purchase the brand they expect me to buy.					
I like to know what luxury fashion brands and products make good impressions on others.					
I achieve a sense of belonging by purchasing the same luxury fashion products and brands that others purchase.					
If I want to be like someone, I often try to buy the same luxury fashion brands that they buy.					
I often identify with other people by purchasing the same luxury fashion products and brands they purchase.					
I have complete control of purchasing luxury fashion products.					

The statements below relate to YOUR behaviour towards the luxury fashion products. Please select the most appropriate answer for your response to each item below

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
For me, to buy luxury fashion products is easy.					
If I want to, I could easily buy luxury fashion products.					

If I were shopping for a luxury fashion products, the likelihood I would purchase this luxury brand is high.					
I have strong possibility to purchase fashion luxury products					
I'm likely to purchase fashion luxury products					
I consider myself knowledgeable on luxury fashion products					
I enjoy learning about brands of luxury fashion products.					
I can recognize almost all brand names of luxury fashion products					

For each statement below please indicate the most appropriate response that best describes your opinion.

Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
I feel that mobile advertising is a good source of timely information.					
Mobile advertisements provide the information I need.					

### **Part 3: Personal Information**

The following information is needed for classification purposes only. Please tick the appropriate response in each question.

#### Gender

- Male
- Female

#### Age

<input type="checkbox"/>	20-24	<input type="checkbox"/>	25-29	<input type="checkbox"/>	30-34	<input type="checkbox"/>	35-39
<input type="checkbox"/>	40-44	<input type="checkbox"/>	45-49	<input type="checkbox"/>	50-54	<input type="checkbox"/>	55 or above

#### Monthly personal income (yuan)

<input type="checkbox"/>	< 2,000	<input type="checkbox"/>	2,001-5,000
<input type="checkbox"/>	5,001-8,000	<input type="checkbox"/>	8,001-11,000
<input type="checkbox"/>	11,001-14,000	<input type="checkbox"/>	>14,000

#### Occupation

<input type="checkbox"/>	Full-time
<input type="checkbox"/>	Part-time
<input type="checkbox"/>	Housewife
<input type="checkbox"/>	Student
<input type="checkbox"/>	Self-employed
<input type="checkbox"/>	Freelancers
<input type="checkbox"/>	others

#### Education

<input type="checkbox"/>	Junior Secondary
<input type="checkbox"/>	Senior Secondary
<input type="checkbox"/>	Bachelor
<input type="checkbox"/>	Master
<input type="checkbox"/>	PhD

Marital status

	Single
	Married
	Divorced/Separated
	Widow/widower

**THANK YOU FOR YOUR TIME AND VALUABLE CONTRIBUTION TO  
THE STUDY**

**APPENDIX 3: Reliability (Pretest English)  
Scale: ALL VARIABLES (IV)**

**Case Processing Summary**

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.907	21

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IV1	48.60	112.489	.616	.902
IV2	48.80	112.178	.643	.902
IV3	47.70	104.900	.592	.901
IV4	47.80	107.067	.474	.905
IV5	48.40	112.711	.329	.908
IV6	48.60	117.822	.337	.907
IV7	48.40	106.267	.528	.903
IV8	48.60	110.711	.475	.904
IV9	48.70	109.789	.716	.900
IV10	47.80	104.844	.629	.900
IV11	48.40	100.489	.877	.892
IV12	47.90	109.211	.530	.903
IV13	47.20	110.844	.362	.908
IV14	48.40	115.822	.211	.910
IV15	48.40	109.822	.564	.902
IV16	48.60	112.489	.616	.902
IV17	48.40	117.822	.097	.912
IV18	48.40	106.711	.755	.897

IV19	47.90	104.767	.919	.894
IV20	48.40	99.600	.923	.891
IV21	48.60	114.489	.446	.905

## Reliability Scale: SV

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.939	13

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SV1	30.40	80.267	.742	.934
SV2	30.10	75.878	.762	.933
SV3	30.10	77.433	.760	.933
SV4	30.30	86.456	.522	.940
SV5	30.40	76.933	.738	.933
SV6	30.10	70.989	.878	.929
SV7	30.30	76.233	.758	.933
SV8	30.10	82.767	.510	.940
SV9	29.30	82.011	.493	.941
SV10	30.00	81.111	.629	.937
SV11	30.20	78.178	.718	.934
SV12	30.20	76.400	.832	.930
SV13	29.70	72.678	.932	.926

## Reliability

### Scale: FuV

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.739	14

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FuV3	28.7000	26.011	.658	.685
FuV5	28.7000	27.567	.732	.690
FuV6	29.1000	29.878	.427	.719
FuV8	28.8000	32.844	.064	.745
FuV9	28.8000	32.844	-.029	.767
FuV10	29.1000	35.878	-.295	.793
FuV11	28.9000	26.767	.524	.702
FuV12	29.1000	29.211	.403	.719
FuV13	29.0000	28.000	.504	.707
FuV14	28.9000	32.322	.099	.745
ReFuV1	28.7000	22.011	.758	.656
ReFuV2	28.1000	32.544	.024	.756
ReFuV4	29.4000	29.378	.730	.705
ReFuV7	29.0000	26.444	.587	.694



## Reliability

### Scale: FiV

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.930	4

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FiV1	7.90	8.989	.930	.897
FiV2	8.20	7.289	.838	.915
FiV3	7.90	7.211	.801	.934
FiV4	8.10	8.767	.908	.897

## Reliability

### Scale: ATT

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.853	4

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ATT1	6.80	4.844	.783	.805
ATT2	6.60	4.711	.583	.856
ATT3	6.10	3.878	.763	.782
ATT4	6.60	3.378	.754	.799

## Reliability

### Scale: SN

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.735	8

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
SN1	18.30	15.789	.064	.755
SN2	19.30	13.567	.333	.726
SN3	19.20	13.511	.330	.727
SN4	19.10	12.544	.498	.694
SN5	19.10	10.989	.673	.651
SN6	19.00	11.778	.653	.663
SN7	18.90	13.656	.190	.767
SN8	18.30	11.567	.718	.650

## Reliability

### Scale: PBC

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.778	3

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
PBC1	5.80	3.733	.369	.940
PBC2	5.50	2.944	.777	.543
PBC3	5.50	2.278	.769	.507

## Reliability Scale: INT

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.834	3

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
INT1	4.50	2.500	.852	.604
INT2	5.00	2.889	.711	.754
INT3	4.90	3.211	.542	.913

**Reliability  
Scale: CK**

**Case Processing Summary**

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.764	3

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CK1	4.60	2.489	.766	.554
CK2	4.70	2.900	.570	.736
CK3	4.70	1.567	.605	.794

## Reliability (Pretest Chinese)

### Reliability IV

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.893	21

### Reliability SV

#### Scale: ALL VARIABLES

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.897	13

## Reliability FuV

Scale: ALL VARIABLES

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.852	14

## Reliability FiV

Scale: ALL VARIABLES

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.924	4

## Reliability ATT

Scale: ALL VARIABLES

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.866	4

## Reliability SN

Scale: ALL VARIABLES

### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.907	8



## Reliability PBC

### Scale: ALL VARIABLES

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.316	3

## Reliability INT

### Scale: ALL VARIABLES

#### Case Processing Summary

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.755	3

**Reliability CK**  
**Scale: ALL VARIABLES**

**Case Processing Summary**

		N	%
Cases	Valid	10	100.0
	Excluded <sup>a</sup>	0	.0
	Total	10	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.732	3

## APPENDIX 4: MEASUREMENTS USED IN THE RESEARCH

Variables	Questions
<b>Individual luxury values</b> Materialistic	My life would be better if I owned certain things I don't have I'd be happier if I could afford to buy more products of luxury of this brand It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like I have all the things I really need to enjoy life
Self-identity	I never buy a luxury brand inconsistent with the characteristics with which I describe myself The luxury brands I buy must match what and who I really am My choice of luxury brands depends on whether they reflect how I see myself but not how others see me
Self-gift	Purchasing of product luxury brands can be seen as giving me gifts to celebrate an occasion that I believe significant to me On the whole, I may regard product of luxury brands as gifts I buy for treating myself When in a bad mood, I may buy clothes of luxury brands as self-given gifts for alleviating the emotional burden Reward for hard work or that I feel I have earned or am entitled to is an important motivator for my luxury consumption To me, luxury consumption is a way to reduce stress
Extravagance	I enjoy spending money on things that aren't practical I usually buy only the things I need Buying things gives me a lot of pleasure
Self-directed pleasure	Clothes of luxury brands are one of the sources for my own pleasure without regard to the feelings of others I can enjoy products of luxury brands entirely on my own terms no matter what others may feel about them
Life enrichment	For me as a luxury clothes consumer, cultural development is an important motivator by buy Purchasing clothes of luxury brands provides deeper meaning in my life Self-actualization is an important motivator for my luxury consumption Luxury consumption enhances the quality of my life

<p><b>Social luxury values</b> Prestige relations</p>	<p>I like to know what brands and products make good impressions on others I usually keep up with style changes by watching what others buy Before purchasing a product of luxury it is important to know what brands or products to buy to make good impressions on others I want to know what kind of person buys the products luxury of this brand before purchasing it Before purchasing a product of luxury it is important to know what others think of people who use certain brands or products of this brand I tend to pay attention to what others are buying</p>
<p>Status conspicuousness</p>	<p>Before purchasing a product of this brand it is important to know what my friends think of different brands or products I actively avoid using products that are not in style If I were to buy something expensive, I would worry about what others would think of me Social standing is an important motivator for my luxury consumption For me as a luxury consumer, share experiences with friends are an important motivator I often refer my friends to help in choosing the best alternative available from a product category that mark My friends and I tend to buy the same brands</p>
<p><b>Functional Value Dimension</b> Usability Value</p>	<p>In my opinion, luxury is really useless. In my opinion, luxury is just swanky In my opinion, luxury is pleasant In my opinion, luxury is old-fashioned In my opinion, luxury is good Luxury products make life more beautiful I am not interested in luxury</p>
<p>Uniqueness Value</p>	<p>A luxury product cannot be sold in supermarkets True luxury products cannot be mass-produced. Few people own a true luxury product People who buy luxury products try to differentiate themselves from the others.</p>
<p>Quality Value</p>	<p>I'm inclined to evaluate the substantive attributes and performance of a luxury brands myself rather than listen to others' opinions. The luxury brand preferred by many people but that does not meet my quality standards will never enter into my purchase consideration. I buy a luxury brand for satisfying my personal needs without any attempt to make an impression on other people.</p>

<p><b>Financial value</b></p> <p>High price</p>	<p>Simply speaking, it is very expensive</p> <p>It is reasonably price</p> <p>It offers a good value for money</p> <p>It is a good product for money</p>
<p><b>Attitude</b></p>	<p>I buy clothes from this brand because I have many benefits (e.g., quality, designer, is fashion, status, etc..)</p> <p>Luxury clothes of this brand satisfy my needs</p> <p>This luxury brand helps to show my social status</p> <p>In general, I am happy with the clothes of this luxury brand</p>
<p><b>Subjective norms</b></p>	<p>When buying luxury clothes, I usually buy this brand, since others will approve</p> <p>If I want to be like someone, I often try to buy the same brands that they buy</p> <p>I often identify with other people by purchasing the same brands they purchase</p> <p>I would love to shop for luxury products from this brand because others think I should do it</p>
<p><b>Perceived behavioural control</b></p>	<p>I feel confident about choosing this brand when I do search for luxury products</p> <p>I clearly know the right things to do (not confused) during the process of buying a brand of luxury clothing</p> <p>I feel comfortable during the process of buying a luxury product of this brand</p> <p>I feel I have total control over my personal information during the purchase of this brand</p>
<p><b>Intentions</b></p>	<p>I will speak well about this brand to other people</p> <p>I will recommend the clothes of this brand if someone asks for my advice</p> <p>I will encourage my friends and relatives to buy clothes of this brand</p>

## APPENDIX 5: VALIDITY RESULTS

### INDIVIDUAL VALUE

		IV1	IV2	IV3	IV4	IV5	IV6	IV7	IV8	IV9	IV10	IV11	IV12	IV13	IV14	IV15	IV16	IV17	IV18	IV19	IV20	IV21	Individual Value	
IV1	Pearson Correlation	1	.570*	.285*	.342*	.177*	.324*	.344**	.428**	.440**	.328**	.447*	.334**	.181**	.268**	.531**	.459**	.345*	.403*	.511*	.520*	.543*	.685**	
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV2	Pearson Correlation	.570*	1	.290*	.287*	.182*	.312*	.313**	.503**	.483**	.288**	.434*	.263**	.112**	.286**	.530**	.445**	.329*	.382*	.426*	.475*	.538*	.656**	
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.001	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV3	Pearson Correlation	.285*	.290*	1	.281*	.027	.074*	.262**	.188**	.211**	.305**	.168*	.311**	.326**	.125**	.246**	.195**	.111*	.172*	.276*	.248*	.263*	.253**	
	Sig. (2-tailed)	.000	.000		.000	.430	.032	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.001	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV4	Pearson Correlation	.342*	.287*	.281*	1	.036	.202*	.283**	.250**	.251**	.434**	.272*	.419**	.439**	.094**	.356**	.334**	.368*	.281*	.397*	.364*	.395*	.555**	
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841

	Sig. (2-tailed)	.000	.000	.000		.303	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV5	Pearson Correlation	.177*	.182*	.027	.036	1	.469*	.187**	.241**	.224**	.058	.240*	.037	-.096**	.311**	.186**	.167**	.139*	.210*	.153*	.206*	.183*	.198**
	Sig. (2-tailed)	.000	.000	.430	.303		.000	.000	.000	.000	.092	.000	.290	.006	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV6	Pearson Correlation	.324*	.312*	.074*	.202*	.469*	1	.385**	.370**	.377**	.196**	.327*	.183**	.026	.359**	.374**	.368**	.291*	.353*	.297*	.348*	.377*	.521**
	Sig. (2-tailed)	.000	.000	.032	.000	.000		.000	.000	.000	.000	.000	.000	.453	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV7	Pearson Correlation	.344*	.313*	.262*	.283*	.187*	.385*	1	.366**	.273**	.333**	.311*	.331**	.226**	.205**	.370**	.306**	.266*	.322*	.318*	.348*	.350*	.532**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV8	Pearson Correlation	.428*	.503*	.188*	.250*	.241*	.370*	.366**	1	.590**	.346**	.524*	.287**	.095**	.331**	.531**	.459**	.349*	.408*	.440*	.502*	.490*	.673**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.006	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841

IV9	Pearson Correlation	.440*	.483*	.211*	.251*	.224*	.377*	.273**	.590**	1	.327**	.557*	.278**	.043	.403**	.546**	.472**	.316*	.447*	.440*	.499*	.506*	.670**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.215	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV10	Pearson Correlation	.328*	.288*	.305*	.434*	.058	.196*	.333**	.346**	.327**	1	.384*	.608**	.464**	.131**	.424**	.403**	.354*	.357*	.397*	.414*	.412*	.502**	
	Sig. (2-tailed)	.000	.000	.000	.000	.092	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV11	Pearson Correlation	.447*	.434*	.168*	.272*	.240*	.327*	.311**	.524**	.557**	.384**	1	.353**	.119**	.367**	.554**	.538**	.363*	.503*	.456*	.548*	.548*	.698**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.001	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV12	Pearson Correlation	.334*	.263*	.311*	.419*	.037	.183*	.331**	.287**	.278**	.608**	.353*	1	.471**	.141**	.408**	.411**	.330*	.355*	.410*	.393*	.378*	.565**	
	Sig. (2-tailed)	.000	.000	.000	.000	.290	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV13	Pearson Correlation	.181*	.112*	.326*	.439*	-.096*	.026	.226**	.095**	.043	.464**	.119*	.471**	1	-.114**	.193**	.204**	.224*	.132*	.269*	.180*	.212*	.339**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841



	Sig. (2-tailed)	.000	.001	.000	.000	.006	.453	.000	.006	.215	.000	.001	.000		.001	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV14	Pearson Correlation	.268*	.286*	.125*	.094*	.311*	.359*	.205**	.331**	.403**	.131**	.367*	.141**	-.114**	1	.399**	.341**	.203*	.310*	.286*	.352*	.363*	.466**	
	Sig. (2-tailed)	.000	.000	.000	.006	.000	.000	.000	.000	.000	.000	.000	.000	.001		.000	.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	
IV15	Pearson Correlation	.531*	.530*	.246*	.356*	.186*	.374*	.370**	.531**	.546**	.424**	.554*	.408**	.193**	.399**	1	.579**	.431*	.545*	.585*	.573*	.640*	.788**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	
IV16	Pearson Correlation	.459*	.445*	.195*	.334*	.167*	.368*	.306**	.459**	.472**	.403**	.538*	.411**	.204**	.341**	.579**	1	.453*	.459*	.496*	.534*	.556*	.727**	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	
IV17	Pearson Correlation	.345*	.329*	.111*	.368*	.139*	.291*	.266**	.349**	.316**	.354**	.363*	.330**	.224**	.203**	.431**	.453**	1	.397*	.366*	.416*	.415*	.602**	
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	

IV18	Pearson Correlation	.403*	.382*	.172*	.281*	.210*	.353*	.322**	.408**	.447**	.357**	.503*	.355**	.132**	.310**	.545**	.459**	.397*	1	.561*	.537*	.503*	.678**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV19	Pearson Correlation	.511*	.426*	.276*	.397*	.153*	.297*	.318**	.440**	.440**	.397**	.456*	.410**	.269**	.286**	.585**	.496**	.366*	.561*	1	.596*	.553*	.726**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV20	Pearson Correlation	.520*	.475*	.248*	.364*	.206*	.348*	.348**	.502**	.499**	.414**	.548*	.393**	.180**	.352**	.573**	.534**	.416*	.537*	.596*	1	.623*	.756**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IV21	Pearson Correlation	.543*	.538*	.263*	.395*	.183*	.377*	.350**	.490**	.506**	.412**	.548*	.378**	.212**	.363**	.640**	.556**	.415*	.503*	.553*	.623*	1	.776**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	N	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841
IndividualVal	Pearson Correlation	.685*	.656*	.253*	.555*	.198*	.521*	.532**	.673**	.670**	.502**	.698*	.565**	.339**	.466**	.788**	.727**	.602*	.678*	.726*	.756*	.776*	1

ue	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
							841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841	841





