



**BOURNEMOUTH UNIVERSITY**

**Exploring Chinese Consumers' Luxury  
Value Perceptions: Development and  
Assessment of A Conceptual Model**

**Yan Liang**

**Doctor of Philosophy**

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**EXPLORING CHINESE CONSUMERS' LUXURY  
VALUE PERCEPTIONS: DEVELOPMENT AND  
ASSESSMENT OF A CONCEPTUAL MODEL**

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**A thesis submitted in partial fulfilment of the requirements of  
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**2018**

**BOURNEMOUTH UNIVERSITY**

## **Copyright Statement**

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## **Abstract**

### **Exploring Chinese consumers' luxury value perceptions-- development and assessment of a conceptual model**

**Yan Liang**

With the dynamic growth of luxury consumption in China, understanding the Chinese consumers' perceptions of luxury value is becoming important for luxury researchers and marketers. Although most studies conducted in developed countries have provided theoretical insight on luxury value perceptions, limited research has been carried out on Chinese consumers' value perceptions of luxury products. This research explored the literature and evaluated multidimensional conceptual models to identify the factors that influence Chinese consumers' self and societal luxury value perceptions. Thus, this research extends the understanding of why Chinese consumers buy luxuries, what does luxury mean to them and what variables influence their luxury value perceptions.

Hence, from a theoretical point of view, the present study aims to fill the gaps in the research on luxury consumptions in China, and seeks to develop, propose and assess a conceptual model by explaining the key factors that influence Chinese consumers' luxury value perceptions, based on the findings from existing literature and primary data collected from Chinese luxury consumers.

The mixed methods research was selected for this study to develop and assess a conceptual model of Chinese consumers' luxury value perceptions. To implement this, two stages of field research were conducted. The first stage of the field research used an inductive approach and selected 10 focus group interviews to explore, identify and clarify key variables which influence Chinese luxury consumers' value perceptions. Based on the qualitative findings and literature, ten hypotheses were proposed and the study found that self and societal perceptions influence Chinese consumers' luxury value perceptions. Moreover, self perception is influenced by societal perception. Hedonic pursuit value, uniqueness value and vanity value have a

direct impact on self perception on luxury products. In addition, conspicuous value, social status value, conformity value and face saving value play an important role to influence Chinese consumers' societal perceptions on luxury products. In the second stage of quantitative study, a survey questionnaire was designed to operationalise each of the hypotheses that developed the conceptual model. Based on 545 completed online survey responses collected from Chinese luxury consumers, data were analysed to test the reliability and uni-dimensionality of each of the constructs of the conceptual model. Each of the hypotheses of the conceptual model is tested through linear regression analysis. The test results confirmed that the independent variables positively and significantly impact on the dependent variables.

This study provides a new theoretical insight into the phenomenon of luxury consumption by proposing a conceptual model of Chinese consumers' luxury value perceptions. This research study would also help marketers to gain better understanding of consumer behaviours on luxury products to develop appropriate marketing strategies in the growing Chinese luxury market.

Key words: Luxury value perception, Chinese consumers, Luxury consumption, Consumer behaviours, New luxury, Self perception, Societal perception.

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# **Declaration**

**I declare that no material contained in the thesis has been used in any other submission for an academic award.**

Yan Liang

2018

# Chapter 1

## Introduction

### 1.1 Introduction

This research investigates the underlining factors that influence Chinese consumers' luxury value perception to purchase luxury products in the context of the Chinese market. Following a brief introduction to the background and justification of the study, this chapter provides a general picture of the structure of the study, including the research background, the research gap, aim and the objectives of the study. The chapter then identifies the research questions and discusses the research contributions, the final section of this chapter outlines the structure of this thesis.

### 1.2 Background

Over the recent decades, the global luxury goods market has grown dramatically. Luxury consumption has been present in diverse forms since the beginning of human civilization and luxury brands have always held a special spot in human imagination (Berry, 1994). The world is becoming globalised, and the luxury sector reflects this as luxury products cross geographic boundaries to reach consumers all over the world (Aiello et al, 2009).

Why do people like to consume luxury products? Strictly speaking they do not need these products for their survival. Yet, increasingly consumers are engaging in the consumption of luxury products. During the early years, luxury products were considered a privilege to possess. As explained by Nueno and Quelch (1998) the word "luxury" was applied to products that were rare and scarce which were only presented to a small number of individuals. The global demand for luxury goods has been consistently increasing for the past many years, although the luxury sales decreased in most mature markets due to the global economic slowdown such as US, Japan and Europe due to the credit crunch, property crash (Tynan et al, 2010), the appetite for luxury goods is still growing dramatically in the emerging markets of



China, India, Russia, the middle East and Latin America (Chadha and Husband, 2006; Shukla and Purani, 2012).

The luxury goods market is directly correlated with the global economic conditions (Bahar et al 2013). The growing population of high net worth individuals and the increasing demand from the emerging economies is expected to boost the global market. There has been a trend in the market that people spend more on the luxury products, and they have been become more affordable for more and more consumers. In a recent study, Bain and company (Bain, 2010) analysts predicted that luxury goods market would grow at a pace of 8 – 9 % per annum with 85 per cent of all luxury stores opening in emerging markets over the coming decade. The concept of luxury has been changed from “rare” products to “fashionable” and “affordable” products (Li and Su, 2007), The luxury market will remain strong worldwide year by year. Each year consumers spend billions of dollars on luxury products globally, and the number of consumers in the world who purchase luxury goods increased dramatically as a result of their rising discretionary income and spending power (Vickers & Renand, 2003). According to Hemantha (2013), due to the rapid rise in the standards of living and consumer knowledge about the luxury products, the market for luxury products has grown over the past 10 to 15 years. In the year 1990, the size of luxury goods market was around \$86 billion, but during the last two decades luxury industry grew at a very fast pace, in 2012 the global luxury sales in this industry increased by 10 per cent over 2011, reached \$250 billion (Bain and Company, 2012). In 1998, Nueno and Quelch (1998) stated in their research that “40 percent of sales of luxury brands were made in Europe, 28 percent in North America and 24 percent in Asia”. However, after years of stagnation in the economy, the luxury industry has expanded its markets from the traditional European and USA markets to emerging markets such as India and China (Shukla and Purani, 2012).

Asia is currently the biggest market for luxury and prestige brands from the West (Wong & Ahuvia, 1998). Eastern cultures such as China became one of the fastest growing economies in the world since the late 1970s (Agawal & Wu, 2004). According to the report provided by Bain & Company (2010), China has become the second largest market of luxury products with annual increase of more than 30% in

2010 (Lu, 2010). At global outlets around the world, there are often long queues in front of Louis Vuitton showrooms; anecdotally, many of those standing in line appear to be Chinese (Zhan and He, 2011 cited LVMH).

The size of Asia Pacific's retail market grew by over US\$1 trillion over the last 10 years, and this was substantially more than any other region in the world (Euromonitor, 2014). Hutchins (2014) stated that the retail expectations of consumers in Asia Pacific changed beyond recognition as the money flowed in, especially in China, the tastes became increasingly sophisticated and the middle class became more brand savvy. In Asia, Japan and South Korea have been both labelled as 'the developed country'; China and India labelled as "the emerging country" in light of speed of growth - and cultural background. According to McKinsey & Company, during the past five years, luxury sales have grown more slowly in Japan than in any other Asian market. However, they still ranked as No. 5 largest global luxury market. After two decades as mature luxury market, the research of luxury goods in Japan 2013 preview conducted by McKinsey & Company stated that Japan's much-sought after luxury shoppers have altered the way they think and the way they shop, most of them no longer buy something simply because everyone else has it (McKinsey & Company, 2013). On the other hand, the luxury goods market in South Korea ranked 8th out of the 32 countries covered by Euromonitor International's luxury goods research and at the moment it accounts for 3.5% of the global market. Although South Korea is one of the fastest growing luxury goods market in the world, the constant growth is behind China and India. Moreover, compared with luxury sales in two similar developing countries, Bain and Company announced that Chinese consumers represent the top and fastest growing nationality for luxury, and it is now ranked as second largest global luxury market behind USA and ahead of Japan. They estimated that the Chinese luxury market has been valued at 180 billion Yuan(\$28 billion) and accounts more than 20% of the global market, while India's current luxury market at close to \$6 billion and growing at 15-20% a year (Euromonitor, 2014). Bothra (2014) pointed out India is still the fastest growing luxury goods market in the world and could emerge as the "new China", offsetting slower growth in the rest of the region. However, the Indian' luxury market is way behind China's luxury market, which boasts of 745,000 high-net worth individuals

(HNIs) compared with India's 120,000. While China retails luxury labels through 1,100 outlets, India has 60 stores.

At present, China is leading substantial growth of the global luxury consumptions in the world, although the growth in sales of luxury goods in China dropped in recent years with a stock market in decline, fewer foreign luxury goods being imported and the arrest of several senior industry figures under the anti-corruption campaign led by Xi Jinping, Chinese consumers still spent nearly \$19 billion on luxury goods in 2016 (Bain and Company, 2016). With the factor that Chinese market has become one of the biggest markets for all luxury brands, the Guardian (2011) predicted that China would probably become the world's largest luxury market before 2030.

Over the past 30 years, China's levels of wealth and number of wealthy people have grown faster than almost anyone could have predicted. As of 2016, China's nominal GDP by expenditure approach is 74.41 trillion Chinese Yuan (11.2 trillion US dollars). China's nominal GDP by expenditure approach surpassed that of Italy in 2000, France in 2002, the United Kingdom in 2006 and that of Germany in 2007, before overtaking Japan in 2009, making China the world's second largest economy after the United States (National Bureau of Statistics of China, 2014) . Since the launch of the "open door" policy in 1970s, a large number of international famous brands entered the Chinese market, foreign trade is becoming more frequent, after joining the WTO, international trade facilitation and various preferential policies helped the luxury consumption growth in China. When facing the European debt crisis and the impact of the international financial crisis in 2011, the Chinese government implemented vigorous macro-economic adjustment policies, which energetically tackled these complex changes in the international and domestic environment, and the sales of luxury goods in the mainland China rose by 16 per cent according to Atsmon et al (2011)'s report from McKinsey research. Nowadays, most of the world's leading international luxury brands expanded their business in China, China is viewed as one of the most promising and exciting luxury markets in the world, and there is no doubt that China is regarded as a market with the highest growth rate for the global luxury goods marketers today.

### 1.3 Research gaps

Observing the growth of luxury products in the last two decades, researchers are giving greater attention to the phenomenon of luxury consumption in the world. The continuing increasing numbers of consumers for luxury products has prompted an increasing number of studies in recent decades, and the growing number of recent publications have addressed various aspects of luxury consumption, such as the concept of luxury (Berry, 1994; Dubois and Paternault, 1995; Phau and Prendergast, 2000); luxury brand management (Ciornea et al., 2012a; Fionda and Moore, 2009; Hung et al., 2011; Kapferer, 1997 Okonkwo, 2009; Kapferer and Bastien, 2009); luxury consumptions factors (Husic et al., 2009; Truong, 2010); consumers' perspective of luxury (Brun and Castelli, 2013; Chung and Lee, 2014; DeBarnier et al, 2012; Dubois and Szellar, 2002; Emile and Craig-Lees, 2011; Kemp, 1998; Vigeron and Johnson, 1999; Wiedmann et al., 2007); consumers' attitudes toward luxury ( Dubois and Laurent, 1994, Stegemann et al., 2013); consumers' values, motivations and purchase intention for luxury goods (Nwankwo et al., 2014; Tsai, 2005). By looking at other similar recent PhD work, they are discussed on luxury consumption but on different areas, the author also found that there is limited studies focuses on luxury consumption in Chinese market, for examples, Borstrock (2013)'s PhD works examines the nature of luxury and luxury branded products, and the meanings attached to them. His work used three case studies ( Prada, Louis Vuitton and Tanner Krolle) to address the differences between the luxury and luxury brand markets through the analysis of products within the leather goods. In addition, the PhD study conducted by Potavanich (2016) argued that the term " luxury" has little meaning unless it is integrated within the current 'practices of consumer culture. Therefore, he selected 16 UK and 16 Thai undergraduate and postgraduate students participated in his research, he developed four practices of luxury consumption: caretaker, escapist, self-transformation and status-based according from his findings.

Although most of these numerous studies have focused on the consumers' perspective of luxury products in the western countries, it is still unknown whether Chinese consumers perceived the luxury products the same as the luxury consumers

in the western market. In addition, because of the high profitability and diversity in the Chinese luxury market, the scholars are giving greater attention to the phenomenon of luxury consumption in China and some researchers have started to investigate Chinese luxury consumptions in recent years. For instance; Wang et al. (2011) and Zhang and Kim (2012) examined Chinese consumers' attitude towards purchasing luxury fashion goods; Ling et al. (2009) discussed the potential niche markets for luxury fashion goods in China. In 2013, Ng (2013) discussed the social media and luxury fashion brands in china, but focused on the case of the Coach brand. The latest PhD studies also looked into different angles, for examples, a study PhD study conducted by Li (2014) focused the antecedents and consequence of brand commitment toward western luxury brands, his findings revealed that brand affect, brand trust and luxury customer value positively influence Chinese consumers' brand commitment based on quantitative data gathered in Beijing. Liu's PhD (2013) investigated the foreign luxury fashion retailers' internationalisation process into china by using 22 in-depth case studies, including luxury retailers of different sizes and who entered China at different times.

Thus, researchers have discussed luxury consumption phenomenon in China, and it has been found that understanding Chinese consumers' behaviour is the luxury marketers' biggest challenge in order to successfully tap into the Chinese market (Wong and Ahuvia, 2008, Lum 2008's; Wang et al, 2011). However, little empirical attention within the marketing related literature has been devoted to the Chinese consumer luxury value perception, and specifically, few studies identified multidimensional conceptual models to reveal what are the key factors that influence the Chinese perceptions of luxury consumptions especially focusing on self and social luxury value perception. Although Vigneron and Johnson( 2004) and Wiedmann et al (2007) have provided theoretical frameworks of luxury value perception in their research, these studies have conducted mostly in western countries and their proposed frameworks were based on reviews of literatures. Thus, their existing conceptual and empirical papers are largely a-theoretic and merely descriptive but without strong explanatory properties. This study aims to introduce a theoretical basis as a foundation upon which a model of luxury value perception can be developed.

#### **1.4 Research aim and objectives**

Nowadays, with the growing purchasing power and the large market size, Chinese consumers become a very important and strategic segment for the global luxury market, hence the reason to understand this consumer group is essential for the luxury fashion industries to enhance their business success in the Chinese luxury market, and to develop effective plans to satisfy consumer's multiple needs and exceed their expectations.

Thus, the primary goal of this study is to understand why Chinese consumers seem to have high interest in luxury products and how their perceived luxury value perception affects their buying behaviours. Especially to explore how self-perception and societal perception integrated into luxury value in the context of Chinese culture, and to examine what are the key influencing variables affecting consumers' luxury value perceptions of purchasing the luxury products. In addition, a goal is to explore if Chinese luxury consumers are more driven by a self perception in their luxury consumption or are more driven by a societal perception.

Moreover, this study also aims to develop and assess a proposed conceptual model that enables researchers and practitioners to understand the relationships between these influencing factors and luxury values perception on both self and societal perspectives in the context of the Chinese luxury market. Finally the conceptual model and each individual hypothesis will be empirically assessed and tested using a representative sample of Chinese luxury consumers.

In order to achieve this research aims the main objectives of this research are:

1. To identify and investigate the underlying factors determining and influencing Chinese consumers to purchase luxury products through a critical literature reviews and field research (both qualitative and quantitative studies).

2.

(a). To develop and propose a conceptual model explaining the key perceived values in influencing Chinese consumers' self and societal luxury perceptions based on existing literature and findings from focus groups discussions (first stage of the field research - qualitative study).

(b). To design a measurement instrument based on the findings from the qualitative study and recent literature.

3. To assess the developed theoretical model by testing each proposed hypothesis (second stage of the field research - quantitative study) to ensure the conceptual model is valid for scholars and marketers to use in the future.

4. To analyse the research findings and put forward key recommendations to the marketing managers in the Chinese luxury market.

### **1.5 Research contributions**

This study can provide both theoretical and practical contributions to the academic literature and for luxury marketers. From the theoretical contribution point of view, this research would provide a broader perspective in exploring the Chinese customers' self and societal perception for purchasing luxury products. By considering all different aspects that constitute a customer's perception of buying luxury products, this research integrates these value perceptions into one multidimensional model to explain directly why Chinese consumers choose to buy luxury products, and what of these variables influence their luxury value perceptions. Thus the summaries of the theoretical contributions are:

1. This study will contribute to the relatively limited literature on the concept of luxury in the context of Chinese market.
2. This study will provide a new theoretical insight into the phenomenon of luxury consumption in China through developing and assessing a comprehensive model that covers the various perspectives that influence Chinese consumers' luxury value perception and purchase behaviours of luxury products.

In addition, the findings of this study will have important contributions for managers of luxury companies that are seeking to penetrate the Chinese consumer market. This research will provide the following practical contributions:

1. It will help marketers to gain better understandings of consumer behaviours towards luxury products and to position their products effectively in the Chinese market.
2. As a result, this study will assist managers and marketers to develop appropriate marketing strategies in order to satisfy consumers' multiple needs and their expectations in the growing Chinese luxury market.

Moreover, from a methodological perspective, the previous empirical research has been based on small student samples that are conventionally used in the context of similar research (e.g. Kapferer, 1998; Dubois, Czellar and Laurent, 2005; O'Cass and Frost, 2005; Amaldoss and Jain, 2005a; Amaldoss and Jain, 2005b; Vigneron and Johnson, 2004). This study will make use of a truly random sample of actual consumers of luxury products from big cities in mainland China, thus such a sample represents more realistically global luxury consumers. Furthermore, the present research uses a mixed methods approach. This particular methodology combination (focus groups interviews and survey questionnaires) on Chinese consumers' luxury value perception is innovative in the experiential marketing research, and therefore could be said to set a new benchmark for future research.



In summary, the potential convergence of different cultures and accumulated differences between western and non-western cultures leave a gap in understanding perception of luxury goods consumption within Chinese culture. Although many global luxury companies recognise the high potential of future growth from China, marketers still need to have insights about the new consumers they target. This study contributes to theory with evidence about perceptions of luxury consumption behaviour in China, furthermore, this study has also aimed to propose a conceptual model demonstrating the understanding why Chinese are buying luxury products and what are the key factors that influence Chinese consumers' luxury value perceptions. The outcome of the findings of this research can help luxury firms' targeting and positioning strategies and would result in better understanding in designing product and promotional offerings, establishing brand image, and generating profits. For example, when building promotional strategies to target China, companies tended to use either the same plans of action used to appeal to consumers in the Western world, or strategies that reflected broad general characteristics of Chinese consumers. Additionally, marketers could implement suitable marketing strategies for how to focus on Chinese consumers' social desire to impress others and also consider the direction of personal orientation in long-term planning. As such, luxury goods manufacturers that are aware of these underlying factors would be more likely to satisfy Chinese consumers and maximize their luxury sales.

### **1.6 Research questions**

Wong and Ahuvia (1998) stated that luxury consumption needs to be examined in the light of specific cultural context in which it takes place. Therefore, it is important for this study to discuss the significant factors that influence Chinese consumers' luxury value perceptions in terms of their self and societal perspectives in China. The research question and sub-research questions were developed as below. In addition, it would be essential to develop a composite model that could present and demonstrate the Chinese consumers luxury value perceptions combining the findings from past literature of consumer knowledge of luxury value perceptions and the entirely new findings from Chinese consumers' perspectives, thus the proposed conceptual model will be a unique model that varies from previous studies and could

well demonstrate significant key dimensions of Chinese consumers' luxury values on both self and societal perceptions. Moreover, an empirical assessment of the proposed value perceptions conceptual model is needed to extend the validity and reliability of the theoretical foundations.

**Main research questions:**

What are the key underlying factors that influence Chinese consumers purchasing of luxury products? And to understand how self perception and societal perceptions integrate into luxury value perception in the context of Chinese culture?

**Sub research questions**

1. What Chinese consumers believe luxury is? What influence their luxury value perception?
2. What are the key variables that influence Chinese consumers' self perception of luxury value perception?
3. What are the key variables that influence Chinese consumers' societal perceptions of luxury value perception?
4. What is the proposed conceptual model that would demonstrate Chinese consumers' overall luxury value perceptions?
5. Are Chinese luxury consumers more driven by self perceptions in their luxury consumption or are more driven by societal perceptions?
6. Is this proposed conceptual model reliable and valid in the Chinese luxury market?

## **1.7 Thesis Synopsis**

This section draws a review of the organisation of the thesis. Five chapters are presented in this research.

### **Chapter 1: Introduction**

This chapter gives a general introduction to the context background, research topic, research gap, aims, objectives and questions. Also, it discusses the potential contributions and concludes with an outline of the structure of this thesis.

### **Chapter 2: Literature Review**

This chapter introduces and reviews the literature relating to the definitions and generic backgrounds to luxury, explaining the general theories and concepts of luxury value perception, highlighting the influencing factors of both self and societal perceptions in various disciplines that relate to this research. In addition, this chapter presents the relevant theoretical frameworks and conceptual research hypotheses that identifies and explains the underlying variable based from literature.

### **Chapter 3: Methodology**

In chapter three, the research methodology selected for this thesis is discussed. The focus of this research is the investigation of the underlying factors which influence Chinese consumers' luxury value perception. Focus group discussions and survey questionnaires are conducted as methods of data collection. The approach of data analysis will be discussed.

### **Chapter 4: Findings and Discussions**

The qualitative study aims to gain in-depth and better understanding of Chinese consumers' perspectives towards luxury consumption, firstly, this chapter explains the qualitative data analysis procedures and identifies the findings of the qualitative study through 10 focus group discussions. Secondly, the findings are obtained from the data analysis of 545 survey questionnaires are analysed to establish the reliability

and validity of the proposed conceptual model. In addition, this chapter provides a discussion relating to the empirical two stages of field studies, the key consequences relating to the luxury value perception are discussed and the research hypotheses were evaluated. Finally, the multidimensional conceptual model is proposed based on the outcomes of two stages of this study demonstrating key factors influence Chinese consumers' luxury values.

## **Chapter 5: Conclusions**

This chapter presents the research contributions in relation to both the theoretical (academic), managerial (practical) contributions made. In addition to this, this chapter describes the limitations of the research and draws recommendations for future studies based on the results of this thesis.

# Chapter 2

## Literature review

### 2.1 Introduction

According to Boote and Beile (2005), the purpose of the literature review is to critically examine the state of a field and the history of a topic, to resolve ambiguities and, finally, synthesize and offer a new perspective. Following this good advice, the author brings the luxury related theories and concepts into discussion in this chapter.

### 2.2 Background of luxury market and consumers

This section firstly introduced recent developments in the global luxury products industry, further it discusses the Chinese luxury market and focuses on - one of the biggest forces in global luxury spending- Chinese consumers.

#### 2.2.1 The luxury industry and consumer market

The luxury consumption phenomenon can be tracked back hundreds of years, it has been an important social practices (Berry, 1994). During the seventeenth century, luxury was found in extraordinary commodities: rare pearls, crystal, perfumes and spices from the Caribbean (Berthon et al, 2009), before the 1990s, luxury production consisted mostly of small privately owned companies (Csaba, 2008), and luxury goods were produced by the hand of local craftsmen and were primarily sold on the local market (Brun and Castelli, 2013). The modern luxury fashion industry originated in France, such as Cartier founded in Paris in 1847 by Louis-Francois Cartier, and Louis Vuitton, created by Louis Vuitton in 1854 (Okonkwo, 2007). Since such as the Italian, French and American global companies entered the luxury fashion industry around the twentieth century, the changes in the business environment are led many fashion companies to adopt new management practices and organizational structures, such as mergers, acquisitions and new alliances among companies (Gao, 2009). Thus, during the twentieth century, the growth of luxury business had broadened the customer base, and the reputation for exceptional quality

of products had transformed well-established brands, for instance, LVMH, one of the world's largest luxury conglomerates today, was formed through mergers that first brought together Moët et Chandon, a champagne producer, and Hennessy, a leading cognac manufacturer, and then in 1987 added Louis Vuitton, a fashion house, to form the current group (Gao, 2009).

With the economic, social and technological changes, the market for luxury products has seen spectacular growth. Because of the growing purchasing power and the industrialization process adopted by manufacturers, products that used to be considered exclusive are now widely consumed by the public, and the spectacular growth of the luxury goods market can be attributed to a powerful current of democratization (Dubois and Laurent, 1995). After years of stagnation in economy, more and more fashion fans have gone away from the expensive goods in search of cheaper ones to justify their purchase, and the luxury sales decreased in most mature markets such as Europe, and the Chinese luxury markets drove the growth, by 2012, Chinese consumers, including their spending as tourists, now account for over 20% of global luxury sales. Asian consumers, including Japan, Korea, and Southeast Asia, account for more than 50% (Bain and company, 2012). Because of the huge demands of global luxury goods growth in recent years, the luxury industry has expanded its markets from the traditional European and USA markets to emerging markets such as India and China. Almost all of the leading international luxury brands expanded their business in Asia, mainly in China, as it is another rapidly growing Asian country after Japan with mainly luxury brands consumers.

In 2006, Chadha and Husband (2006) have developed a model (figure 1) and explained the luxury culture in East Asia, according to the different levels of economic development. They put forward that the spread of the luxury culture in East Asia in general has followed a five-stage process, as shown in the following figure:

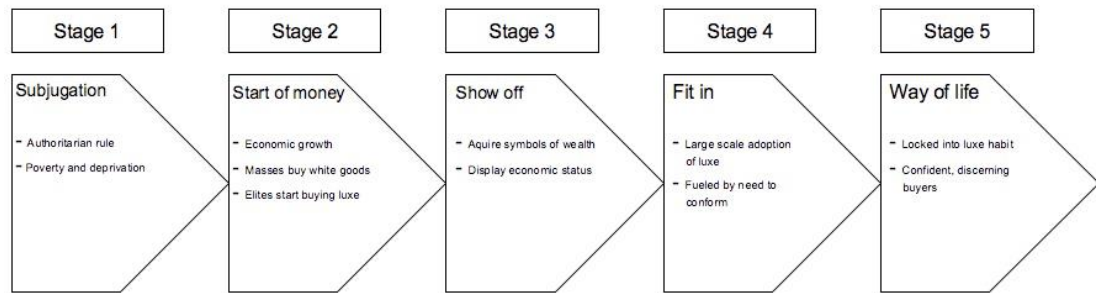


Figure 1: The spread of luxury model

(Source: Chadha and Husband 2006, p. 43)

The figure 1 explains the different stages of luxury consumption, which follows a country's economic development. Chadha and Husband (2006) have found that only a selected segment of the Chinese can be considered being in the show off stage, A larger Chinese segment has only reached stage 2 where people with more modest income have started to afford a few luxury products, because most Chinese people are still experiencing poverty and deprivation, while, for example, they considered Japan was at the stage way of life. However, nowadays, after a decade since Chadha and Husband's findings, the demand for luxury brands is soaring in China, Chinese consumers have shown a big appetite for luxury brands in the world. With the rapid development of China's economy and the wealthy classes expand, China's luxury consumer market has boomed and developed so rapidly that no luxury brand can now afford to ignore its potential. Although Chadha and Husband's research has revealed the difference between the Chinese luxury market and mature developed luxury market, it is interesting to conduct a study just focus on the Chinese luxury market and explore how Chinese consumers behave differently when consuming luxury goods, and especially to understand how their luxury value perceptions present differently.

Without doubt, the economic growth, income levels increase, and the improvements in living conditions are direct causes for luxury market development, as Eng (2010) stated there is a direct relationship between economic growth and increased expenditures for luxuries. The Chinese market has tremendous potential for luxury brands, and now China has had one of the fastest growing economies in the world and it is one of the biggest emerging markets for luxury products, and has become

the world's second largest luxury market, only surpassed by the USA (Bain and Company, 2015).

Today, 80% of the global luxury brands have entered the China market according to the global and China luxury apparel industry report published in the Research In China, one of the leading independent provider of China Business intelligence (ResearchInChinaRIC, 2014). China is undoubtedly increasingly important for luxury companies around the globe. For instance, China is now the second largest market for LVMH, which acts as the world's largest luxury group owning more than 50 luxury brands, and their largest flagship store has built in Shanghai (Research and Markets, 2014).

With the influence of the country's open evolution and economic changes, the purchasing habits of Chinese have profoundly changed especially in the past few decades, today's Chinese consumers are exposed to a wide variety of products coming from all over the world (Zhan and He, 2012). Most of the international brands are planning to expand their business in China. Besides opening flagship stores in the first-tier cities such as Beijing and Shanghai to showcase their products, brands are also expanding fast into other second-and third-tier cities. China now continues to be one of the fastest-growing luxury markets in the world. According to Atsmon et al (2011)'s report from McKinsey research: even during the global recession in 2009, sales of luxury goods in the mainland China rose by 16 percent.

Frank (2000) stated that when people face their sudden increase in wealth, they would not hesitate to choose the "luxury symbols" to show their new economic and social position. With the rapid development of China's economy the wealthy classes have expanded, China's high-end consumer market has also boomed. With such rapid development, there is no luxury company can now afford to ignore this potential. Hence, for Western companies those are wishing to expand their luxury business into the Chinese market need to be aware of the Chinese consumers' behaviours for luxury consumption. The rapid economic growth of China has spawned a massive high spending market, and Chinese consumers' purchasing power is surprising the whole world; luxury and its consumption have become a driving force for social progress and economic development (Zhou, 2005). Louis Vuitton (one of the world's largest luxury group- the French LVMH group with



major business of leather goods and garments) entered the Chinese market with the opening of its first Louis Vuitton handbag store in the Peninsula Beijing Hotel in 1992. After 12 years of trial, Louis Vuitton opened its China's first flagship store in Shanghai in September 2004. By the end of 2005, Louis Vuitton had 13 stores in mainland China. Until now, it had grown strongly opening more than 40 stores and shopping malls in China,

However, Ernst & Young's report (Ernst and Young, 2013) pointed out that the Chinese luxury market is still at the initial stage although it has grown rapidly, and the consumer mentality is still dominated by "identity", which means that consumers tend to pursue the latest, most popular items that belong to the "commodity driven consumption". Compared with European and American consumers, Chinese luxury consumers pay more attention to the luxury products, manufacturer and country of origin, they like luxury buying products which have high public visibility or an obvious visual brand logo, and luxury goods which imported from abroad. While the developed countries in the luxury market are more mature, consumer prefer "experience driven consumption", pursue relax and comfortable vacations or good quality of service, such as door-to-door delivery service (Podoshen et al, 2011).

### **2.2.2 Chinese luxury consumers**

Chinese luxury consumers are different from those in western developed countries in terms of age and the products they consume (Henriksen, 2009). According to the report from People's daily online that the Chinese wealthy are much younger than those in the US and Japan, with about 80 percent under 45, compared with 30 percent in the US and 19 percent in Japan. They are usually much better educated than other Chinese consumers and most of them are self-employed (People's Daily Online, 2009).

The main luxury consumption group in China is mainly concentrated in the 30 ~ 50 year old band, whereas in western developed countries, the leading consumption groups are aged between 40 ~ 70 years old (Ngai and Cho, 2012). In addition, Chinese consumption is mainly concentrated in the clothing, perfume, watches and other personal items, but in Europe and the United States, consumers perceive

houses, cars, and family travel as their desirable luxury (Wang and Han, 2011). At a time of rapidly rising incomes, more Chinese consumers than ever feel comfortable buy luxury goods. The report from the China Brand Strategy Association (Mastny, 2013) announced that there are there are about 10 to 13 million people who are active buyers of luxury goods, accounting for 13.5% of the total population in China, who are considered as middle class consumers. They mainly purchase luxury watches, bags, cosmetics, clothing and jewellery. According to the survey conducted by HSBC and MasterCard Worldwide (Jing, 2007), this middle class group of people are those with a university degree or above, a professional job and financial independence.

In addition, the 21st Century Deluxe Report, a jointly-launched survey by Ipsos and a global leader in market research, indicated that in China, the active high-end business people are mainly 25 to 29 years old, accounting for about 1/4 of all the high-end business. This shows that, in China, high-end business people are becoming younger (Li, 2009). Moreover, according to Stokburger-Sauer and Teichmann (2013), the female consumers spend more on luxury products significantly than male consumers. These female consumers fancy watches, handbags, cosmetics, fashion, jewelleryes and other personal ornaments (Tai and Tam, 1997). So, in China the newly rich and empowered women are the frequent luxury goods shoppers, these wealthy consumers like to purchase brands that represent status and recognition, and to stand out from the crowd, or to reward themselves (Ngai and Cho, 2012).

According to the recent luxury consumption research in China, the author concluded that there are two main groups who consume luxury goods.

### **1. Top consumer group, also known as "rich" (Millionaires) and "super-rich" (Billionaires).**

According from the Hurun Research institute, there are 1,090,000 (1.09 million) millionaires and 67,000 'super-rich' in China (Hurun, 2014). Their consumption characteristics are not sensitive to the price. As long as they love, they would like to spend money on it. For example, they are buying villas, yachts, private aircraft, limited edition and private-tailor cars, they prefer to wear Cartier jewelry, Patek

Philippe watches and Hermès accessories, while the wardrobes of the wealthy are stocked with Armani outfits for the men and Chanel for the women, and Burberry is the children's clothing brand of choice among the privileged demographic. Around 40% of the 'super-rich' now own a yacht, their favourite brand is Ferretti. Meanwhile Gulfstream, the Embraer Legacy 650 and the Dassault Falcon 7x are the most popular business/private jets for them (AFP Relaxnews, 2014).

Therefore, this group of luxury consumers wants to live their lives, and do not care how much they are spending as long as they love. They are more active for something new to express their distinct taste. This upper class group will increase yearly as the Hurun Research Institute has predicted that in the next five years the number of millionaires could reach 1,210,000 (1.21million), and similarly the number of super-rich could increase to 73,000 (Hurun, 2014), as a result, the luxury sales in China will continue boom.

## **2. Middle class—main power**

According to Wang (2013) the middle class are defined based on their economic capital (income, business ownership, occupations, and property ownership) and its social capital (education, and social and political network). China's middle class possesses a relatively high level of education, professional skill and a relatively stable and high income. According to McKinsey & Company's report (McKinsey and Company, 2014), the explosive growth of China's middle class has brought sweeping economic change and social transformation to China. In 2005, Zhou (2005) stated that the China's middle annual income ranged from \$9,000 to \$34,000 per household. By 2012, based on the news reported by CNN Money (Luhby, 2012), China's middle class was defined with an annual income of \$20,000 to \$80,000 per household. Without doubt, China is now fast becoming a middle class nation; it also predicts that Chinese middle class may grow to 700 to 800 million, which is 50% to 60% of China's entire population in the future (Chen and Lu, 2011). Their consumption characteristics are weak sustainable consumption and persistent infatuation with luxury products (Chen and Lu, 2011).

Wang (2013) concluded that China's new middle class represents a wide range of professions, such as mid-level managers, business owners and office workers of

business enterprises, also known as “white collars”. China’s middle class also includes a public servant stratum, which consists of government employees, who exert a strong influence in public and social sectors. It also includes new professionals with knowledge in special areas, such as certified public accountants, lawyers, biotech and IT engineers, judicial workers, and medical staff. In addition, China’s intellectuals, including university professors, writers, and artists, are recognized as the middle class.

With the increasing number of ‘new luxury goods’ consumed by the newly targeted customers, Twitchell (2002) described these consumers as the new emerging middle class who are younger than old traditional luxury consumers, they are far more numerous, they make their money sooner, and they are far more flexible in financing and fickle in choice. Even if such people are not super rich, they believe that they have worked very hard to achieve their success and wealth, thus they seek a better experience and personal satisfaction. Consequently, in China, those wealthy middle class consumers currently account for about 12 per cent of the luxury goods market (Atsmon et al, 2011), and thus, in this study, the author focuses on this group of middle class consumers in this study .

### **2.3 Chinese Culture and luxury consumptions**

Cultural values are the dominant societal values shared by individuals in the same cultural group (Hofstede, 1980). A large number of studies have examined the influence of cultural values on specific consumer behaviours for many years (Sun et al, 2011), and in particular, Asian consumer behaviours are acknowledged to be different from those in the West (Nakata, 2009). Culture is always considered to be a complex term, such as:

*Hofstede (1980, P40) defined “Culture is the collective programming of the mind distinguishing the members of one group or category of people from another.”*

*Tylor (1958, p26) said: “Culture is that complex whole which includes knowledge, belief, art, morals, law, customs and other capabilities and habits acquired by man as a member of society.”*

*Boas (1904,p5) stated: "Culture embraces all the manifestations of social habits of a community, the reactions of the individual as affected by the habits of the group in which he lives, and the product of human activities as determined by these habits."*

Dubois and Duquesne (1993) stated that cultural influence has been the subject of study in many of the social sciences, but different viewpoints give different definitions of cultural factors. Asian consumer behaviours are acknowledged to be different from that in the West (Nakata, 2009), for instance, in individualistic culture, there is often emphasis on self-reliance, independence and self-actualization; in contrast, collectivist culture tends to stress the importance of the collective self (Triandis, 1989 cited by Gao, 2009), so there is no doubt that culture values impact on individual behaviours. Facing the rapidly changing global marketplace, Wiedmann et al (2007) state that luxury can be understood as a special transnational type of culture, people's cultural values guide what is considered important to them and can often shape their perceptions of luxury. In any cultural context, the same might be considered luxurious in one culture, but just ordinary in another culture, for instance, champagne can be considered as a luxury in European countries, but generally is not desired in Islamic societies (Heine, 2011). Kemp (1998) argued that the preferences of luxury are rooted to a great extent in cultural values, and value is the core element of culture (Hofstede, 2001). Consumer behaviours vary across cultures and culture deeply influences consumers buying behaviours (Mooij, 2004). Culture affects the cognition processes of human beings. Individuals interpret a product and then form judgments according to beliefs, values and norms they learn in the culture in which they brought up (Kotler, 1994).

China has its own unique cultural characteristics, and Chinese are influenced by both traditional culture and modern values from western countries (Sun et al, 2011). Thus, Chinese consumers might be more exclusive and complex than the western consumers. In many studies, China is considered a collectivistic society in which people see themselves as interdependent with others, usually behaving according to social norms (Hofstede, 1980;Triandis, 1995). This is the opposite of an individualistic society in which personal goals take precedence over the group's objectives. In Chinese culture, people exist in relationship to others, and they are

encouraged to avoid conflicts in order to maintain good relationships with another to achieve a harmonious society. Markus and Kitayama (1991) outlined that there are two types of construal of self, namely the interdependent self and independent self. While the former set is often attributed to people in Asian collectivist cultures, the latter set is assigned people in the Western individualist cultures. Scholars suggested that in western societies, where the emphasis is on individualism, consumers are motivated by their own preferences, needs and rights, individuals seek to maintain their independence from others by attending to the self and by discovering and expressing their unique inner attributes. In contrast, Eastern collectivist consumers focus more on the interdependent self wherein one's identity lies in one's familial, friends, and social relationships, they emphasise on fitting in and harmonious interdependence with them. They are less inclined to pose opposite opinions and are less likely to speak up if they hold a point of view that differs from that held by the majority. Furthermore, an individual's action is not only related to his/her own reputation, but also to his/her extended family's reputation (Hu et al, 2013). Consequently, the behaviours of individuals with a strong interdependent self is a reaction to others with who they are interrelated (Markus & Kitayama, 1991).

Chinese culture is one of the world's oldest cultures (Lan, 2012), any attempt to explain the social behavior in China without considering cultural factors would be incomplete (Redding, 1993). In consumer analysis, culture has been widely linked to consumption (Sun et al, 2011) and influence of people's valuation of wealth and luxury (Eng, 2010). Luxury consumption is tightly related to culture (Mo et al, 2011). The western luxury values are well established in existing consumer theory as regards luxury consumption, and luxury brand research is culturally western-focused, but as discussed in Chapter one, only limited research focuses on the Chinese consumers' luxury value perception, China's market and Chinese consumers might be different and more complex than the western consumers, in addition, Chinese consumers perceptions of luxury value may not exhibit all aspects of these in western countries. Thus, understanding Chinese luxury consumers' value perceptions of luxury is the luxury marketers' biggest challenge. Wong and Ahuvia (1998) stated that the luxury consumption needs to be examined in light of specific cultural context in which it takes place, Chinese luxury consumers are different from western luxury consumers as discussed previously, in terms of their income, age,

education background and life style, their value perceptions towards luxury products may vary from consumers in the developed luxury markets, hence, it is important for this study to investigate Chinese consumer perception of luxury value.

## **2.4 Concept of Luxury**

The concept of luxury has become a subject undergoing intense study in marketing worldwide. As a starting point to this research, there is a need to define and demonstrate the complexity and nature of the term luxury in order to consider the applicability of the theory within the context of this study. This section proposes to identify the key components that shape the concept under research.

### **2.4.1 Defining the luxury**

In the last few decades, luxury consumption has generated much interest and discussions in both academic and business circles. Luxury is a vague concept, its meaning has been determined by the different fields and research areas, such as sociology, psychology and economic. Many scholars have tried to give a clear definition of luxury, but due to its complex nature, luxury still doesn't have a universally accepted definition (Godey et al., 2009 cited by Ciornea et al. 2012b). The definition of luxury carried in this research has been made an adoption from the previous literature (Table 1).

According to the Oxford English Dictionary (2014), luxury is “an inessential, desirable item which is expensive or difficult to obtain”. The Cambridge English Dictionary (2014) defines it as “something expensive that is pleasant to have but is not necessary”. The Merriam Webster Dictionary (2014) defines it as “Something adding to pleasure or comfort but not absolutely necessary”. In addition, According to the Oxford Latin Dictionary, the term “luxury” comes from the Latin “luxus”, which means “soft or extravagant living, sumptuousness, opulence”, and shares a root with the term “luxuria”, which means “excess, lasciviousness, negative self-indulgence” (Dubois et al 2005 cited by Burn and Castelli 2013). The term ‘luxury’ appears everywhere in our everyday lives that refers to products or services.

Luxury has been defined by Nueno and Quelch as “a work of art designed for an exclusive market” (1998, p.62). Berry (1994) defined luxury as “something inessential but conducive to pleasure and comfort”; he also added that luxury is an expenditure that goes beyond what is necessary.

Definition	Source(s)
“Something inessential but conducive to pleasure and comfort”; “luxury is an expenditure that goes beyond what is necessary.”	Berry (1994, p25)
“Luxury defines beauty; it is art applied to functional items. They offer more than mere objects: they provide reference of good taste ... Luxury is the appendage of the ruling classes.”	Kapferer (1997, p. 253)
“...those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high.” “...is a work of art designed for an exclusive market.”	Nueno and Quelch (1998, p. 62)
“...luxury brands compete on the ability to evoke exclusivity, a well known brand identity, [...] brand awareness and perceived quality.”	Phau and Prendergast (2000, p. 123–124)
“...that which nobody needs but desires.” “...it’s more than an extra; luxury is more ‘more’.”	Danziger (2005, p. xvi and p. 17)
luxury is “an inessential, desirable item which is expensive or difficult to obtain	Oxford English Dictionary (2014)
“Something expensive that is pleasant to have but is not necessary”.	Cambridge English Dictionary (2014)
“Something adding to pleasure or comfort but not absolutely necessary	The Merriam Webster Dictionary (2014)

Table 1: Definitions of luxury from literature



It is certainly accepted that a luxury product may seem to be just a product for normal use, but in fact it is valuable in terms of its psychological properties, it can boost the esteem of the owner or impresses others (Vigneron and Johnson, 2004). However, with the development of society and economy, most scholars agree that defining 'luxury' is rather complicated and that the perception of the luxury concept takes on different forms and depends on the context and the people concerned. Dubois and Duquesne (1993) highlight the difficulty of agreeing on a definition of luxury, Vigneron and Johnson (1999) concluded that "Luxury is particularly slippery to define", and Tynan et al (2010) admitted that defining luxury is difficult, because the luxury goods exist at one end of a continuum with ordinary goods, so where the ordinary ends and luxury starts is a matter of degree as judged by consumers. Kapferer (2006) noted that the term of luxury is difficult to accurately define due to people's perspectives, moods and experiences, and individual classifications of luxury.

Okonkwo (2009) explained that luxury as a concept is defined within the scope of socio-psychology as a result of its connection to a culture, state of being and lifestyle, whether it is personal or collective. Ghosh and Varshney (2013) argued the concept of luxury is quite complex, although some people perceived 'luxury' as the most expensive product, this view has been refuted, opponents think so-called "expensive" is not only the market price level, but it has own culture and history, if the owner does not know the history behind the luxury brand, and does not understand the style and the connotation of the brand, then the owner and the brand are not mutually fusion (Gao, 2009). Prendergast and Wong (2003) indicated that "luxury cannot be defined solely in terms of higher price", a brand not marked "high price" can become a luxury. Dubois and Szellar (2002) note that expensive products may not necessarily be viewed as luxuries". So the status of a good as luxury is partially determined by its natural desirability, and not simply by whether it is an object for conspicuous consumption (Kemp, 1998).

Broadly speaking, luxury could bring consumers an elegant and delicate way of life, however, luxury is different to different people, it may be a Rolls-Royce car which is worth a million pounds, but for others, it might be just a £10 Haagen Dazs; While a VW Golf could be seen as a luxury car to a student, a Landrover might be just an

ordinary car to a wealthy man. Heine (2009) demonstrated that luxury is a relative term that could refer to almost anything or nothing depending on whom you ask. Brun and Castelli (2013) stated in their research that some individuals might define luxury as referring to products containing precious materials, while others might associate the concept of luxury with the lifestyle of privileged elite. Some might consider luxury to refer to any high-priced products, while others might perceive luxury as referring to any product that costs at least two or three times as much as a cheaper version. Thus, Kesariajesh and Srivastatava (2012) concluded that concepts of luxury vary from person to person, depending on their social position, culture and personal consumption experiences. Therefore, in general, the concept of luxury is hugely difficult to define, the meaning of luxury differs in time and space, what might be referred to as luxury by one person might be considered as every-day commodity by another (Nwankwo et al, 2014). As a consequence, each society or culture has its own idea of what luxury is, based on its own principles and values.

#### **2.4.2 Luxury from the economics perspective**

Early in the twentieth Century, the concept of luxury given by German economist Werner Sombart is very representative, he stated ‘Luxury is any expenditure that goes beyond the necessary’ in his work “Luxury and capitalism” (Sombart, 1967). He studied the noble life and proposed that luxury consumption promoted the development of modern capitalism in many aspects. He also maintained that luxury can be meaningfully defined through its relationship to necessity, even if what is necessary is not fixed (Csaba, 2008). Another example from the economic aspect is given by Nueno and Quelch (1998), they argued that luxury brands are those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high.

Ghosh and Varshney (2013) described luxury as a good for which demand increases more than proportionally as income rises, in contrast to a necessity good. Tynan et al (2010) explained that some economists define luxury goods as goods for which demand rise either in proportion with income or in greater proportion than income,

but this view has been argued by some other scholars, and they believed that income is a necessary but not sufficient condition to explain purchase.

Kemp (1998) presented the idea that perception of what is necessity and what is luxury does vary from society to society despite the apparently constant nature of basic human needs. Okonkwo (2007) stated the modern meaning of luxury is something enjoyable or comfortable beyond the necessities of life. Moreover, although the status of goods as luxuries is partly determined by social perception, it is possible for different people to disagree as to whether particular commodities are luxuries or necessities. As Phau and Prendergast (2000, p20) stated: “what is luxury to one may just be ordinary to another.”

Therefore, there is no certain definition for luxury from the perspective of economics, these definitions describe a common characteristic, which all emphasize the luxury between non-essential and necessary in terms of its relative. Heine (2009) criticized the necessity dimension and demonstrates that luxuriousness of any resource is not only based on its availability, but luxury also meant to satisfy some human needs and desires. Essential is a dynamic concept, and will change with the social development stage of a commodity is value, as Csaba (2008) stated that it is impossible to determine where necessity ends. Because of the difference of individual consumer income and preference for luxury, the perception of luxury will be influenced by social and economic development, so today’s luxury could be a necessity for tomorrow. Berry (1994) found in his study that a luxury for one generation can be a necessity for the next.

### **2.4.3 Luxury from the social perspective**

The most representative scholar is Thorstein Veblen (1912), who argued in his treatise “leisure class” that wealthy individuals often consume highly conspicuous goods and services in order to advertise their wealth, thereby, achieving greater social status. Furthermore, Veblen (2007) defined the social forces framing the leisure class as pecuniary emulation and invidious comparison. The “ Veblen effects” theory has undoubtedly influenced researchers (i.e., Liebenstein, 1950; Vigneron and Johnson, 1999), who identified another two forms of interpersonal effects of

conspicuous consumption: the ‘snob’ effect, where the demand for a good falls as the number of buyers increases, because the snobs desire to be different and exclusive from others; and the ‘bandwagon’ effect, where demand for a good increases because consumers follow others in their reference groups who have already bought the products.

Berry (1994), in his book “The idea of luxury” considers the concept of luxury as an important one for society. He claimed that a characteristic of luxury is that they please people rather than simply alleviate a state of discomfort, he also explained that luxuries are refinements of basic human needs such as those for food, shelter and health care (Kemp, 199; Twitchell, 2002). Veblen (1912) coined the term “conspicuous consumption” to describe the consumption of luxury goods and services by the upper class for the primary purpose of displaying social status, he also suggested that the purchase of expensive goods and services is used to signal wealth to others. Bennett and Ebert (2007) stated that people buy luxury goods as they intend to make their purchase known by either talking about it or showing it off in some way, luxury good consumption sometimes occur in order to signal wealth and impress others.

From the perspective of sociology, luxury presents personal taste, luxury contains the owner's status, identity, rights, it is the image of the representatives of the aristocracy, and it is the concrete reflection of high quality of life.

#### **2.4.4 Debates about luxury**

The invocation of luxury is one of the most ancient and most pervasive negative principles around and through which social criticism and regulatory activity have been articulated (Hunt, 1995 cited by Csaba, 2008). In ancient Greece, the habit of indulging in luxury was regarded as a threat to society because it was held that excessive pleasure would shift citizens' attention from the polis to private life. Luxuries, referred to precious objects such as gold and gems, were only fashioned for kings, princes or church dignitaries (Brun and Castelli, 2013). In addition to this, owning luxury items could be regarded as ostentatious and boastful. Until the twentieth century, the concept of luxury still had negative connotations among the

common people, they perceive luxury products as rare products; scarcity is still one of the main characteristics of luxury products (e.g., setting very high prices, producing limited editions, selecting specific distribution channels), so the consumers' ethical perceptions of luxury goods need to be taken into account (Thomas, 2007).

In recent years a considerable number of studies have addressed the debates of luxury. Berry (1994) argued that luxury was subject to deep moral concern and carried mainly negative connotations. Csaba (2008) concluded that conspicuous consumption is regarded as wasteful, reflective of false and shallow values. Brun and Castelli (2013) questioned in their research that although the dazzling aura surrounding the luxury business continues to attract manufacturers, managers and investors with the promise of high margins, it is not clear that this market sector will continue to be golden, thus, sustainability is becoming a key issue facing academic researchers and practitioners to establish what the term luxury refers to.

In addition, the luxury sector has suffered various ethical scandals that have placed luxury brands under intensified scrutiny (Janssen et al, 2013). Thus, the concern of "responsible luxury" has increased in recent years (Torelli et al, 2012). Stories of luxury brands that have ethical problems received considerable attentions in the world. Business ethics thus offers a significant challenge for the luxury goods sector such as Armani and Chanel who have initiated corporate social responsibility (CSR) initiatives, designed to minimize any negative impacts of their operations (Janssen et al, 2013).

Janssen et al (2013), Davies et al (2012) and Torelli et al (2012) stated that luxury and CSR are parts of the same principle. They suggested that luxury brand managers need a better understanding of the factors they can leverage effectively to avoid the potential pitfalls of developing and promoting responsible luxury, and they could take further steps toward more responsible business practices in order to achieve successful CSR.

On the other hand, the Industrial Revolution in the 18th and 19th centuries enhanced the progress of mass manufacturing. Consequently, the connotations and perception of luxury changed and became positive, the products that had been banned in society

became more acceptable, and the concept of luxury has undergone a positive change, people believe that luxury in 21 century draws the best designers, quality, and packaging in this industry, they are valuable arts (Ko et al. 2011).

## **2.5 Introduction to the concept of new luxury**

In the past, luxury goods were only available exclusively to the high-class, rich and famous, today, the luxury industry has changed drastically to become democratic (Vigneron & Johnson 2004). According to Twitchell (2002), this democratization of luxury represents one of the most important marketing phenomenons of the modern era. In particular, these changes in luxury consumption over time indicate that income and wealth no longer constitute the strongest determinants for the acquisition of luxury goods. Instead, emerging cultural, social, and personal factors now play a significant role in influencing luxury consumption.

Along with the changes of cognitive development of consumer attitudes, the concept of new luxury is proposed. Boston Consulting Company researchers Michael Silverstein and Neil Fiske first presented the idea of “New luxury” in the book “Trading Up” (Silverstein et al, 2005). They identified that the new luxury refers to goods that are not necessarily rare or manufactured in low volume, they also stated the new luxury as profitable business strategy based on developing and marketing high quality products to middle-market consumers who are willing and even eager to pay premium prices. The “new luxury” democratizes high-quality products, making them available in many forms, at many price levels, and through a variety of retail channels. This means that the “new luxury” appeals to consumers across various income and social classes. Catry (2003) stated that currently, in the mature luxury markets such as Europe and the US, middle-class households with burgeoning incomes have begun to shop for brands that were previously regarded as out of reach. Jean-Noël Kapferer the co-author of “The Luxury Strategy” (Kapferer and Bastien, 2012) stated in their book that the new luxury has become a source of enjoyment for more and more people; it has brought new consumers in a truly global fashion. According to Inkon’s (2013)’s research, he stated that luxuries were expensive and famous brand products with a taste of the upper class, until a few years ago luxuries

are the products that everyone wants to have, and also can, and should have, regardless of the income level and personal background.

Ghosh and Varshney (2013) stated in their research that traditional luxury was meant for the “happy-few”, but with the growth of luxury industry, it is not only restricted to the elite class of the society, the concept of new luxury is getting popular currently, and finally, Brun and Castelli (2013) noted that during the Industrial Revolution, wealth was distributed among more individuals, and luxury became much more attainable, from the nineteenth century, the democratization of luxury has occurred at such a rapid pace, goods and services once available only to an elite became available to everyone nowadays. In addition, the luxury fashion industry experienced a paradigmatic transformation from tailor-made clothes to ready-to-wear apparel.

The democratization of luxury has been constantly redefined; goods and services once available only to elite became available to everyone, wealth was distributed among more individuals, and luxury became much more attainable ( Brun and Castelli, 2013). Thus, this emergence of “accessible luxury “is due to the tendency of current characterises consumption habits (Silverstein et al, 2005). The “accessible luxury products become more affordable, consumers purchase brands such as Paul Smith and Hugo Boss to own a status symbol, and they believe these new luxury labeled products represent a status experience and enhance their social status (Brun and Castelli, 2013). Silverstein et al (2005) stated d that “new luxury” is a sustainable trend; old luxury goods were based on status, class and exclusivity, whereas a new luxury philosophy inspires consumers to forge stronger emotional ties to the products and brands. Csaba (2008) stated that new luxury goods are available to many consumers because they represent a redefined, broader idea of luxury, consumers are not so much motivated by their desire for status or infatuated with brand names, but they use luxury goods to express themselves, in particularly, Chinese consumers have shown their great passion on new luxury fashion brands.

Nowadays, since the concept of new luxury has defined by Silverstein et al ( 2005), it refers to goods that are not necessarily rare; the mergence of ‘accessible luxury’ targets the upper middle market and changed consumers’ consumption habits (Silverstein and Fiske, 2005). Accessible luxury brands, which are more affordable than their aspirational “relatives” is also known as “new luxury”, this category is

largely purchased by middle-class households in Europe and the US but also exhibited a growth rate of 22 per cent in Asia-Pacific, which was nearly two and a half times greater than the global average for accessible luxury sales growth (Brun and Castelli, 2013). Thus, for this study, the researcher has focused on “new luxury” category, because they are well known international brands and available for middle classes globally, it also ensures that the participants would have some familiarity with the brands before analyzing their purchasing intention.

## **2.6 Luxury branding**

Accordingly, brands are images in the minds of consumers and they are designed by companies to identify their products (Aaker, 2002). Brands represent a company’s commitment to the products it sells, and differentiates itself among similar competing products in the market place (Mooij, 2010). Brand-names is a key factor that affects consumers’ purchase decision and also has become one of the most import components for a company, because it identifies the products, differentiates it from others and ultimately proposes purchase rationales to the consumers (Villar, 2012).

Numerous researchers studied on customers perceptions of brands, and it has been found consumers attach various important meanings to brands when making a purchase decision (Guo et al, 2011). Brand knowledge consists of two dimensions: brand awareness (i.e. brand recall and recognition) and brand image (i.e. the perceptions of a brand as reflected by a network of brand associations in consumer memory) (Keller, 1998). Brand image can be defined as the image that the brand leaves with the consumers (Kirmani and Zeithaml, 1993). Today, the accessible luxury (or new luxury) as opposed to old luxury (or traditional luxury) has targeted elite consumers who are young and fashion-conscious, who prefer a product with fresh and unusual look, and especially they focus on brand images (a label, a logo or a symbol), so the image of the brand has become one of the most relevant aspects for effective positioning in the luxury market (Burn and Castelli, 2013). Alexander Duckworth, president of a New York-based strategic marketing agency states that luxury is not always about premium price but about a brand’s essence (Luxury Institute, 2007 cited by Nwankwo et al, 2014). Most luxury products are associated with a strong brand image, name and logo (Quelch, 1987). Consumers’ perceptions



of brand image have a positive impact on purchase decisions -- the stronger the brand image, the stronger impact to influence the consumer purchase intention (Yu et al, 2013). Possessing goods with certain brand names has allowed people to express themselves. In addition, most luxury brands have strong associations with their European home countries, in Asian, consumers emphasize a product's brand and country of origin, and they perceived that western brands are highly regarded for their design qualities and France in particular excels, for example, they consider European produced goods are superior (Le Monkhouse et al, 2012). Batra et al. (2000 cited by Villar et al, 2002) found that consumers in developing countries showed positive attitudes and preference for non-local country of origin, especially from the west. In china particularly, consumers pay close attention to country-of-origin of luxury goods and are keen on buying foreign products (Wang et al, 2009). The product quality is of great concern when Chinese making purchase decision, they often use existing knowledge on a product category and COO to determine the quality of an unfamiliar products. Guo et al (2011) revealed Chinese consumers view the famous brands as a sign of high quality, and they perceive less risk in choosing these brands and are willing to pay a higher price

Furthermore, according to the report titled "China Luxury Market study 2010" from the management consulting firm Bain & Company, it shows Chinese consumers have shown their great passion for "new luxury" fashion brands. The top three luxury brands in China are Louis Vuitton, Chanel and Gucci. Moreover, the report also has documented the top three luxury brands in different types of product (Table 2).

Product	1st	2nd	3rd
Cosmetics, perfumes and personal care	Chanel	Lancôme	Dior
Watches	Rolex	Omega	Cartier
Suitcases and handbags	Louis Vuitton	Gucci	Chanel
Menswear	Giorgio Armani	Ermenegildo Zegna	Versace
Jewelry	Cartier	Tiffany and Co	NA
Shoes	NA	Prada	Chanel
Womenswear	Chanel	Burberry	Giorgio Armani

Table 2: Top three luxury brands of different types of products in China (Bain and Company, 2010)

The author has noticed that all these ‘top three’ luxury brands are from foreign countries and none of them are domestic brands. Numbers of literatures have shown that Chinese consumers prefer internationally well-known and famous brands (Atsmon et al, 2011), because these brands can distinguish themselves from other social groups or classes (Wei and Yu, 2012), and they are very likely to use brand-name products to identify with their peer (Tse 1996). Villar et al (2012) state in their research that Chinese consumers are positively affected by foreign names, even when the product is new and unfamiliar to them, a research results have shown that there are 53.3 percent of Chinese consumers prefer foreign brands, and only 16.7 percent are loyal to domestic products (Kai, 2009 cited by Villar et al, 2012). In addition, Chinese consumers perceived that famous foreign-branded luxury products have good quality and it’s fashion trend to own them (Li and Shooshtari, 2003) so many wealthy consumers are willing to pay a premium price for what they regarded as the best and hope to be recognized.

Thus this study will follow the fashion trend and select some new luxury brands that are widely recognized by most Chinese consumers, such as Chanel, Burberry, Gucci and Louis Vuitton.

## **2.7 Luxury products’ characteristics and attributes**

Characterizing luxury products is tricky as luxury is an elusive concept (Emile and Craig-leets (2011). Appadurai (1986) offers a concise conception of luxury, listing five characteristics of luxury: (1) Restriction to elites by law or price (2) Complexity of acquisition – which may or may not reflect real “scarcity” (3) Semiotic virtuosity (4) Codes for “appropriate” consumption demanding specialized knowledge (5) High degree of linkage of their consumption to body, person and personality. Nueno and Quelch (1998) summarized the characteristics of luxury brands, and identified that they have, for example, premium quality, recognizable style or design, uniqueness, excellence reputation. Fraser (2014) pointed out that there is no universal definition of what are luxury products, but a luxury product needs to have at least the following eight characteristics: (1) Rarity (2) Excellence (3) Expensiveness (4) Timelessness (5) Honest (6) Tailored (7) Pleasurable (8) Experience.

Dubois et al (2001) suggested that consumers' perception of luxury products have six major characteristics (Table 3) including (1) high price, (2) excellent quality, (3) aesthetics (4) rarity and uniqueness (5) ancestral heritage and personal history (6) superfluosness. They stated that luxury products are the expensive fashion products with superior quality, they are not only look beautiful but also are pleasant to hear, smell, taste or touch. Luxury products have natural limitations and are unique, they have different design or construction principle with innovative functional attributes, luxury products have a long history and their elaboration processes as well as consumptions should respect tradition. Finally, the concept of luxury implies some perceived uselessness and superfluosness.

• Excellent quality	Exceptional ingredients, Components Delicacy and expertise, craftsmanship
• Very high price	Expensive, elite and premium pricing
• Scarcity and Uniqueness	Restricted distribution, limited number, tailor-made
• Aesthetics and Poly-Sensuality	Piece of art, beauty, dream
• Ancestral heritage and Personal history	Long history, tradition, pass-on to generations
• Superfluosness	Uselessnes, non-functional

Table 3: The six major characteristics of luxury (Dubois et al, 2001)

People always associate d luxury products nowadays with scarcity, uniqueness and exclusivity. Since luxury products are perceived to be unique, they are not available to everyone (Dubois et al. 2001). Measurement of uniqueness stems from the elements of design, style production and materials. The rarer and unique the product is the more value it symbolizes toward to the perception for customers (Pantzalis 1995). Moreover, luxury products' characteristics include an aesthetic beauty. According to the Kepferer (2012), this element is suggested to be one of the crucial elements among products categories, since good taste reflects the upper class. Aesthetic beauty includes shape, variety of colors, smell, and graphical elements are even more important in luxury brands, as they also present the lifestyle of their consumers.

In addition, the most successful and renowned luxury brands have a long history behind them. Major luxury brands all date back to before 1950. The ones linked with high craftsmanship skills (jewelry and watches) all appeared in the 19th century and the fashion brands in the early 20th century. Even if some younger brands have managed to make their way into the luxury universe (e.g., Armani, Versace, and Lacroix), to some degree, the brands with long history normally are well-recognized. While consumers are buying luxury products, it provides an emotional bond with the consumers (Dubois et al, 2001). Regards to the new luxury products, people professionals feel that luxury is about constantly creating and innovating. This is especially true in fashion where innovation is vital. One of the consequences is that luxury brands often create new trends, defining what is fashionable and setting the modes of the moment.

A high price automatically blocks access to luxury products, generating exclusivity. In the consumer's mind, the price is justified and reflects the product's superior quality. In the past few decades, numerous studies have examined the relationship between price and quality( Rao and Monroe ,1989; Tellis and Gaeth, 1990; Verhallen and Robben, 1994; Brucks et al, 2000). Price is often used as an indicator of quality, especially when other intrinsic product information is lacking (Verhallen and Robben, 1994). Rao and Monroe (1989) stated that there is a significant positive relationship between price and quality, and people may judge quality by price, they concluded that when buyers do infer a positive relationship between price and product quality, they are likely to compare the price of the product against another price, if the actual price is perceived as significantly different from this reference price, the higher priced option is likely to be perceived as being of higher quality. Moreover, Tellis and Gaeth (1990) suggested when information about quality is more problematic because quality is more difficult to assess before and even after purchase, then price plays a positive role in determining consumers' perceptions regarding quality, wherein higher price generally denotes higher quality.

With the regard to luxury, consumers associate luxury products with high price and excellent quality (Groth and McDaniel, 1993; Perreault, 1996; Brucks et al, 2000). For example, Groth and McDaniel (1993) stated that setting a rather high price could suggest that product has high quality, Brucks et al (2000) found that high

percentages of respondents requested price and brand name when assessing prestige in their study. The results indicated that high price signalled prestige to consumers. Bahar et al (2013) conducted Wiedmann et al (2007, 2009)'s luxury value framework of in Iran market. They argued that the hypothesis of people using price as an indicator of outstanding quality or exclusivity of a luxury product or service is an appropriate criterion for value-based segmentation of luxury consumption behaviour. In contrast, although it is generally agreed that the price and quality of a product are highly related, Peterson (1970), and Peterson and Jolibert (1976) argued that this relationship might not be quite so direct, and they indicated that the price and perceived quality relationship would be nonlinear.

In addition, Country of origin is another extrinsic cue which may influence consumers' perceptions of quality (Zeithaml, 1998; Wall et al, 1991; Shueh- Chin, 2012). Most luxury brands have strong associations with their European home countries, in Asia, consumers emphasize a product's brand and country of origin, and they perceive that western brands are highly regarded for their design qualities, for example, consumers consider European produced goods as superior (Le Monkhouse et al, 2012), especially, consumers in developing countries showed positive attitudes and preference for non-local country of origin, particularly from the western countries (Villar et al, 2012). In china, consumers pay close attention to country-of-origin of luxury goods and are keen on buying foreign products (Wang et al, 2009), they perceive that famous foreign-branded luxury products have good quality and it is a fashion trend to own them (Li and Shooshtari, 2003) so many wealthy consumers are willing to pay a premium price for what they regarded as the best and hope to be recognized. Villar et al (2012) stated in their research that Chinese consumers are positively affected by foreign names, even when the product is new and unfamiliar to them, research results have shown that 53.3 percent of Chinese consumers prefer foreign brands, and only 16.7 percent are loyal to domestic products. People have come to assume that a product made overseas is of better quality, favourable identification are received for those brands imported from those developed countries. Therefore, in this research, the targeted luxury brands are all from western developed countries which most Chinese consumers know off and are familiar with.

## **2.8 luxury value**

Value in marketing, also known as customer-perceived value, is the difference between a prospective customer's evaluation of the benefits and costs of one product when compared with others (Wikipedia, 2014). According to Shultz and Zelenzy (1999, cited in Wiedmann 2007), the values can be regarded as beliefs that guide the selection or evaluation of desirable behavior; Shukla (2012) defined value as a judgment of subjective worth of a product or service considering all relevant evaluative criteria. In the context of consumption values, perceived value has been widely discussed at a generic level, it occurs at various stages of the purchase process (Sweeney and Soutar, 2001), and it can be used to analyze the choice to buy or not to buy for a particular product (Gilly, 1992).

The term customer value (customer perceived value) has many definitions; Zeithaml (1988) suggested that perceived value could be regarded as a consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given. Woodruff (1997) defined customer value as a customer's perceived preference for, and evaluation of, those product attributes, attribute performances, and consequences arising from use that facilitates achieving the customer's goals and purposes in use situations. In addition, Smith and Colgate (2007) stated that customer value is what customers get (benefits, quality, worth, utility) from the purchase and use of a product versus what they pay (price, costs, sacrifices) for the product.

Because there is no commonly accepted definition of customer perceived value, researchers proposed and developed various dimensions for measuring customer value. For instance, Park et al (1986) suggested three basic dimensions: functional value, symbolic value and experiential value to measure the consumer needs, wants and preference that underlie value perceptions. Sheth et al (1991) described five types of value that drive consumer choice: functional value, social value, emotional value, epistemic value, and conditional value.

Focusing on luxury products, Tynan et al (2010) stated that in order to understand the nature of value for luxury goods, it requires considering of what constitutes a luxury brand. Most scholars agree that defining luxury is rather complicated, luxury

means different things to different people and consumers buy luxury goods for different reasons (Nwankwo et al, 2014), people perceive luxury in different or contrasting ways. Campbell (1987) concluded that the perception of the luxury concept takes on different forms and depends on two main subjects: the context and people concerned. Thus, to understand what concerns people are to know what the consumers' perceptions of luxury value are. A consumer's luxury perception value can directly explain why he/she chooses to buy a certain good, the same as Smith and Colgate (2007)'s point view, that value perceptions are a significantly strong predictor of purchase.

Although luxury cannot be solely defined by its characteristic or set of attributes (Berthon et al, 2009), different sets of consumers would have different perceptions of the luxury value for the same brand, and perceptions of luxury value differ from one set of consumers to another (Hemantha, 2013), it is important to look at theories concerning consumers' luxury value perceptions and how consumers assess luxury products, moreover to capture the full dimensions of values of luxury perceptions. Because successful luxury goods marketing requires the customer to perceive sufficient value in the luxury good, to understand the types of value sought is important (Tynan et al, 2010). Thus understanding Chinese consumers' perceptions of luxury value is a key element to gain a better understanding of Chinese luxury consumption.

## **2.9 Multiple studies of luxury value perceptions in the past**

Initially theories focused on luxury products was discussed by Veblen (1912), who deemed that conspicuous consumption motivates consumers to consume luxury products to show their wealth, power and status. This view is consistent with Leibenstein (1950), who developed Veblen's idea and also identified another two forms of interpersonal effects of conspicuous consumption: the 'snob' and 'bandwagon effects, the 'snob' effect is where the demand for a good falls as the number of buyers increases, since snobs desire to be different and exclusive, and they are buying luxury products because of wanting to feel superior and unique. Snob consumers are influenced to buy luxury goods because their price and relative

rarity make luxury products inaccessible to other consumer Whereas, the 'bandwagon' effect is, where demand for a good increases because consumers follow others in their reference groups who have already bought the good, bandwagon consumers purchase items to be fit in with others, and buying luxury products is based on wanting to feel accepted and belonging.

In 1999, Vigneron and Johnson (1999) discussed the prestige-seeking consumer behaviours, they defined them as interpersonal effects and personal effects on prestige consumption, the three types of interpersonal effects are: the Veblen effect for perceived conspicuous value; the snob effect for perceived unique value; the bandwagon effect for perceived social value and two types of personal effects are: the hedonic effect for perceived emotional value and the perfectionism effect for perceived quality value. Up until 2004, following further work, Vigneron and Johnson (2004), revised this classification by switching around the bandwagon effect to a personal effect and the perfectionism effect to an interpersonal effect (Tynan et al, 2010), then Vigneron and Johnson (2004) focused on understanding what is meant by 'luxury' in their study, and developed a scale for the measurement of the dimensions that are likely to be correlated, all contribute to an index of luxury. They found there are three luxury dimensions reflecting non-personal-oriented perceptions. : perceived conspicuousness, perceived uniqueness and perceived quality. The perceived conspicuousness dimension is important to individuals who are influenced by social status and reference groups. The perceived uniqueness dimension is based on the assumptions that perceptions of exclusivity, scarcity and limited supply of products, and consumers need uniqueness to enhance their personal taste and social image. The perceived quality dimension influences consumers who are likely to believe luxury brands offer superior product qualities and performance. In addition, their study shows two personal-oriented perceptions: perceived extended self and perceived hedonism. The perceived extended-self dimension reveals consumers' behaviours that they may use luxury brands to classify or distinguish themselves in relation to relevant others, whereas, Luxury consumers are considered hedonic when they are looking for personal rewards and fulfillment acquired through the purchase and consumption of products evaluated for their subjective emotional benefits and intrinsically pleasing properties.



In 2007, Smith and Colgate proposed four dimensions of a customer value creation for luxury goods namely: symbolic/expressive, experiential/hedonic, and utilitarian/functional and cost/sacrifice values. Then Tynan et al (2010) segmented symbolic/expressive value perceptions in two sub-dimensions namely: self-directed and outer-directed symbolic/expressive values, and they demonstrated six types of values: utilitarian, which relates to excellence and craftsmanship; self-directed symbolic/expressive value relates to self-identity and self-focused aspects of uniqueness and authenticity; outer directed symbolic/expressive relates to conspicuous consumptions, bandwagon, snob and Veblen effects and social identity; experiential/hedonic relates to hedonic effect, the experience; relational, which relates to consumer-brand relationships and brand community; cost/sacrifice relates to perfectionism effect, exclusivity and rarity. They emphasized the co-creation of value by suppliers and customers for luxury brands, and used case study research to explore the many types of value that customers seek and receive from luxury brands. Their findings highlighted the variety of interactions taking place between luxury brand companies, their customers and members of their respective networks.

In order to explain consumers' behaviours in relation to luxury brands, a comprehensive framework which includes relevant dimensions that constitute the luxury value of products in the consumers' perception was developed by Wiedman et al (2007). They identified and conceptualized four main consumers' value perceptions in relation to luxury consumption in their framework, which are financial value, functional value, individual value and social value. They indicate that financial dimension of luxury value perception refers to the monetary aspects and addresses the value of the products in the price. The functional dimension of luxury refers to the core benefit and basic utilities that drive the consumer based luxury value such as the quality, uniqueness, usability, reliability and durability of the product. The individual dimension refers to a customer's personal orientation on luxury consumption and addresses personal matters such as materialism, hedonistic and self-identity value. The social dimension refers to the perceived utility individuals acquire by consuming products or services recognized within their own social group(s) such as conspicuousness and prestige value, which might have a strong impact on the evaluation and inclination to consume luxury brands.

In recent years, Brun and Castelli (2013) suggested classifying luxury value into two-dimensions, one dimension qualifies how the value is incorporated into the luxury object and the second focuses on the social impact of luxury consumption. The luxury consumers under the first dimension focus on tangible aspects (ie, product quality, materials, design and country of origin) of a luxury or intangible aspects (ie, reputation of the brand, the emotional response to a recognizable style) of a luxury. In addition, luxury consumers under the second dimensions purchase luxury goods because of ‘others’, or purchase luxury goods for “themselves”. They concluded that it is possible to identify different profiles that are based on a preference for either content or form and on either a social or personal focus by using these two dimensions.

## **2.10 The development of conceptual hypotheses on luxury value perceptions**

This section is a continuation of the literature review and discusses the relevant theories of luxury value focusing on self and societal perceptions. A set of conceptual hypotheses are proposed based on recent literature.

### **2.10.1 Self and societal perspectives on luxury value**

Reviewing literature on consumer research and marketing theory related to the construct of luxury value perception, it is observed that few empirical studies focused on Chinese consumers’ perspectives towards luxury consumption, in western countries, the information on luxury consumption in China is limited too. Additionally, most of these studies/framework/models were discussed based on the literature, thus, this study suggests that there is lack of exploratory field research regarding the development of luxury value perception in the context of the Chinese market. In other words, there are no conceptual models to explain the consumers’ luxury value perception in China. Therefore the present study aims to propose a new conceptual model which composed multidimensional values displaying key underlining factors that influence Chinese consumers’ perspectives on luxury consumption. During the course of this study, the conceptual model is developed

based on the investigation into existing theory and the results of the empirical research findings.

As has discussed above, the concepts of luxury vary from person to person, depending on for example, their social position, backgrounds, culture and personal consumption experiences (Kesariajesh and Srivastatava , 2012), defining luxury has become more complex(Shukla, 2010). Despite a rapid growth of the luxury goods market and rich accumulated knowledge on the subject, there is no clear consensus of what factors are influencing Chinese consumers' luxury value perceptions.

The literature review reveals that the scholars and researchers have used luxury value perceptions to explain why consumers are buying luxury goods. According to Smith and Colgate (2007), the luxury value perception is a significantly strong predictor of luxury purchase. In the context of luxury consumption, luxury values perception can be regarded as beliefs that guide the selection or evaluation of desirable behaviours and can be used to analyze the choice to buy or not to buy a particular product (Gilly, 1992; Shultz and Zelenzy 1999, cited in Wiedmann 2007). In addition, Zeithaml (1988) suggested that perceived luxury value could be regarded as a consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given. Thus, when focusing on luxury goods, a consumer's luxury value perception can directly explain why he/she chooses to buy a certain luxury good, thus the understanding of how the perception of value affects the consumers' buying behaviour is critical for luxury researchers and marketers (Wiedmann et al, 2009).

Although economic factors (Veblen, 1994) and income (Dubois and Duquesne, 1993) were considered as important influencing factors of luxury consumption, based on the discussions of literature, "social orientation" and "personal orientation" were specifically identified by many scholars. For example, some of the researchers stated that luxury goods are consumed mainly for social recognition, status and positive impression (Mason, 1981; Corneo and Jeanne, 1997; Vickers and Renand, 2003; Vigneron and Johnson, 1999; Husic et al, 2009; Shukla, 2011). Moreover, literature also stated that personal orientation values such as pleasure seeking, materialism are reasons for luxury consumption (Hirschman and Holbrook, 1982; Richins and Dawson, 1992; Vickers and Renand, 2003; Tsai, 2005, Wiedmann et al 2007;

Kazakeviciute and Banyte, 2012). In 2004, Vigneron and John (2004) argued that luxury in the past has most often been defined on the basis of things, and the value people place on those things. But increasingly the modern consumer uses a range of social and personal factors to identify luxury and to make the decision to purchase a luxury product. Therefore, to conclude, numbers of previous studies have mainly focused on both internal factors, such as feelings and emotions, and external components, such as attitude, influences and esteem that motivate the consumption of luxury products.

Wiedmann (et al, 2007) pointed out that consumption of luxury products is not only dependent on social cues such as conspicuous and status consumption, but is also dependent on personal and individual cues such as hedonic motives and the need for sensory pleasure. Therefore, in order to investigate Chinese consumers underlying dimensions of luxury value perception, this study aims to focus on both self and social dimensions of luxury value perception, and identify what are the key variables that influences self and societal luxury value perception. As Richins and Dawson (1992, p23) stated “luxury possessions are actively used to communicate aspects of the self and sometimes are part of the social communication system”.

To summarize, many consumers appear to purchase luxury products to meet emotional needs or to maintain an identity harmonizing with their self-image. By this means, studies should consider the importance of both the personal and social influences in order to obtain a more complete view of the influences on luxury acquisition. Thus, this research intends to explore the significant factor influencing Chinese consumers’ luxury value perceptions, thus it aims to develop the conceptual model based on previous scholars’ perspectives from literature and findings from focus group interviews with Chinese respondents’ views on luxury products.

### **2.10.2 Self perception in luxury consumption**

Theories and researches place emphasis on the concept of the self as an object that is perceived by the individual, it relates one’s attitudes, feelings, perceptions and evaluations (Grubb and Grathwohl, 1967). Within the consumer behaviours theory, self-concept refers to how a person perceives him/herself, what comes to mind when thinking about him/herself and how a person presents him/herself to others (Sirgy,

1982; Neisser, 1993). According to Giddens (1991), the self is not something we are born with. Instead, the self is reflexively made and considerably constructed by the individual. Thus, everybody is inevitably obliged to make significant choices in their lives, from everyday concerns about appearance, clothing and leisure to more crucial decisions about beliefs, occupation and relationships.

However, people in different cultures have strikingly different perceptions of self, and the self can be structured and framed in multiple ways (Markus and Kitayama, 1991; Singelis, 1994; De Vos et al, 1985; Triandis, 1989). These scholars suggested that in western societies, the emphasis is on individualism, thus consumers are motivated by their own preferences, needs and rights, individuals seek to maintain their independence from others by attending to the self and by discovering and expressing their unique inner attributes. In contrast, eastern collectivist consumers focus more on the interdependent self wherein one's identity lies in one's familial, friends, and social relationships, they emphasise fitting in and harmonious interdependence with them. Markus and Kitayama (1991) demonstrated construal of self (Figure 2) in two different cultural societies, A is in individualist countries, whereas, B is in collectivist countries. They suggested that in western countries people have a separate, unique and de- contextualized sense of self, allowing people to participate in the world by expressing their own thoughts, feelings and actions to others. Consequently, particular emphasis is placed on personal goals. In contrast to independent self, inter-dependent self individuals perceive self as related to other people.

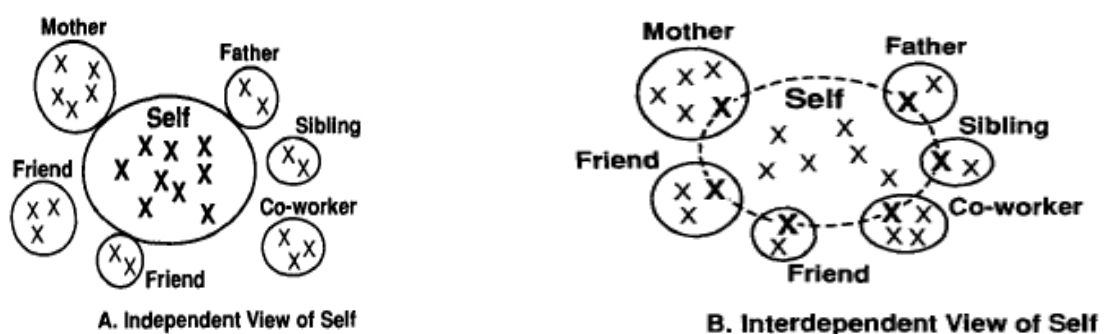


Figure 2: View of Self in different cultures  
(Markus and Kitayama, 1991, p226)

With regards to luxury consumption, the recent marketing literature has argued that people consume luxury products directed toward satisfying the self, enjoy experience from the products, and they wish to be different and exclusive, and gain pleasures from consumption to achieve self-awareness. Previous studies suggested that luxury products make consumers feel good about themselves, and also provide a sense of power over others, consumers believe that possessing luxury brands may be identified by their peers, they found that there is a relationship between product personality (what is associated with this product) and consumer self-image (how consumer view him or herself). (Kapfere, 1997; Tsai, 2005; Ruffin, 2007). In terms of luxury studies, Sirgy (1982) stated that, the associations consumers may have with a brand can become connected to their mental representation of self, in other words, consumers may purchase luxury items as an internal view of himself (Sirgy 1982; Wiedmann et al. 2007). Again, these work in western countries have highlighted some key significant roles of self perception, but it is still important to examine if self perception strongly influence Chinese consumers' luxury value. Although some research has indicated that In eastern societies, consumers have an increasing need to identify, express and enhance their image with significantly to others, and people pay a lot of attention on their self-image, thus they buy expensive goods to show that they are successful (Dubois et al, 2005; Sun et al, 2011). An expanded and deeper investigation is needed of this study to address the importance of self identity value in Chinese luxury market.

Thus, the following hypothesis is proposed:

***Hypothesis 1: Self perception impacts on Chinese consumers' luxury value perception***

### **2.10.3 Key influencing factors of Self perception**

Understanding the key influencing factors of self perception is likely to give answers to what are the personal reasons consumers consume luxury products, thus this section aims to research the key variables which impact Chinese consumers' self perception when purchasing luxury products based on recent luxury consumption literature.

#### **2.10.3.1 Hedonic Pursuit value**

Kazakeviciute and Banyte (2012) explained that hedonism and its impact on consumers' behaviour had become an important object of various scientific researches in marketing literature. The initial research of hedonic consumption was proposed by Hirschman and Holbrook (1982), they defined hedonic consumption as those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of product usage experience. In the context of luxury consumption, previous research has established that hedonism plays a strong role in luxury product purchases (Dubois et al, 2001; Vigneron and Johnson 2004; Wiedmann et al 2007; Shukla 2012). Previous research found that the concept of luxury has repeatedly identified the emotional responses connected with luxury consumption, such as sensory pleasure and gratification, aesthetic view, or excitement, for example, Dubois and Laurent (1994) were some of the first to recognize a luxury product's emotional value as an essential characteristic of its perceived utility. By conducting a survey research, Dubois and Laurent found that consumers often have hedonic motives when purchasing luxury goods such as sensory pleasure, aesthetic beauty, fun, fantasy or excitement. This point is also expressed by Berry (1994), who argues that a characteristic of luxuries is that they please people. Most consumers thus describe their consumption of luxury as a highly hedonic experience that can engage all the senses. In 2010, Deli-Gray et al (2010)'s research has also proved this view in their study, which attempted to identify and analyse the hedonic buying behaviour of shopping values, they concluded that the consumers of the 21st century who base their decisions not only rational reasons, but also on emotional feelings, since people acquire some emotional values such as pleasure and happiness through the experience of luxury

consumption. Additionally, Wiedmann (2007, 2009) explained because the luxury products are likely to provide intangible benefits, such as sensory pleasure and aesthetic beauty, hence, the purchase and consumption of a luxury product may arouse personal pleasures, enjoyment and emotional desire feelings.

However, these studies were mostly conducted in Western countries, and some researchers suggested that luxury goods tend to have a more hedonic nature in western markets, and the consumers in the western countries have been acquiring and consuming luxury goods for personal pleasure compare with people in the Eastern countries, because the individualists in western countries give priority to their personal goals and thus focus on seeking variety and personal pleasure as societal norms. One example from Shulka and Purani (2011)'s research, who indicated that British consumers are likely to demonstrate higher inclination towards hedonism when consuming luxury goods than Indian consumers. In addition, because of the cultural reasons, what may be considered a hedonic good in the west may actually be a utilitarian good in Confucian societies, due to the hierarchal nature of the Eastern cultures leading to a greater value placed on the utilitarian of prestige goods (Tse et al, 1989). A recent study conducted by Adams (2011), who investigated the differences between U.S. and Chinese consumers based on their hedonic and utilitarian ratings of luxury goods, argued that there is very little difference of hedonic ratings between the US and Chinese due to the dynamic economic change, and China is rapidly becoming a more individualistic nation. Therefore, it is important to conduct this research to investigate the relationship between hedonic pursuit value perception and Chinese consumers' self perception towards luxury value.

Thus, the second hypothesis is proposed in this research:

**Hypothesis 2: Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.**



### **2.10.3.2 Uniqueness value**

The possession of unique and innovative products makes consumers feeling differentiated from other people (Ruvio et al, 2008). Consumers' need for uniqueness is defined as the trait of pursuing differentness relative to others through the acquisition, utilization, and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image (Tian et al, 2001). High- uniqueness consumers prefer to perceive themselves as unique rather than similar to other people, and are more likely to choose products that others do not choose ( Snyder and Fromkin, 1977). Consequently, high- uniqueness consumers are reluctant to promote a product for fear of it becoming common, or may feel a threat to their identity if others become similar to them (Cheema and Kaikati, 2010; Simonson and Nowlis, 2000)

With regards to luxury products, luxury brands are authentic due to their uniqueness from competitors, and are typically both well crafted and cultivate a highly desirable image of exclusivity (Bearden and Etzel, 1982). Consumers choose a luxury products emphasis on the unique value because they are launched to appeal to the limited number of customers, although the luxury products cost more than ordinary products, the findings revealed by Wu et al, (2012)'s research stated consumers are willing to pay more to express their uniqueness, because, consumers expect that there still are not people own these premium luxury products. Moreover, the aesthetic design also makes the luxury goods to be unique, they are like beautiful arts, and consumers are pleasant to hear, smell, taste or touch. For example, the partnership between leading global luxury brand Louis Vuitton and Japanese artist Takashi Murakami help luxury brands retain their uniqueness and counter the growing threat of commoditization (Riot et al, 2013). As it stated by Dubois et al (2001), the luxury products are natural limitations and unique, they have aesthetic design or construction principles with innovative functional attributes. The uniqueness aspect is so dominant in the luxury goods market, and especially in the fashion industry, the possession of unique and innovative products makes consumers feel differentiated from other people (Shulka, 2012). Thus, the

perceived uniqueness value refers to the consumers who buy luxury goods to show a need of uniqueness to improve self appearance and public status, they wish to be different and exclusive, and they may refuse a specific product when the general public considers it (Vigneron & Johnson, 1999, 2004, Wiedmann et al 2007, 2009).

In the context of luxury markets, some researchers noted that in Western developed markets, where there is individualism culture, consumers are not being swayed by social pressures, the need for uniqueness strongly influences consumers' purchase intention for luxury products in developed countries more than emerging countries (Shukla, 2012). However, for Asian luxury consumers, people are very concerned about how they appear to others, and are willing to purchase luxury goods if such goods are highly recognizable among their peers (Wong & Ahuvia's, 1998). Therefore, it is interesting to know if Chinese luxury consumers have high interest in a product that is highly unique, and whether the uniqueness value is a significant dimension of luxury value for Chinese consumers, then, it can be proposed,

**Hypothesis 3: Uniqueness value affects Chinese consumers' self perception of luxury value.**

#### **2.10.4 Societal value perception in luxury consumption**

The societal value dimension reflects the perceived value of consumers towards the luxury products within their own social group(s), such as those arising from family and other reference groups (Shukla, 2011). In addition, customers use luxury products to match the prestige group and be different from the non- prestige group (Vigneron & Johnson, 1999), the customers perceived the societal value could emphasise the desire for wealthy luxury life, and regard their heritage as part of their identities (Tse, 1996). Societal value has a strong impact on the evaluation and inclination to consume luxury brands (Dubois and Duquesne, 1993).

Collectivism is one aspect of Chinese tradition that relates to luxury consumption, people are influenced by collectivistic values believe that conforming to the norms set by their social group is the proper way to behave (Wei and Yu, 2012). In the context of luxury consumptions, Chadha and Husband (2006) also revealed that Chinese people dominated by the collective self are very concerned about how they appear to others and concerned with the public meaning of their possessions. They tend to place great emphasis on material possessions and the display of these possessions. Taken together, much research on the external influences on luxury consumption shows that the societal value of luxury goods accounts for a large part of a consumer's decision to purchase luxury brand.

Wiedmann et al (2007) stated that the consumer's societal value is positively related to their luxury value perception of a possible purchased luxury good, but their research were mainly conducted in the western countries. More specifically, social influence seems to be growing in the eastern emerging markets, but slowing down in the developed luxury markets, where are considered as individualism cultures. researchers believed that consumers in developing countries have much higher levels of social influence than those in more advanced economies ( Hsu et al, 2006 ), because people's buying behaviours in collectivist countries, such as China, are particularly susceptible to social influences, and they desire luxury products to help them attain a greater social status (Sun et al, 2014). Therefore, to extend previous research in emerging luxury market, it is important to examine whether the societal value is a significant dimension of luxury value for Chinese consumers.

Hence, the following proposition is put forward:

**Hypothesis 4 :Societal perception impacts on Chinese consumers' luxury value perception**

### **2.10.5 Key influencing factors of societal value perception**

As discussed above, Chinese consumers' luxury value perception may be affected by their societal perception, the researcher believes that it is also worthwhile to discuss the key factors which influence Chinese consumers' societal value perception in this section.

#### **2.10.5.1 Conspicuous value**

Veblen (1912) laid down the foundations of conspicuous consumption in his publication "the theory of the leisure class", he argued that people spent lavishly on visible goods to prove that they were prosperous and indicated that owning luxury goods can display wealth to others. Thus, Veblen's study offers a solid foundation for understanding the motives that drive an individual's need to consumer luxury products. This means that the consumption of luxury brands may be important to individuals in search of social representation and position.

In recent years, many scholars revealed that the conspicuous value is derived from the consumption process, which is oriented toward the evident display of expensive possessions (Mason, 1981; Bearden and Etzel, 1982; Corneo and Jeanne, 1997; Vigneron and Johnson, 2004; Shukla and Sharma, 2009), they confirmed that consumers buy, use and display luxury goods to gain recognition or status, for example, Arghavan et al, (2000) stated, since concept of luxury brands is about performance, conspicuousness should be a part of the study about the purchasing intentions of luxury fashion brands, in addition, O'Cass & Frost (2002) have further studied the perceived status and conspicuous value of luxury goods. Their research consisted of a survey, which indicated that status-laden brands were purchased for status and conspicuous consumption and not for the functional characteristics of the product itself. Eastman et al (1993) defined conspicuous consumption is a motivational process by which individuals strive to improve their social standing through consuming conspicuous products that confer or symbolize status for both the individual and surrounding others. More recently, conspicuous consumption refers to the consumption of luxury items (Souiden et al, 2011), and researchers believe it plays a significant role in influencing consumers' social perceptions (Frank, 1999; Nueno and Quelch, 1998).

Wiedmann et al (2007) stated that luxury products are important to individuals in search of social status, and conspicuous consumption plays a significant part when consuming luxury brands in the public context. Again, their research did not include China, so the author likes to examine if the conspicuous value is significant in luxury consumption in Chinese market. Some researchers have suggested that consumers in eastern countries may have higher conspicuous perceptions when purchasing luxury products. For example, Wong and Ahuvia (1998) suggested that conspicuous consumption is the most effective way to attract attention. The more famous and expensive the brand, the more recognition they get, they posit that consumers in India and Malaysia emphasize their conspicuous consumption in social groups; Eng and Bogaert (2010) focused on the Indian luxury market and argued that a collective culture, which is representative of Asian values, has behavioural norms of displaying wealth through luxury possession; Shukla and Sharma (2009) and Shukla (2012) revealed that consumers in emerging markets may have a stronger affinity toward conspicuous consumption than in developed market.

Therefore, it is interesting to know whether the conspicuous value is a significant dimension of luxury value for Chinese consumers' societal perceptions, then in this study, the following hypothesis is proposed:

**Hypothesis 5: Conspicuous value contributes to Chinese consumers' societal perception of luxury value.**

#### **2.10.5.2 Social status value**

Schiffman et al (2012) stated that social status is frequently thought of as the relative ranking of members of each social class in terms of specific status factors, and these factors such as wealth, power and prestige play a considerable role in guiding consumers' purchase intentions. People buy an expensive product in order to let others know their

power and status (Veblen, 2007). Status can be viewed as the degree of honour or prestige attached to social position. Stratification of society is connected with the ability of individuals to live up to some set of ideals or norms considered as important by the society or social group within it (Maiese, 2004). Moreover, it was found by Mason (1984) that status pursuit is the most important motivation regard to consumption, and it emerges across all social classes. Status is a significant power that is based on respect, consideration and admiration from other people (Eastman et al, 1999). Additionally, Belk (1988) suggested that one of the important motivating forces that influence a wide range of consumer behaviour is the aspiration to gain status or social status from the acquisition and consumption of goods.

In terms of luxury consumption, Li et al (2012) stated that consumers use luxury brands to assert their professional position or demonstrate their social status. Luxury consumption enhances status, therefore, the reasons why people consume luxury brand is to be associated or to emphasize their social status in a certain group of people, as it is a well-known fact that people judge others by their appearance (Nelissen and Meijers, 2011). Tsai (2005) stated that socially oriented consumers are motivated to possess luxury brands in order to display their status and success to their targeted social groups. So, people wear brand-labeled clothing to benefit from the social interactions and classify or differentiate themselves from others (Li et al., 2012). Consumers interest in luxury products may partially be explained by their intent to display wealth and social status ( Souiden et al, 2011).

In recent years, the global luxury market has grown rapidly, not only in the western developed countries but also in the developing countries, where even if people cannot afford food and shelter on a daily basis, they are willing to pay a premium for branded products (Kempen, 2004). Neilissen and Meijers (2011) have tried to answer why are people so keen on wearing brand-labeled clothes and owning other luxury-branded products that they pay a premium for them? And it has been revealed that it is because they want to gain social status. From their research, they have found that people like to display luxury and are willing to pay a cost to affiliate because they believe luxury-branded clothing could increase their status compared to wear ordinary clothing. Their

findings have matched Goldsmith et al (1996 cited by Souiden et al, 2011)'s view that one of the most important forces influencing consumers' behavior is their desire to gain social status or social prestige from the acquisition and consumption of goods.

However, to gain social status is one of the reasons to explain the high demand and spending on luxury products by Chinese consumers. Wong & Ahuvia's (1998) study of Asian luxury consumers, argued that people are very concerned about how they appear to others, luxury goods can display their wealth. In the Chinese market, Wang (2013) found that China's middle-class consumers often view the purchase of brand-name commodities as a manifestation of their economic and social status, they tend to purchase things that symbolize their newly acquired middle-class lifestyle and emphasize their distinctive tastes, the possession of luxury goods could impress their friends, family and colleagues as well as distinguish themselves from lower income groups. In addition, by having luxury products, people can gain or maintain their social positions, and use these luxury goods to show their money power to others (Hung et al, 2011).

Hence, it is argued based on the literature that Chinese consumers can gain or maintain their social positions through consumption of luxury products. In order to gain a depth of understanding with another social influence on luxury consumption in the context of Chinese luxury market, the sixth hypothesis is proposed:

**Hypothesis 6: Social status influences Chinese consumers' societal perception of luxury value.**

### **2.10.5.3 Conformity Value**

The concept of a group reference effect has been studied through various aspects of researchers and scholars for years. Bearden and Etzel(1982) defined a reference group as a group or individual that has a significant impact on the individual behavior. Escalas and Bettman (2003) showed that reference groups are important to a consumer and against which he or she compares him or herself in forming attitudes and behaviors. The study conducted by Park and Lessig (1977) discussed the effect (influence) of group reference, they stated value-expressive (one type of the influence) is characterized by the need for psychological association with a person or group and is reflected in the acceptance of positions expressed by others. There are two forms of value-expressive influence, one form is an attempt to resemble or be like the reference group, the other form is an attachment or liking for the group. The individual is responsive to the reference group out of a feeling for it, not because of a desire to be associated with it. Bearden and Etzel (1982) investigated the reference group effect in consumer marketing. They examined how reference group influences varied for products consumed publicly versus privately and for products considered as luxuries versus necessities. Findings of their study showed reference group influence on product and brand decisions, whether or not the product is owned and also what brand is purchased is likely to be influenced by others. This is explained by the fact that consumers were able to observe the products and brands purchased by reference group members or to interact with referents regarding the appropriate products and brands to buy.

With regards to the luxury value perception, Vigneron & Johnson (2004) stated the consumption of luxury goods involves purchasing a product that represents value to both the individual and its reference group. This means that consumers may regard luxury brands as a means to reach social acceptance and conformity within reference groups. A few years later, Wiedmann et al (2009) added that the contribution of reference theory in the analysis of luxury consumer behavior appears to be important for the motivation underlying luxury consumption, and consumers obtain information about products and services from other people, particularly family members, friends and neighbors, thus reference group effects accounted for a strong influencing factor on a consumer's



decision to buy luxury goods.

As a collectivist culture, the individual person is not a complete entity (Sun, 1991), Chinese consumers' behaviour cannot be fully comprehended unless significant consideration is given to the effects of interpersonal influence on the development of attitudes, norms, values, aspirations, and purchase behaviour ( Hsu et al ,2006). Collectivism is one aspect of Chinese tradition that relates to luxury consumption, people influenced by collectivistic values believe that conforming to the norms set by their in-group is the proper way to behave (Wei and Yu, 2012). Consumers obtain information about products and services from other people, particularly family members, friends and neighbors (Bayus, 1985). Chinese consumers determine the reference group's evaluation as well as observing the behaviours of reference group members in regard to the decision under consideration (Hsu et al, 2006). In the context of luxury consumptions, Inkon (2013) has found from his study that customers are strongly influenced by reference groups when purchasing luxury products rather than the necessities. Wong and Ahuvia (1998) also revealed that Chinese people dominated by the collective self are very concerned about how they appear to others and concerned with the public meaning of their possessions. They tend to place great emphasis on material possessions and the display of these possessions. This is an explanation of why the Chinese have this appetite for luxury brands and are so likely to engage in luxury consumption. A survey, conducted by Tse (1996), found 86.1% of a sample of Hong Kong students agreed that their luxury consumption choices (particularly for clothing) were influenced by their reference group, compared with 71.3% of the American students in the sample. Metha et al (2001), who investigated the relationships between consumers' susceptibility to reference group influence and the perceived risk of luxury services among working women in Singapore, concluded from their findings that in Asian societies, where consumers are less individualistic and adhere more to social norms, they are subject to more family and peer influences by their reference groups' opinions.

To better understand the behavioural basis of reference group effects within collectivist Chinese societies, especially to investigate Chinese consumers' purchase intention for luxury goods. Thus, the last hypothesis is proposed based on the literature:

**Hypothesis 7: Conformity value determines Chinese consumers' societal perception of luxury value.**

### **2.11 Chapter conclusion**

This chapter discussed the global luxury market and Chinese luxury market with its consumers, reviewed the literature about the concept of luxury from different perspectives, and critically presented the previous multiple studies on luxury value dimensions from numerous researchers' theoretical and empirical findings.

Drawing on existing luxury research literature on consumers' perceptions on luxury value, there are seven hypotheses were proposed in that above discussions. It demonstrated that Chinese consumers' luxury value perceptions are influenced by both their self and societal perception, hedonic pursuit value and uniqueness value contribute self perception, whereas, conspicuous value, social status value and conformity value determine societal perception. Thus, the following hypotheses were summarised below of this research based on the literature review discussions:

H1 Self perception impacts on Chinese consumers' luxury value perception

H2 Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.

H3 Uniqueness value affects Chinese consumers' self perception of luxury value.

H4 Societal perception impacts on Chinese consumers' luxury value perception

H5 Conspicuous value contributes to Chinese consumers' societal perception of

luxury value.

H6 Social status influences Chinese consumers' societal perception of luxury value.

H7 Conformity value determines Chinese consumers' societal perception of luxury value

However, in order to achieve this research's aim and gain a better understanding of Chinese consumers' perception towards luxury products, a further qualitative study is needed to explore other different aspects that constitutes consumers' both self and societal perceptions, in addition, empirical testing of the quantitate study is also needed to extend the validity and reliability of the theoretical foundations, thus more discussions will be presented in the following chapters, particularly, the details of how to conduct these two studies for this research are discussed in the following chapter 3.

# **Chapter 3**

## **Methodology**

### **3.1 Introduction**

The methodology for a study specifies what information is to be gathered, from where, and what methods of data collection and analysis are to be employed (Sekaran and Bougie, 2010). It describes the procedures used to acquire knowledge (O'Shaughnessy, 1992). Its foundations are dependent on a set of conceptual framework and philosophical hypotheses that justify a particular method (Payne and Payne, 2011).

According to Gill and Johnson (2010), the research methodology suggests why particular research activities are chosen and why it was felt that they were the ones most likely to achieve the research aims. It is considered important to apply a suitable method to achieve the research aim and objectives. Additionally, the significance of using the correct method also generates a more accurate result (Saunders et al, 2012).

Thus, as the review of the literature has shown, while many rich theoretical areas contribute to an understanding of luxury value, primary research is required to gain an in depth investigation of Chinese consumers' perceptions of luxury consumption. This chapter details the methodological approach adopted for the primary research, especially discussing the process of two stages in field research.

### **3.2 Research Philosophy**

Research philosophy is defined by Galliers (1991) as a belief in the way that data should be collected, analyzed and used. Saunders et al. (2012) explained that research philosophy relates to the development of knowledge and the nature of that knowledge and it plays an important role in achieving the research's aim and objectives. According to Kothari (2004), 'research philosophy' is a term used to refer to the set of beliefs that concern the nature of the reality under investigation. The research philosophy is important in every study since it aids in the creation of assumptions that are critical in

justifying how the research will be done. The type of knowledge to be investigated determines the choice of research philosophy that will be adopted (Goddard and Melville 2004).

According to Table 4, there are four types of research philosophy, consisting of Pragmatism, Positivism, Realism, and Interpretivism, in addition, it shows the terms used to describe those methods.

	<b>Pragmatism</b>	<b>Positivism</b>	<b>Realism</b>	<b>Interpretivism</b>
Ontology: the researcher's view of the nature of reality or being	External, multiple, view chosen to best enable answering of research question	External, objective and independent of social actors	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	Socially constructed, subjective, may change, multiple
Epistemology: the researcher's view regarding what constitutes acceptable knowledge	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data	Only observable phenomena can provide credible data, facts. Focus on causality and law-like generalisations, reducing phenomena to simplest elements	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions
Axiology: the researcher's view of the role of values in research	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view	Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Research is value laden; the researcher is biased by world views, cultural experiences and upbringing. These will impact on the research	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective
Data collection techniques most often used	Mixed or multiple method designs, quantitative and qualitative	Highly structured, large samples, measurement, quantitative, but can use qualitative	Methods chosen must fit the subject matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative

Table 4: Four types of research philosophy (Saunders et al.,2012, p140)

## **Pragmatism**

Pragmatism allows researchers to be free to choose the methods, techniques and procedures of research based on intended consequences. Both quantitative (e.g. questionnaire survey) and qualitative (e.g. semi-structured interviews) methods informed the results and conclusions.

Pragmatism asserts that concepts are only relevant where they support action (Saunders et al, 2012). This means that the most important determinant of your position on each of the continua is the research question.

Moreover, if the research question does not suggest unambiguously that a particular philosophy should be adopted, this confirms the pragmatist's view that it is perfectly possible to work with different philosophical positions. Pragmatists recognise that there are many different ways of interpreting the world and undertaking research, they use the method or methods that enable credible, well-founded, reliable and relevant data to be collected that advance the research (Kelemen and Rumens 2008).

## **Positivism**

Collis and Hussey (2003) stated that positivism try to find the factors or causes of social phenomena. Positivist prefer working with observable social reality that end product of such research can be law like generalisations similar to those produced by the physical and natural scientists (Saunders et al. 2012). Likewise, Hussey and Hussey (1997) suggested that the positivistic philosophy is similar to an approach that uses theories to proceed to other research. Hence, it might lead to more progress of the theory. In general, positivism relates to quantitative data collection, which also uses a large sample. The positivism philosophy employs a statistical program to conduct the data analysis. Thus, positivists view the social world as existing externally and being observed objectively, which permits the researcher to be independent, assuming the responsibility of an objective analyst. They believe the believable data can be obtained from the phenomena

that can be observed, additionally, the social observations should be treated as entities in the same way as researchers in the natural sciences treat physical phenomena. Consequently, positivists state that people and their behaviours are factors which can be substantiated and explored in isolation. Therefore, the only justifiable systems of knowledge are either logical or empirical; overlooking feelings and value judgements, this perspective accepts knowledge only if it can be empirically tested and validated, thereby acknowledging only facts.

According to Hughes and Sharrock (1997), positivism has been mainly implemented in a scientific approach, commonly founded on concepts or hypotheses, and interpreted into empirical statistics which can be measured objectively. According to Gill and Johnson (2002), positivists frequently use deduction as a research technique, which involves the development of both conceptual and theoretical constructs before testing via empirical observation. The researcher determines which concepts are most important to the theory under examination, provides a system for making clarifications and determines measures to represent the occurrences of the concepts. For example, the quantitative methods, which normally are used to examine and confirm the hypotheses, have been adopted heavily in positivist research (Saunders et al.2012). Weber (2004) declares that positivists generally obtain great quantities of statistical data which are examined to distinguish principal regularities and confirming theories.

Hughes and Sharrock (1997) state that positivists in social science generally opt for questionnaires and surveys as techniques of data collection. Gill and Johnson (2002) found that the method of testing and establishing information and theories as being more central to positivist research rather than an examination associated with the foundation and significance of the tested theories. Conventionally, marketing research has focused on the positivist research paradigm and has viewed it as the most dependable and legitimate technique of research (Hughes and Sharrock 1997), qualitative research methods have now achieved reliability and credibility in providing an understanding of human behaviour (Milliken 2001).

## **Realism**

The philosophy of realism is that there is a reality quite independent of the mind. In this sense, realism is opposed to idealism, the theory that only the mind and its contents exist (Saunders et al. 2012). Realism is a branch of epistemology which is similar to positivism in that it assumes a scientific approach to the development of knowledge. This assumption underpins the collection of data and the understanding of those data. This meaning (and in particular the relevance of realism for business and management research) becomes clearer when two forms of realism are contrasted. It is similar to Positivism in that it assumes a scientific approach to the development of knowledge, the difference is that Realism will attempt to understand the situation of the social world (Johnson and Onwuegbuzie, 2004).

There are two major forms of realism. First, empirical realism contends that reality can be understood through the use of appropriate methods. Sometimes referred to as naïve realism, this approach assumes that there is a perfect correspondence between reality and the terms employed to describe it (Bryman, 2004). It is argued that this approach ‘fails to recognize that there are enduring structures and generative mechanisms underlying and producing observable phenomena and events’ (Bhaskar, 1989, p125). Another major form of realism is critical realism. Researchers adopting this viewpoint believe that our understanding of knowledge is stratified in different levels. One level of reality (Mechanisms) is not easily accessible as it is hidden from common view. Indeed, these mechanisms cannot be directly experienced so have to be logically interfered from events (events are things that happen in the world, which we perceive through experiences) (Fisher, 2004). For Bhaskar, who pioneered critical realism, the social world can only be understood if one identify these mechanisms, these structures are not spontaneously apparent in the observable pattern of events; they can only be identified through the practical and theoretical work of social sciences.



## **Interpretivism**

Bryman and Bell (2011) stated that interpretivism considers the personal meaning of social action by focusing on human behaviours, and also believes in the divergence of human and the natural sciences in objects. Furthermore, qualitative research is a naturalistic consideration in the context that should be evolving, moreover the interpretive philosophy uses multiple processes, including interactive and humanistic. Singh (2016) mentioned that as a result of the increasing change and confusion in organisations, qualitative research and the underutilised interpretive styles, such as ontology and epistemology are often used increasingly by contemporary scholars to generate theories in management research. The key philosophy in the interpretivist approach is that knowledge is based on interpretation. Interpretivists believe that humans are active and purposeful, and that reality can be understood only through subjective interpretation, in other words, they try to understand the thinking and meanings behind studies (Collis and Hussey, 2014).

Blumberg, et al. (2005) believed interpretivists try to recognise and understand subjective realities by presenting interpretative justifications, which are meaningful to the context of the research. A social phenomenon is multifaceted in nature and the generality of the findings is not a principal matter. According to Weber (2004), the methodological theory of interpretivism means that the researcher and reality are indivisible, and that an understanding of the world is purposely established via an individual's lived experience, together with the analysis of research objectives. Interpretivist researchers do not objectify people and their behaviour; instead they try to discover methods which permit development by understanding and gaining knowledge from the context within which the behaviour occurs (Johnson and Onwuegbuzie, 2004). Interpretivists suggest that research is motivated by human interests, that the research method ought to be less controlled than that proposed by positivists, and that the researchers play a role in what is observed and occasionally collaborate in the actual observed situation (Blumberg, et al. 2005), permitting them to acquire important understanding into human behaviour, rationale and subjectivity via what Hughes and Sharrock (1997) refer to as an imaginative reform or empathy.

Interpretivist researchers conversely utilise qualitative research methods arguing the superiority of constructivism, idealism, relativism and humanism over research limited to quantitative explanations, attempting to research the depth of phenomena through a degree of immersion to gain greater understanding, for instance, interviews and document analysis of qualitative data collections methods can be the best methods used to explore and gain an insight into the subjective experience (Onwuegbuzie and Johnson, 2004).

To ensure this research is relevant to the research questions as set out in the first chapter, the pragmatism is the right philosophy for current research, since it covers both subjective and objective views, subjective views are interpretivist philosophy and objective views are positivistic philosophy. Pragmatism is the philosophy suitable for the purpose of conducting both two studies in this research. In study one, interpretive philosophy can help to develop in-depth knowledge and understand Chinese consumers' perceptions of luxury. In addition, positivist philosophy in study two can use natural sciences to describe, test and deduce the research objects. The research started with a review of the related literature and developed a conceptual framework from the findings of focus group interviews. In order to support the theory with the conceptual framework, the research has developed hypotheses to investigate the relationship between the independent and dependent variables.

### **3.3 Research approach and method**

The previous section outlines the research philosophy chosen for this study, this section begins with a discussion of the research approach and then presents the methods this research used.

#### **3.3.1 Research Approach**

Creswell (2009) noted that a quantitative approach is a deductive approach that has a positivism epistemology and deals with numerical data. The positivist approach is typically used for understanding human behaviours and attitudes (Hussey and Hussey, 1997). Moreover, Hussey and Hussey (1997) assert that the positivist approach is related to the facts or causes of social phenomena circumstances. In addition to this, Burrell and Morgan (1979) note that in order to explain and predict the social science (human behaviour), quantitative research should be used to identify regularities and causal relationships between its constituent elements. The positivist method is appropriate for developing the validity and reliability of data collected from society; it can be statistically analysed in order to explain social phenomena.

The inductive approach is applied to situations where specific observations or measurement are made with the aim of developing broader conclusions, generalizations and theories. According to Cavana et al. (2001), the qualitative approach's benefit is to gain deep understanding of human behaviour including values and beliefs. Also, this approach will result in the explanation of how and why phenomena occur, especially in descriptive ways (Sharif, 2004). There are major differences between deduction and induction (see table 5).

Induction emphasizes	Deduction emphasizes
<ul style="list-style-type: none"> <li>• Gaining an understanding of the meanings humans attach to events</li> <li>• A close understanding of research context</li> <li>• The collection of qualitative data</li> <li>• A more flexible structure to permit changes of research emphasis as the research progresses</li> <li>• A realization that the researcher is part of the research process</li> <li>• Less concern with the need to generalize</li> </ul>	<ul style="list-style-type: none"> <li>• Scientific principles</li> <li>• Moving from theory to data</li> <li>• The need to explain causal relationships between variables</li> <li>• The collection of quantitative data</li> <li>• The application of controls to ensure validity of data</li> <li>• The operationalization of concepts to ensure clarity of definition</li> <li>• A highly structured approach</li> <li>• Researcher independence of what is being researched</li> <li>• The necessity to select samples of sufficient size in order to generalize conclusions</li> </ul>

Table 5: Differences between Deductive and Inductive approach (Collis and Hussey, 2014)

It is summarised that the qualitative method is an exploratory method to gain deep understanding of human behaviour (Cavana et al., 2001). It is used inductively, which is related to observing relationships. It starts with information on observations, next analysing patterns, then grouping the relationships and then developing a theory to support above assumption. However, the quantitative methods are statistical way to analyse data and explain the result, using deduction, which is a theory developing hypotheses and starts from the theory, then develops hypotheses, then collects and analyses data, and results in accepting or rejecting hypotheses (Gilbert, 2001). Both methods have their strengths and weaknesses, thus, it is essential to choose a suitable method for the research field. The quantitative approach is less time-consuming, more economical and suitable for a large number of participants, although the approach is not flexible during the data collection method. The qualitative approach is used to gain deep understanding of people and their ideas, but it is more difficult to analyse and interpret the results than the positivist approach (Amaratunga et al., 2002).

Instead of moving from theory to data (as in deduction) or data to theory (as in induction), the abductive approach is the one combining deduction and induction (Saunders et al, 2012), based on the table 6. With abduction, data are used to explore a phenomenon, identify themes and explain patterns, to generate a new or modify an existing theory which is subsequently tested, often through additional data collection. Thus, this research adopted an abductive approach, as it aims to develop a conceptual model on the basis of Chinese consumers' focus group discussion findings and current literature, then use this model to develop a series of hypotheses and design a questionnaire to collect data with which to test these hypotheses, finally based on analyses of these data, the researcher could then refine the proposed conceptual model.

	<b>Deduction</b>	<b>Induction</b>	<b>Abduction</b>
<b>Logic</b>	In a deductive inference, when the premises are true, the conclusion must also be true	In an inductive inference, known premises are used to generate untested conclusions	In an abductive inference, known premises are used to generate testable conclusions
<b>Generalisability</b>	Generalising from the general to the specific	Generalising from the specific to the general	Generalising from the interactions between the specific and the general
<b>Use of data</b>	Data collection is used to evaluate propositions or hypotheses related to an existing theory	Data collection is used to explore a phenomenon, identify themes and patterns and create a conceptual framework	Data collection is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth
<b>Theory</b>	Theory falsification or verification	Theory generation and building	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory

Table 6: Types of research approaches: deduction, induction and abduction (Saunders et al, 2012, p144)

### **3.3.2 Research method in current study**

In a real life, if social phenomena are complex and knowledge is subject to multiple realities, how could one philosophical paradigm be considered best or even superior? Indeed, how could any one method fully capture such complexity? Researchers have suggested both interpretivist and positivistic philosophies have advantages and limitations (Creswell and Plano-Clark, 2007, Tashakkori and Teddlie, 2003) thus, conducting mixed methods means that the interpretivist and positivistic philosophies are complimentary to each other, and these two approaches go hand in hand rather than competing with each other. To ensure this research is relevant to the research questions as set out in the first chapter. Pragmatism (both interpretivist and positivistic philosophies are included) is suitable for the purpose of this research, positivistic philosophy starts (testing and validation of the conceptual model) when interpretivistic philosophy ends (development of a conceptual model).

Creswell and Plano Clark (2007) asserted that mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many stages in the research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination, provides a better understanding of research problems than either approach alone.

Johnson and Onwuegbuzie (2004) also defined mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration. It is worth noting that a mixed methods approach incorporates elements of both qualitative and quantitative approaches

and qualitative and quantitative approaches should not be viewed as polar opposites; instead they represent different ends on a continuum (Newmann and Benz, 1998). Mixed methods combine multiple approaches to data collection such as combining instruments (qualitative data) with traditional surveys (quantitative data).

This mixed methodological approach has gained wide support in recent years (Bryman 2004), and a growing number of researchers have been using this method, as they have stated that mixed-methods research acknowledges the usefulness of both qualitative and quantitative approaches, encouraging methodological pluralism and eclecticism to draw from the strengths and minimise the weaknesses of either individual approach (Johnson and Orwueghbuzie, 2004).

Moreover, a mixed method approach allows the researcher to be more flexible and to address complex research questions (Powell et al., 2008). Results from both the qualitative and quantitative data can be used to reinforce each other (Creswell, 2009). It is certainly maintained that a mixed methods approach produces effective research; it provides strengths that offset any inherent weaknesses in both the quantitative and qualitative research. This is supported by Freshwater (2007), who claimed that there should be no methodology gap in research conducted using a mixed methods approach. Table 7 outlines the differences between qualitative, quantitative and mixed methods.

<b>Typically</b>	<b>Qualitative</b>	<b>Quantitative methods</b>	<b>Mixed methods</b>
Use these philosophical assumptions	Interpretivist knowledge claims	Positivist knowledge claims	Pragmatic knowledge claims
Employ these strategies of enquiry	Phenomenology, grounded theory, ethnography, case study, interviews	Surveys and experiments	Sequential concurrent and transformative
Employ these method	Open-ended questions, emerging approaches, text or image data	Closed questions, predetermined approaches	Both open- and closed-questions, both emerging and predetermined approaches and both quantitative and qualitative data and data analysis
Use these practices of research as a researcher	Collects participant meanings. Brings personal values to the study. Studies the context or setting of participants. Validates the accuracy of findings. Makes interpretations of the data. Creates an agenda for change of reform. Collaborates with participants	Tests or verifies theories or explanations. Identifies explanations. Identifies variables to study. Relates variables in questions or hypotheses. Uses standards of validity and reliability. Observes and measures information numerically. Uses unbiased approaches. Employs statistical procedures.	Collects both qualitative/quantitative data. Develops a rationale for mixing. Integrates the data at different stages of inquiry. Presents visual pictures of the procedures in the study. Employs the practices of both qualitative and quantitative research.

Table 7: Comparison of Qualitative, Quantitative and Mixed Methods (Creswell ,2009)

Mixed methods need to establish a purpose for the mixing, a rationale for why quantitative and qualitative methods need to be mixed in the first place, and are largely



based on the consequences of where the research is intended to go (Creswell, 2009). In order to achieve the intended aims and objectives of this research, mixed methods was found to be the most appropriate approach for this research, because it helped the researcher to frame, address and answer research questions and allowed the researcher to be more confident of the research results and their contribution to theory and practice. Because the mixed method was selected for this study, so both inductive and deductive approaches are selected. Morse (2009) suggested qualitative methods often use an inductive approach and seek discovery, whereas quantitative studies frequently use deduction and focus on theory testing. Therefore, this study is undertaken in two stages of field research, the first stage of the research conducted inductively. The inductive approach can help the researcher to gain a close understanding of Chinese consumers' luxury value perceptions, and identify the significant luxury value dimensions in relation to luxury consumption in a conceptual model. Once the Chinese consumers' luxury value perceptions are integrated into a conceptual model from stage one of induction approach and the discussions from literature reviews, the research could move to the second stage and conduct the deductive approach to test and confirm hypotheses that were created by the researcher in order to validate the theoretical model.

### **3.4 Research design**

Iacobucci and Churchill (2010) stated that a research design is a framework or plan used to guide data collection and analysis for a study. Collis and Hussey (2014, p195) consider research design as 'the science (and art) of planning procedures for conducting studies so as to get the most valid findings'. It is the process involved in conducting the research.

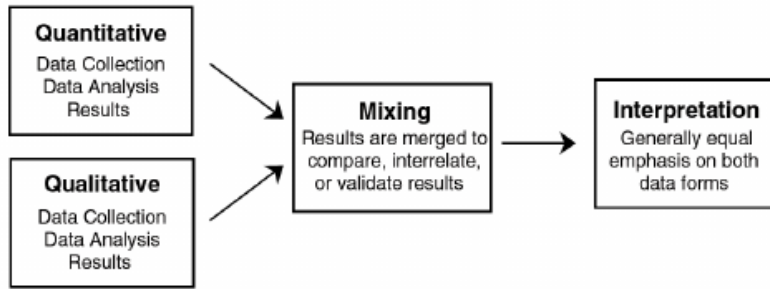
Research designs are categorised as exploratory, descriptive and causal (e.g. Churchill 1999) An exploratory research design is concerned with identifying the real nature of research problems when they need to be defined more precisely, or when research questions or hypotheses need to be developed; or when the nature of the topic under study cannot be measured in a structured, quantifiable manner (Malhotra and Birks,

2003). It is normal to use exploratory research to establish priorities for the research and eliminate impractical ideas (Creawell 2009). In order to meet the key objective of this research, the exploratory research is an appropriate design for study one of this research, because it provides insights into and an understanding of marketing phenomena, so to establish the key influencing luxury value factors well together in a conceptual framework in the context of the Chinese market

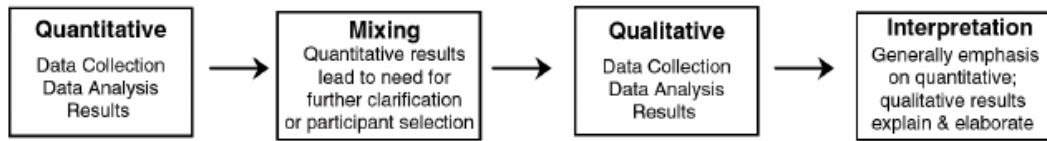
In addition, a good research design will ensure that the research project in the domain of marketing is conducted efficiently and particularly, the mixed method research design needs to take the best of qualitative and quantitative methods and combine them (Bergman, 2008). Thus, a research design ensures that the study will be relevant to the research context and will employ appropriate procedures.

Creswell and Plano Clark (2007) proposed four main design types of mixed methods (table 8): (1) the triangulated design, to obtain different but complementary data; (2) the embedded design, in which one data set provides a supportive secondary role; (3) the two-phase explanatory design, which builds or explains quantitative results; and (4) the exploratory design, which is also two-phased but led by the qualitative research. Each type has multiple variants based on emphasis and purpose. In addition, Morse (2009) suggested there are three main approaches in mixed methods: (1) qualitatively driven mixed methods designs, (2) quantitatively driven mixed methods designs, and (3) complex mixed and multiple method designs. Each approach includes several variants with different combinations and relationships between the components.

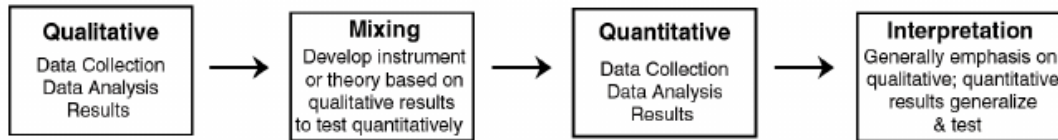
**(a) Triangulation Design**



**(b) Explanatory Design**



**(c) Exploratory Design**



**(d) Embedded Design\***

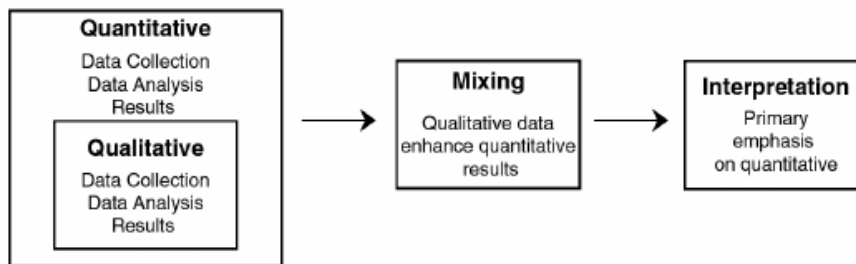


Table 8: Four types of Mixed method designs ( Creswell and Plano-Clark, 2007)

Therefore, this study selected the exploratory design which led by the qualitative research, the approach of the qualitatively driven mixed methods design helped to build models and themes grounded in participant views, these themes then would be subjected to empirical measurement, testing and validation. Clearly, researcher began with qualitative method to explore a theory and then followed by a quantitative method to generate a large sample size. Through this approach, it helps the researcher to identify variables, develop and implement a quants instrument base on quals findings.

### 3.5 Two stages of current study

In order to gain insights into the perceptions, there would be two stages to conduct this research. During the course of this study, there has been a constant dialogue between the theory and the data (especially in the initial qualitative study). The process followed can be described by the following stages (table 9):

Stage 1: (a) developing an initial understand of the study’s research questions as well as all the relevant issues based on a literature review (b) developing hypotheses from the relevant consumer behaviour literature on luxury consumption (c) conducting focus group interviews in order to explore further about Chinese consumers’ value perceptions towards luxury products by analysing these focus group interviews outcomes (d) developing a set of testable hypotheses based on the findings from focus group discussions and literature.

Stage 2: (a) collecting consumer survey data to test the hypotheses (b) analysing this dataset, and (c) interpreting the results based on the empirical findings and relevant theory. Thus, this study incorporates findings from both the qualitative study and the quantitative study, and the final conceptual model is proposed.

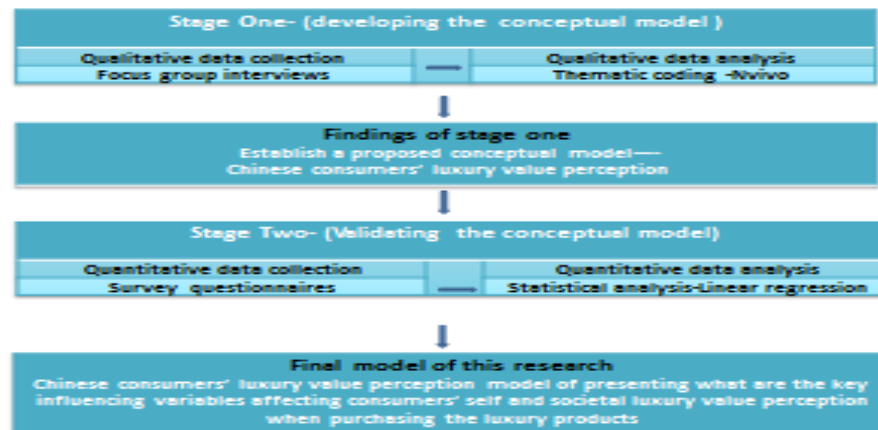


Table 9: Two stages of current research

### **3.6 First stage of the field research --Qualitative study**

In order to meet the first two objectives of this research, which are to explore, identify and clarify key dimensions of Chinese consumers' luxury value perception and to develop and propose a conceptual model explaining the key perceived luxury values, the first stage of this field research uses a qualitative approach. This approach allows the researcher to understand the Chinese consumers' point of view on luxury value perceptions, gain in depth information, better understanding and to address the research questions.

#### **3.6.1 Conducting Focus groups**

Although there are many popular qualitative strategies i.e. focus groups, interviews and observations, choosing the most suitable strategy will be influenced and directed by the research questions and objectives (Yin, 2003). In the first stage, the researcher selected focus groups as the research strategy.

A focus group is a group interview that focuses upon a particular issue, product, service or topic by encouraging discussion amongst participants and the sharing of perceptions in an open and tolerant environment ( Krueger and Casey 2015). A focus group is a qualitative technique for data collection through group interaction on a topic determined by the researcher. It normally consists of a small group of people (generally made up of 6-10 members), who are brought together by a researcher to explore attitudes and perceptions, feelings and ideas about a topic (Kamberelis and Dimitriadis, 2013). Groups of fewer than six are unlikely to generate the momentum and group dynamics necessary for a successful session. Likewise, group of more than ten people may be too crowded and may not be conducive a cohesive and natural discussion (Malhotra et al, 2013). Thus, this interactive discussion among group members is given a particular value rather than just gathering opinions of people. According to Dilshad and Latif (2013), selecting a small group of people to explore their attitudes and perceptions, feelings and ideas about a chosen topic has a better value rather than gathering opinions of few individuals.

The purpose of conducting focus groups in this study are: (1) to enrich the understanding of the findings from questions set based on the literature review about Chinese consumers luxury consumptions behaviours, and (2) to identify and confirm the key dimensions of luxury values of Chinese consumers' perceptions related to the previous work based on the literature. Because the Chinese consumers' value perspectives of purchasing luxury goods may differ from luxury consumers in western countries, so the lack of substantial information about Chinese consumers' luxury value perceptions requires the author to use focus groups to gain a better and deeper understanding of their thoughts, feelings, impressions and perceptions in their own words, therefore the findings from focus groups can help to establish a conceptual model which presents the key luxury value dimensions in the context of Chinese luxury market.

Conducting a focus group qualitative phrase involved some challenges, for example it is difficulty to summarise a 'group view', because each focus group participant has differences in individual circumstances, characteristic and experiences, so they may provide different comments (Dilshad and Latif, 2013), another challenge is time constraints, because the open ended question discussion may takes time to gain deeper views from each participant, and building rapport and trust of within the discussion may takes time too (Stewart et al, 2006). Barbour (2008) highlighted a common issue to focus group researchers is that the respondents are simply telling us what they think we want to hear, because of the additional fear of peer group disapproval. Additionally, there would be influences between participants in a group setting. It felt uncomfortable with a topic like luxury goods where participants may limit their disclosing for fear of judgments by others.

With the discussion of challenges of conducting focus groups, the researcher planned carefully to run the focus group interviews in this study. For instances, what are the times and where are the locations to convenience the participants? Who are these sample participants? Who will be selected to be suitable in the group? What needs to be made

aware for these participants in advance of this activity? What kind of questions should be asked during the discussion? In this study, the researcher encouraged participants to relax, and to initiate, encourage and direct the discussion, in addition, the researchers allowed them to range more freely in the discussion, and tried to encourage involvement of all group members and pursue the focus group interviews' exploratory purpose through the use of open and probing questions. Despite this reference to the potential difficulties of using group interviews, there are distinct advantages arising from their use. Because of the presence of several participants, this type of situation allows a breadth of points of view to emerge and for the group to respond to these views. A dynamic group can generate or respond to a number of ideas and evaluate them.

By conducting focus group discussion, it allowed participants to consider points raised by other group members and to challenge one another's views rather than in one-to-one interviews, where, the discussion is limited to the interviewer and interviewee. As it has been revealed by Mfdorgan (2002), as opposed to individual interviews, participants' experiences and perspectives could not be accessible without group interaction. In addition, this method offers the researchers "a way of listening to people and learning from them" (Morgan, 1998, p9). Stewart (et. Al, 2007) suggested focus groups allow participants to react to and build on the responses of other group members. This synergistic effect of the group setting may result in the production of data or ideas that might not have been uncovered in individual interviews

Furthermore, focus group interviews can provide access to diverse experiences, views, perceptions on a majority of Chinese consumers' luxury values rather than focus on one person's opinions in interview, Kamberelis (2013) also added that focus group provide the researchers with a more extensive range of data. Moreover, focus group give the opportunity for the participants to be able to share their perspectives in the group environment and then have a particular time to speak about their personal perceptions, beliefs and experiences as well as the impact of the focus group in greater depth. In addition, it is likely that in the process of group discussion, many other issues which are not included in the original questions will emerge (Krueger, 2015). Therefore, the

researcher in this study believe by conducting focus group could capture interactions among group members on luxury value propositions can provide rich data that help to establish a conceptual model by integrating key luxury value dimensions in the context of the Chinese luxury market.

### **3.6.2 Sampling and collection of qualitative data**

In the qualitative research, people often ask “When will I know that I have undertaken sufficient interviews or focus group interviews?” Strauss and Corbin( 1998) answered that interviews should be conducted until the point of theoretical saturation or informational redundancy. This is the point in the analysis at which new data fail to generate new themes and new information, it is considered as an appropriate stopping point for data collection, especially in exploratory research. According to Glaser (1992), theoretical saturation is the key factor that determines when data collection can end: saturation is recognisable when the addition of further data yields no extra information to the properties of the categories already developed. More specifically, a question that always arises is how long a researcher must continue to sample. The general rule is to gather data until each category is saturated. This means until (a) no new or relevant data seem to emerge regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation, and(c) the relationships among categories are well established and validated. Theoretical saturation is of great importance. Unless a researcher gathers data until all categories are saturated, the theory will be unevenly developed and lacking density and precision (Glaser and Strauss, 1967). Krueger and Casey (2015) also suggested that you should plan to undertake three or four group interviews with any one type of participant. If after the third or fourth group interview you are no longer receiving new information you will have reached saturation, in which case you will have heard the full range of ideas. In this study, this principle was followed and was the criterion that determined finally that 10 focus groups interviews were conducted for this stage, as the interviewees seemed to converge with each other and agree on the main issues, offering no deviant cases which indicated that



the model was sufficiently corroborated and refined or, to put it otherwise, ready for its testing on statistical grounds in the next stage of this research.

Prior to conducting the focus groups interviews, the researcher had to establish contact with potential respondents. For example, the white-collars and professionals, self-employed or business people in SMEs (small to medium sized enterprises, who are mainly the business owners, in this research, the author considered that these owners have high incomes), and the leading government officers in mainland of China were targeted in this research, because they are defined as the Chinese middle class with annual incomes between \$20,000 to \$80,000, aged between 20-50 years old and with relatively high incomes. Moreover, they are also described as the main force boosting luxury buyers who account for 13.5 per cent of the China's total population (McKinsey and Company, 2013).

The focus group interviews were undertaken during in 2015. This was an important stage for the research process as it allowed the researcher to explore the initial concepts and ideas on how they related to the Chinese consumers' luxury value perceptions when purchasing luxury products as identified from the literature. These primary data were collected from three main Chinese cities, Beijing, Shanghai and Chengdu, these cities are Chinese economic centres, and the participants are likely to have contact with luxury products and they may have more chances to have advanced knowledge of luxury brands. The participants were selected using convenience sampling and snowball sampling based on their profession, education, gender, age and income, as the researcher has a direct relationship with these participants. In order to ensure a representative sample, views were gained from a fair equal number of male and female respondents for each focus group. The descriptive information on participants can be seen in table 10.

	Beijing	Shanghai	Chengdu
Number of focus groups	4	3	3
Number of participants in each focus group	6-8 (6,6,7,7)	6-8 (6,7,8)	6-8 (6,8,8)
Age group			
20-25	2	4	4
26-35	8	6	5
36-45	9	8	8
46-55	5	2	3
55>	2	1	2
Education levels			
High school	4	2	4
Bachelor degree	10	9	11
Master degree	9	9	6
PhD	3	1	1
Gender			
Male	12	10	9
Female	14	11	13
Occupation			
Professional	8	7	6
White collar	4	8	5
Civil Servant	10	4	6
Other	4	2	5
Annual income US\$			
\$20,000to \$40,000	7	4	6
\$40,000to \$60,000	9	10	12
\$60,000to \$80,000	8	6	4
\$80,000>	2	1	0
Marital status			
Single	7	12	6
Married	19	9	16

Table 10: Descriptive information on focus group participants

It was recommended by Hill (2005) before the interview to make at least two pilot interviews. Therefore, two pilot focus groups interviews were carried in Chengdu, China, because they could help the researcher to modify interview questions and ensure the participants can understand them well, in addition, the respondents can give feedback and raise issues if there is any confusion or uncertainty about these questions, then the researcher can make the necessary changes. Moreover, according to Floyd et al (1995),

pilot testing can help to show any practical problems or misunderstandings of the questions that might be emerge during the interview, in addition, the pilot focus groups could give the researcher some experience at administering a qualitative interview so the main focus groups interviews could be carried out more effectively.

All focus groups interviews were conducted in a relaxed and informal atmosphere, the researcher ensured that the participants in each group have similar age, education, work experience background, which they could have something in common and feel relax during the interviews. The discussions consisted of a series of open-ended questions, perhaps they are better described as probes to ensure a logical flow of conversation around the topic area. An interview guide (see Appendix 1) was developed aiming to explore all the dimensions of the theoretical model, while at the same time to allow the flexibility for additional important issues.

The participants can talk and feel comfortable enough to proffer their opinions and experiences, and the role of the researcher was only be more of a facilitator, leaving the participants to talk about their views and experiences in depth. They were seated in a circle to encourage interaction and eye contact with a big flipchart showing popular luxury brands (e.g., LV, Gucci, Chanel, Giorgio Armani, Burberry, Dior). This evoked participants' feelings and perceptions about luxury brands and global trends in their luxury consumptions. At the beginning, the researcher thanked all participants for their agreement to participate in the focus group discussions, then they were briefly explained the purpose of the study, the context as well as the legal and ethical rules governing the discussions (such as anonymity, confidentiality and the right to answer or not any particular questions). Then, the discussion would start with the first introductory questions regarding the phenomenon of luxury consumption, moving on to the more detailed and complex topics, finally ending with some general or clarification questions and thanking again the participants. Wherever necessary, an adjustment of the questions of the interview guide was done, probing, asking for clarification, elaboration or further reflection on each theme or concept emerging from their discussions. During the interview discussions, the researcher used a combination of grand tour questions,

example questions, hypothetical questions and prompts in the interviews, for example, (1) Grand tour questions, as the name suggests, grand tour questions ask respondents to give a verbal tour of something they know well. The advantage of these questions is that they allow the respondent to talk in a fairly focused way (Spradley, 1979), ie, What do you believe luxury is (2) Example questions, similar to grand tour questions but are more specific, ie, Can you tell us what you have bought recently as a luxury product, why did you buy it? (3) Hypothetical interaction questions, which allow respondents to put themselves into hypothetical situations and give their opinion ie, when you buy a luxury product, will you only consider your personal feeling and never care about other peoples' opinions? (4) Prompts questions, these questions are using to reassure and clarify with participants, ie, you said you feel happy and confident when wearing luxury products right, could you explain in more detail?

In all cases, participants were encouraged to expand their responses with examples and detailed stories that illustrated their statements. Data concerning body language, tone, and emotional responses (e.g. laughing, reflection or hesitation) were noted to enhance the direct quotations from the recordings. Each focus group lasted for about 45 minutes to an hour, and they were recorded with prior consent from participants and notes were taken during the interviews.

### **3.6.3 Qualitative data analysis**

The focus group interviews were conducted in the Chinese language. All the interviews were audio-recorded and the Chinese was translated into English, then the researcher needed to transcribed them, it was a time consuming exercise, but the researcher managed and consulted with two bilingual professionals to make sure the transcriptions had been translated into English words and perspectives appropriately. Once the data had been transcribed into text the analysis was undertaken. In preparation for analysis, the transcriptions were imported into the qualitative software analysis package NVivo 10. This software was developed by QSR International Australia. It helps

researchers to manage, shape and make sense of unstructured data. This data comes in the forms of audio, video, documents and pictures, and it is designed to facilitate common qualitative techniques for organising, analysing and sharing data. NVivo 10 has a step-by-step approach.

Qualitative research is systematic in its approach to data collection and analysis. According to Braun and Clark (2006), the thematic analysis approach offers the researcher the means by which to access and analyse the articulated perspectives of the participants so that they may be integrated into a model that seeks to explain the social processes under investigation. The purpose of using thematic analysis in qualitative research is to emphasize examination and recording of themes within data (Boyatzis, 1998). In addition, Jonny (2009) argued that the inductive thematic approach emphasizes the participants' perceptions, feelings and experiences as the paramount object of study. Coding is the primary process for developing themes within the raw data by recognizing important moments in the data and encoding them prior to interpretation, thus thematic analysis is considered to be a very useful method of capturing the intricacies of meaning within a data set. Coding also allowed the researcher to classify the interview data into meaningful themes. There are two types of coding in NVivo: 1. auto coding, and 2. manual coding. Auto coding is recommended for research using structured questionnaires in order to obtain answers to the questions in a consistent way. The structured format enables the researcher to compile answers to each question into a node. Auto coding is particularly useful when dealing with large datasets. In contrast, manual coding is used when there is a relatively small data set and the study requires close analysis. In manual coding, the researcher identifies the themes based on the sources and then creates nodes in Nvivo. The researcher then drags and drops relevant references (i.e. quotations) to the manually created nodes. In this study, manual coding was used because the researcher does not use a structured questionnaire which generates answers in a consistent way and there was also a manageable data set. Further concepts/themes emerged when data was being analysed, which were different to the themes identified by the software based on common words/similarities in the interview transcripts. Thus manual coding was preferred to auto coding. A coding

structure can be established by arranging the emerged themes in ‘tree nodes’, with each node based on a hierarchical structure for each study. Finally, interdependent ideas were captured, relationships were identified and models created to visualise ideas and relationships.

Following Braun and Clarke (2006)’s six step stages to conducting thematic analysis (table 11), The researcher firstly has begun transcribing the data, during this stage, the researcher has familiarity with the contents of the primary data collected from the focus groups in China and should be able to identify explicit patterns. Then moved to the second step to generate an initial list of items from the data set that have a recurring pattern as the most significant codes, such as “quality”, “ happy” and “ show off” were identified. Throughout the coding process, the data were reduced to classes or categories in which the researcher is able to search for themes. In this stage, the researcher begins to focus on broader patterns in the data and consider the relationships to combine codes into overarching themes. These stages and process were repeated, because the researcher needed to go back to redefine the themes and find if there are any data that was missing. After defining what each theme is, then the researcher described each theme with a few words such as, “feel unique and different from others”, and “show richness and wealth to others”. As a result, these themes provided the most useful and a meaningful contribution to understand what is going on within the data set. In short, this process normally starts from generating initial codes, searching for themes, reviewing themes, defining and naming themes, and then to final analysis.

Thematic Analytical Process (Braun and Clarke, 2006)	Braun and Clarke Practical Application in NVivo	Strategic Objective	Iterative process throughout analysis
1. <u>Familiarizing yourself with the data</u>	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas Import data into the NVivo data management tool	<b>Data Management</b> <i>(Open and hierarchal coding through NVIVO)</i>	Assigning data to refined concepts to portray meaning
2. <u>Generating initial codes:</u>	Phase 1 – Open Coding- Coding interesting features of the data in a systematic fashion across the entire data set, collecting data relevant to each code	↓	↕
3. <u>Searching for themes:</u>	Phase 2 - Categorisation of Codes – Collating codes into potential themes, gathering all data relevant to each potential theme		<b>Descriptive Accounts</b>
4. <u>Reviewing themes:</u>	Phase 3 – Coding on - Checking if the themes work in relation to the coded extracts (level 1) and the entire data set (level 2), generating a thematic ‘map’ of the analysis	<i>(Reordering, ‘coding on’ and annotating through NVIVO)</i>	↕
5. <u>Defining and naming themes:</u>	Phase 4 - Data Reduction - On-going analysis to refine the specifics of each theme, and the overall story [storylines] the analysis tells, generating clear definitions and names for each theme	↓	Assigning data to themes/concepts to portray meaning ↕
6. <u>Producing the report</u>	Phase 5 –Generating Analytical Memos - Phase 6 – Testing and - Validating and Phase 7 Synthesising Analytical Memos. The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis	<b>Explanatory Accounts</b> <i>(Extrapolating deeper meaning, drafting summary statements and analytical memos through NVIVO )</i>	Assigning meaning ↕ Generating themes and concepts

Table 11: Six stages of thematic analysis (Braun and Clarke, 2006)

During the process, the qualitative data analysis software NVivo 10 was used as a tool for efficiency, it employs a coding strategy (Gibbs, 2002), that involves the breaking down of relevant data collected into distinct units of meaning which are labelled to create key themes and further processes. In addition, previous scholars have highlighted the benefits of using NVivo software to improve the quality of research: NVivo software enabled systematisation of data analysis, hence, reducing the number of errors during the coding process. It allows keeping a log of all data meaning that the development of codes and node folders or node sets could be traced. Moreover, NVivo 10 software helped to reduce time spent on sorting, structuring data and to focus on redefining outcomes and theory construction. Use of the software enables a higher level of transparency which is critical for theory building purposes ensuring validity and reliability of research outcomes. NVivo software allows for the automatic linking of coded data and the extraction of codes related to a specific concept across all cases. In addition, NVivo is considered as an ideal technique for researchers working in a team since it facilitates combining the work of individuals to come up with one project (Bazeley 2007). Thus, the software greatly reduces manual tasks and gives the researcher more time to discover tendencies, recognize themes and derive conclusions. It has an advantage in managing data and ideas, querying data, modelling visually and reporting. All in all, the researcher in this study was strongly encouraged to pursue the procedures of this software in order to ease the vague and time-consuming task.

In conclusion, the focus group interviews approach conducted in China is summarized into the following figure 3.





Figure 3: Qualitative research approach in this research

### 3.6.4 Ethical considerations in qualitative study

Ethical considerations are important in field research and ethical methods should be used by the researchers to gain access, consent and maintain the confidentiality of the participants. Collis and Hussey (2014) stated that to gain access to documents, people and events can raise ethical considerations. These ethical considerations cover not only the collection of data but also the way they are analysed and reported for the research. In this study, firstly, prior to the data collection, the participants were contacted through emails and by phone calls to seek their consent with a brief summary introducing the research. Once they replied and indicated their interest in accepting the intake of focus group interview, then the researcher sent the participant information sheet (see appendix 2) to let them know more about the research project and also notify them that they are requested to sign the consent form (See appendix 3) on the day of the interview.

The focus group sessions were only recorded with the consent of the participants. The participants who agree to be recorded would be made aware that the purpose of the recording is to allow transcribing and analysis and no other use would be made without their written permission, in addition, no one outside the project will be allowed to access the original recordings.

In qualitative research, authenticity is often a greater issue than reliability and interviewer- interviewee relationship is the key to obtain useful data. The researcher felt that all participants were very comfortable with the pace and nature of the questions asked. The researcher was mindful to observe ethical codes of conduct at all times throughout the research journey. Confidentiality of respondents is respected and codes are used to indicate the respondents instead of their real identities. Participants in interviews were asked for their permission with full disclosure of the purpose of the study. There were not any significant health and safety implications of the primary data collection processes given the nature of the study but the researcher took utmost care in ensuring that any sensitive question was handled with care and if an interviewee was getting agitated at being asked about personal issues the researcher kept very calm and let the interviewees talk at length to express their opinions. The researcher took reasonable steps to ensure her own safety by providing the school with details of her contact telephone number and email. In order to achieve the highest standards of health and safety the researcher did not take any undue risks in the course of the research and adhered to Bournemouth University guidelines on health and safety issues at all times, that is why the ethical check list ( see appendix 4) was submitted and approved by Bournemouth University before the focus groups were conducted.

### **3.7 Second stage of the field research-- Quantitative study**

In order to meet another objective of this research –to validate and assess the proposed research hypotheses established from the findings in the qualitative study and literature, the author selected a quantitative approach to the second stage of the field research.

#### **3.7.1 Survey questionnaires**

Questionnaires are a major method of primary data collection in quantitative consumer research (Schiffman and Kanuk 2000). Saunders et al (2012) gave the details of how to design a survey questionnaire in the best possible way to maximize the return rate and also to seek appropriate responses. In addition, questionnaires are a major method of primary data collection in quantitative consumer research (Schiffman and Kanuk, 2000). A survey questionnaire is able to seek information on individual attitudes, feelings and perceptions (Baruch and Holton, 2008). It is generally agreed that the survey is designed to generate, in an economical and efficient way, data for a particular project's research objectives (McDaniel and Gates, 2006). Furthermore, surveys questionnaires are clearly worded as mostly pre-coded closed questions; they save the respondent a lot of time because all they have to do is tick the most suitable response they think best matches their views. To gain better results to validate the hypotheses in first stage in this study, this research used quantitative deductive phase and the survey strategy as the most suitable data generation method in study two. Because it is often related to deduction in management and business research (Saunders et al. 2012), and the survey method has a long history as an important and useful approach to marketing research, it can be used to investigate many aspects of a phenomenon at the same time and help to identify the extent and nature of associations between several variables. In addition, a survey strategy can provide advice of causes for the relations between concepts and create forms of relations (Ranchhod and Zhou, 2001).

### 3.7.2 Questionnaire design and measurements

This research seeks to develop an understanding of Chinese consumers' luxury perceptions in the context of the Chinese market. Therefore, a large-scale questionnaire was designed to validate the main factors influencing Chinese consumers' self and societal perceptions towards luxury values when making their luxury consumption, in addition exploring the relationship among self, societal and luxury value perceptions from Chinese luxury customers. Thus, the questionnaire in this study uses a Likert scaling to measure the attitudes, feelings and perceptions individually. Likert scales were used as they have been shown to be reliable, are simple to create, and offer better information relative to the extent of respondents' views (Chisnall 2005). Additionally, Likert scales benefit from a range of answers that allows the respondents to state their answer more accurately (Oppenheim, 1992).

To measure consumer perceptions and attitudes, respondents were requested to specify their views to every statement applicable to their perceptions of luxury products by using 5-category scales. The main part of the quantitative survey consists of 5-point Likert scales ranging from strong disagreement to strong agreement 1,2,3,4,5, indicative of = strongly disagree' to = strongly agree' (where 1 = strongly disagree; 5 = strongly agree). Responses to the 1-5 Likert scores were later recoded by using SPSS to ensure that agreement was indicative of the same direction. A Five-point scale was selected rather than seven-point, because it is easier for the respondents to explain and for the data to be comprehended (Chisnall 2005). In addition, there is evidence that a 5-point Likert scale is able to increase response rates by up to 90 per cent of compared to a 7-point Likert scale or 11-point Likert scale (Hartley and MacLean, 2006).

The survey follows a structured questionnaire design, consisting of a sequence of formal questions intended to measure respondents' disagreement or agreement with a sequence of statements. At the beginning, the questionnaire gave the assurance about the ethical aspects regarding the law and provisions of codes of research, anonymity and confidentiality. Furthermore, there are general guidelines

showing the approximate time to complete the questionnaire, clearly stating that there is no right or wrong answer and thanking the respondents in advance for their participation. In addition, it clearly asked the respondents to relate their answers and experience with the following category (New Luxury products), for example, LV, Gucci, Burberry, Coach, Dior, Prada, Cartier, Tiffany& Co, Fendi, Chanel, Boss, D&G, Valentino, Salvatore Ferragamo, KENZO, when they fill in this survey as the respondents could have more shopping experiences with these luxury products. In addition, the questionnaire instructed the participants to rate on a 5-point Likert scale based on their experience of luxury products.

The main body of the questionnaire design consisted of two parts. The first part starts by introducing some basic background information about the respondents, seven general questions were used to collect demographic information such as age, level of education, occupation and marital status. Going from general to specific questions is identified as the funnel approach; this approach was used for the purpose of this research and is very practical when information has to be obtained about the respondents' broad choice behaviour and evaluation of certain products (Malhotra and Birks 2003).

Moving to the second part of the quantitative survey, the questionnaire design was adapted based on the extensive literature review and the findings from focus groups to measure the latent variables (including all independent and dependent variables) for assessing the proposed hypotheses (see appendix 5), each measurement scales (statements) were carefully described in such a way that their choice would reflect each hypothesised dimensions.

### **3.7.3 Sampling in quantitative study**

The definition of a population is expressed as the complete collection of people who are being studied in accordance to the objectives of the research (Burns and Bush 2000).

Attempting to identify the population accurately and precisely is significant at the beginning of a research study, as sampling is meant to obtain information about the population (Goddard and Melville, 2004).

In this research, the target population is Chinese mainland residents living in big cities, such as the white-collars and professionals, self-employed or business people in SMEs, and the government leading officers, who are able to afford “new luxury” products and who are actually buying and using luxury products, at least on an occasional basis. Moreover, these respondents are assumed to be middle class and relatively wealthy consumers of “new luxury” products, not to the level of “super-luxury” such as yachts, jets, unique pieces of jewellery in the wider luxury market.

According to Fowler (2002), the precondition for establishing the sample size is a data analysis plan. Data analysis consists of using statistical techniques such as factor analysis, which is used as part of this study and is discussed in the following chapter. It has been recommended that in order to achieve precise statistical analysis, the sample size should be over 300 (Stevens 1996). In the case of the present research, a target sample size of 500 respondents would be desired. This size is considered to give a good level of precision and it is significantly above the typical consumer research surveys that average an achieved sample size of 300 individual respondents (especially in the area of luxuries achieved samples have been as low as  $n = 90$  - (Phau and Prendergast, 2000,  $n = 116$ ; Kapferer, 1998,  $n = 200$ ; Dubois and Laurent, 1996,  $n = 330$ ; Dall’Olmo Riley et al., 2004,  $n = 90$ ) - with the additional drawback that these are convenience non-random samples). In addition, (with the data analysis in mind) in linear regression analyses samples of  $n = 300$  and above are considered adequate.

#### **3.7.4 Pre-testing in quantitative study**

As Baker (2003) wisely remarks, “ask a silly question and you’ll get a silly answer!” Therefore, Pre-testing is a necessary step to ensure that a questionnaire research

instrument is ready to be administered. It allows suggestions to be made on the structure of the questionnaire, this will help establish content validity and enable researchers to make necessary amendments prior to pilot testing with a group as similar as possible to final population in your sample.

The purpose of this stage is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problems in recording the data, and it is to make sure that the questionnaire presents to the respondents clear, unambiguous and easy-to-answer questions that, in turn, will produce substantially meaningful and easy to record and analyse answers. This aids in confirming a rapport and instils confidence in the participants to answer the questions (Kahn and Cannell 1957). In addition, it enables the researcher to obtain some assessment of the questions' validity and the likely reliability of the data that will be collected.

The present research targeted on Chinese consumers, but the survey questionnaire was written in both English and Chinese. Obviously, China is not an English speaking country, so the process of translation may create some problems. Brislin (1980) claimed that there are several problems with language translation, such as, 1. some technical words are easily understood in English but may have no meaning in another language. 2. the translator may not have knowledge of the research field. To avoid and minimise such translation problems, Brislin (1980) also suggests several key translation techniques, for example, one-way translations, back-translations, bilingual techniques, the committee approach.

Within the limitations of time and cost, there are few stages were undertaken of the translation procedures of this study.

Stage 1: The researcher translated these questionnaire questions from English into Chinese.

Stage 2: The researcher gave the survey questionnaire (both English and Chinese) to five bilingual experts ( professors, business who lived in the UK for a long time to check

if the translation was correct and the researcher made changes to make it more accurate after receiving their feedbacks.

Stage 3: The researcher applied the back-translation approach by giving the questionnaire (Chinese version) to two independent translators to translate back from Chinese into English in order to check the content and meaning of the research instrument. As suggested by Brislin (1980), the back-translation method requires a minimum of two independent translators.

Final stage: The back translated version was checked again by these five bilinguals to ensure that the final version of the translation was correct.

Following these stages, these professionals commented on the wording, length, functionality and overall appearances were phrased using uncomplicated sentences. In addition, to avoid misinterpretations and ambiguities affecting the objectivity and reliability of the questionnaire, initially the researcher asked friends and family members to comment on the representativeness and suitability of these questions. They were monitored when completing questionnaires to find out if there is any indication from the respondents such as reactions, hesitations, and questions that elicited frequent deviations were noted down. Moreover, the researcher asked some respondents to “think aloud” while completing the questionnaire, verbalizing whatever came to their mind (cognitive pre-testing), thus getting an insight into the way items were comprehended and answered and, hence, identifying possible sources of confusion and misunderstandings. Finally, a discussion was held with respondents to check if there are any questions that needed further explanation, or if there are any questions that were left incomplete due to increased difficulty or inadequate guidelines.

### **3.7.5 Piloting in quantitative study**

Hussey and Hussey (1997) highlighted prior to using questionnaire to collect data is should be pilot tested. The purpose of the pilot test is to refine the questionnaire so that respondents will have no problems in answering the questions and there will be no problems in recording the data.



The designing of quantitative survey is a long and laborious process that has involved many steps, including the development of the original first draft survey and the improvement step (piloting stage). In order to test the reliability and validity of the research instrument and measurement scale, Before initialising the main survey, a pilot study was conducted to check the language, unclear questions, instructions, questionnaire items, and to test the survey instruments and data collection method. Bryman and Bell (2007) suggest that researchers undertake pilot testing to ensure that a questionnaire research instrument is sufficient to be administered, especially in the case of a self-completion questionnaire in order to minimise errors by the respondents. McDaniel and Gates (2006) contend that in order to minimise errors, the questionnaire should present clear questions, be unambiguous and easy to answer.

According to Blumberg, et al. (2005), the data collection phase of the research method normally commences with pilot testing, allowing the researcher to discover weaknesses in the instrumentation and design of the questionnaire. As a result, the pilot survey (see appendix 6) was conducted among 51 Chinese respondents, using the convenience sampling technique through Survey Monkey online link. The initial pilot questionnaire highlighted some minor concerns with particular individual questions due to poor uni-dimensionality issues, thus in total, 7 questions were deleted (see appendix 7). Following the check of reliability and validity of all the construct measurements from the pilot testes, the researcher produced final version of the quantitative survey (see appendix 8) which was ready to be used to collect data.

### **3.7.6 Collection of quantitative data**

There is a wide range of methods that enable the collection of quantitative data, which include computer assisted telephone interviews, mail surveys, mall intercept and in-person interviews (Saunders et al, 2012). In the recent years, the internet radically transformed data collection by allowing researchers to access large audiences at significantly reduced costs. While traditional call centres employed hundreds of

interviewers and required as many phone lines, the internet now allows for the collection of the same amount of data and can rely on only on a few pieces of hardware and a small team of programmers. This has been made possible by the democratization of internet usage. The rise in the reach and usage of the internet has made it a popular medium for the researchers to use in order to collect data. Thus, the online medium is particularly attractive to quantitative researchers because of its potential to facilitate quick and easy access to a large number of people.

As a data collection channel, the internet offers the benefit of efficiency in terms of both time and money (Bryman and Bell, 2003). Obtaining relevant samples in short time frames can be very attractive to researchers, whether in a commercial or academic context. Additionally, the internet can enable us to identify and access hard-to-reach populations who may otherwise be difficult to find and approach.

A key characteristic of online data collection is the absence of interaction with the researcher. This could suggest that the researcher will lack control over the data collection process. On the other hand, one could argue that participants are more likely to answer questions thoroughly and honestly because they would not feel embarrassed or intimidated. Thus, the researcher in this study chose to conduct the survey via the online panels. An online panel is composed of a large group of people who have previously agreed to take part in online surveys (Blumberg, et al. 2005). Panels are typically compiled by market research agencies that then use them to complete online surveys for clients. Additionally, a panel may reflect certain behavioural characteristics such as working in a particular industry, belonging to a particular interest group or using particular products or services.

Online panels have become a very popular way to obtain quantitative samples with minimal effort on the part of the researcher, passing a lot of the detailed problems of sampling onto the agency running the panel, for example, the panel members know how to match and target characteristics of the population, as it is crucial to the validity of the data and the quality of the research output. This study selected Qualtrics Platform- “the most widely used customer experience software on the planet” to upload the online

questionnaire, then the survey link was distributed by ResearchNow – one of the world’s leading digital data collection company, which has a number of worldwide branches globally, ie, London, Sydney, Los Angeles, Shanghai, New York, Tokyo, Paris and Singapore. All recipients who meet the demographic criteria in Mainland China were randomly selected to complete the survey. This means that each unit of the population will be given an equal opportunity of being included in the sample. One of the main advantages of this technique is that it leaves almost no room for human bias. Participants cannot be selected upon subjective criteria such as their appearance or personality. This mechanical selection of participants is aimed at keeping sampling error to a minimum.

### **3.7.7 Quantitative data analysis**

Robson (2002) argues that quantitative data analysis is a field where it is not at all difficult to carry out an analysis which is simply wrong, or inappropriate for your purposes. And the negative side of readily available analysis software is that it becomes that much easier to generate elegantly presented rubbish. To avoid such pitfalls it is essential to understand why the particular tests are to be carried out and how the tests relate to the hypotheses being tested. The researcher exercised great caution while engaging in data input and determining the tests needed for each hypothesis.

The researcher also needed to code the data to input it into SPSS and assigned numerical codes to categorical data. The following flowchart depicts the data analysis process undertaken in this study (figure 4). The Linear regression was employed in the present research to assess each individual proposed hypotheses. Regression estimates are used to explain the relationship between one dependent variable and one or more independent variables (Ho, 2006). Thus, it is a most suitable analysis method in this stage to assess if each influencing factor of Chinese luxury consumers’ perspectives which were explored in the findings of literature and focus group discussion is valid and supported.

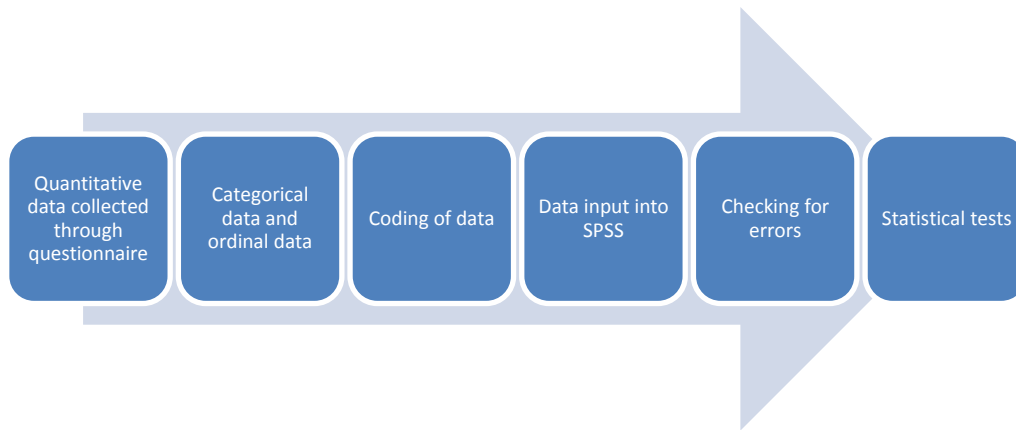


Figure 4: The process of quantitative data analysis

### **3.7.8 Ethical considerations in quantitative study**

The internet has become an increasingly important medium for researchers as an object of research, as a source of data or as a channel for collecting data (such as online surveys). Whilst the general ethical principles still apply, online research raises some particular issues.

In other words, whilst an individual may recognize that they are posting in a public space they may not expect or want their comments to be used for other purposes, such as a research project. Therefore, the researcher needs to consider the ethical principles in the online context. The Bournemouth University approved ethical check list for quantitative study is attached in appendix 9.

When collecting data via the internet it is the researcher's responsibility to ensure that the ethical principles discussed so are followed. Administration of an online questionnaire, for example, would still require informed consent procedures to be followed and for the researcher to observe commitments to confidentiality and data protection. In this study, the researcher has taken fully responsibility to be aware of such ethical issues and always to ensure that in the collection, storage and reporting of data analysis do not infringe on the anonymity, privacy and confidentiality of respondents, and each of these respondents is aware that all the information that during the course of

the research will be kept strictly confidential (see appendix 10). They will not be able to be identified in any reports or publications. All data relating to this study will be kept for 5 years on a BU password protected secure network.

### **3.8 Chapter conclusion**

This chapter has discussed the research methodology applied in this study. It highlighted the research strategies employed, the design of the research, instruments of data collection and the tools and techniques of data analysis for both qualitative and quantitative studies. The chapter also considered ethical issues and highlighted how the researcher ensured that the study conducted met the expected guidelines of the university.

# Chapter 4

## Findings and discussions

### 4.1 Introduction

This primary goal of this research is to fill the gaps in the existing literature about Chinese consumers' luxury value perceptions. In particular, the purpose of the study is to explore the understanding of the consumption of luxury products by Chinese consumers in the context of the new luxury products market, and provide insight into what are the underling factors that influence their perspectives towards luxury products. The first stage of field research involves the conduct of a number of focus groups interviews with Chinese consumers' perception of luxury value. The second stage aims to design a measurement instrument and assess each proposed hypothesis based on the findings from qualitative results from first stage and literature. Thus, following the discussion and justification of the methodological choices in the previous chapter, this chapter presents the findings obtained from primary data. The two sections (4.2 and 4.3) of this chapter demonstrate the research outcomes from two studies, firstly, focusing on qualitative findings and then explicating the analysis of quantitative results.

### 4.2 Findings and discussions of qualitative study—first stage of the field research

Below is a detailed discussion of qualitative study findings.

#### 4.2.1 Introduction of the qualitative data analysis

This section presents the qualitative study conducted through 10 focus group interviews. Prior to it, a set of hypotheses based on the literature and theories had already been developed. In order to develop a comprehensive model that enables researchers and practitioners to understand the relationships between underlining influencing factors and luxury value perception in the context of Chinese market, the rationale of doing

qualitative research was discussed previously. Yin (2003) argues that interviews allow exploring questions such as “how” and “why”, providing a contextual understanding of the research question. Saunders et al. (2012) emphasize that interviews can be very instrumental during the exploratory stages of a research project in developing an understanding of the “what”, “how” and especially “why”. With regards to this study, the data obtained from focus groups were used to explore, identify and clarify key dimensions of Chinese consumers’ luxury value perception in the context of Chinese luxury market.

Therefore, this section discusses and addresses these research questions and objectives and detailed themes related to the two main principal dimensions (self and societal values) of the luxury perceptions, it highlights what luxury mean to Chinese consumers’ firstly, moreover, through participants’ discussions, hedonic pursuit value, uniqueness value, vanity value, conspicuous value, social status value, conformity value and face saving value emerged. In addition, informed by the findings, this stage has generated three new findings (three new hypotheses) that illustrates and explains the process by which the participants derive the meanings that they ascribe to luxury values, in other words, to present the whole process by which these meanings emerge within the context of luxury consumption in China.

#### **4.2.2 Defining the luxury**

There are many definitions for the word ‘luxury’ according to the context in which it is being comprehended in the literature. The luxury products’ attributes and characteristics were well discussed in a large number of recent studies. Overall, when the respondents were asked to define luxury, and in order to answer research question one- What Chinese consumers believe luxury is- some similarities answers emerged from the findings. In addition, their answers have been most discussed by previous researchers and scholars from the above literature reviews (Nueno and Quelch,1998; Dubois et al, 2001;Dubois and Laurent, 1994; Vigenron and Johnson, 2004; Wiedmann et al, 2007).

For example, **Good quality,**

*“....I would say they are very good quality stuff and most of them are handmade....”*

*“...luxuries are goods that have best materials, impeccable quality control and craftsmanship, I think it is value for money, and I am willing to pay more for it...”*

*“Luxury is something that has really good quality.”*

Based on Chinese respondents' discussion, it is considered that they believed that luxury products always have the premium quality, most of the respondents confirmed this being a major segment of individuals who buy and use luxury products due to their superior quality. Almost participants claimed good quality could persuade them to buy luxury products.

**High price,**

*“....In my opinions, I believe luxury products are something that contrasts to a ‘necessity products’; they are generally considered to be products with expensive price....”*

*“...I believe luxury is something very expensive, and cannot be afford of by everyone...”*

*“..... They are extremely expensive, but they are worth that money.....”*

*“.....they are generally considered to be goods at the highest end of the market in terms of quality and price.”*

*“For me, luxury is usually associated with something that is very expensive, I do not know any luxury goods that are cheap”*

**Unique.**

*“.....luxury products are unique.”*

*“Luxury products are different from ordinary products, and you cannot purchase them from normal supermarket.”*

*“ ...they are limited and exclusive products.....”*

**Nice Design and Good Looking,**

*“...the luxury products are very good-looking, fashion designed and they all look pretty and beautiful...”*



*“They have beautiful and attractive looks..”*

*“ the luxury products are designed by most famous designers who are very creative and made these products really attractive.”*

### **And Long History,**

*“.....They have a long and well established history recognized for making products that are timeless with the best possible materials...”*

*“...Any luxury brand always has a story behind it. It can be an establishment, a person who establishes it, or just a history behind it.”*

*“...A luxury product always has a history, for example, like Louise Vuitton, it is important to make people more interested in the brands and makes people want to buy it because it has something that is special...”*

However, the word ‘**famous brands**’ emerged with the relatively high frequency from Chinese respondents when defining luxury, which reflects the study conducted by Wang et al (2009) that Chinese consumers are keen on buying foreign luxury brands, and they are positively affected by well-known brands that could be more easily recognized and admired by others. In addition, it has revealed that Chinese consumers are interested in western brands and tend to focus more on foreign well -known brands, such as they stated:

*“...Luxury products are famous brands and well known buy everybody.....”*

*“...luxury items are known as famous goods and well known by everyone....”*

*“...I believe luxury products are made in France or Italy, they are international famous brands...”*

*“... for me, luxury products have a global reputation, they are well-known brand”*

*“... for example, the Prada handbag I purchased recently is made in Italy, where I believe such a famous brand is well recognised as a source of excellent material and hand crafted.*

The most frequent words appeared to represent what Chinese consumes believe luxury product is, as it has demonstrated from the Figure 5-the Word Cloud results from Nvivo

analysis in this study. It can be seen for examples, that such as famous brands (12 participants references coded, accounts 17.65%); uniqueness((12 participants references coded, accounts 17.65%); quality (10 participants references coded, accounts 14.71%); expensive (9 participants references coded, accounts 13.24%), beautiful design (6 participants references coded, accounts 8.82%), these words were frequently highlighted by Chinese respondents during the focus groups interviews.



Figure 5-The Word Cloud of the Chinese consumers' definitions of luxury

Today, the accessible luxury (or new luxury) as opposed to old luxury (or traditional luxury) has targeted elite consumers who are young and fashion-conscious, who prefer a product with fresh and unusual look, and especially they focus on brand images (a label, a logo or a symbol), so the image of the brand has become one of the most relevant aspects for effective positioning in the luxury market (Burn and Castelli, 2013). Alexander Duckworth, president of a New York-based strategic marketing agency states that luxury is not always about premium price but about a brand's essence (Luxury Institute, 2007 cited by Nwankwo et al, 2014). Most luxury products are associated with a strong brand image, name and logo (Quelch, 1987).

In Chinese consumers' minds, they considered luxury products are brands such as Louis Vuitton, Gucci and Chanel, which emerged in the nineteenth and early twentieth centuries and have a long history. Furthermore, Chinese consumers have a reputation of being shopping lovers of luxury brands. This finding could indicate that high brand awareness is very important for Chinese, thus in order for a brand to succeed in the Chinese market, marketers and managers could increase their high and positive brand awareness, since it will create a push effect into a larger segment of consumers. Chinese consumers' perceptions of brand have a positive impact on their luxury consumption--the stronger the brand image, the stronger impact to influence their purchase (Yu et al, 2013). Possessing goods with certain brand names has allowed Chinese people to express themselves, and they are willing to pay a premium price for what they regarded as the best and hope to be recognized.

#### **4.2.3 The Chinese consumers' self perception of luxury value and its key influencing perceived values.**

Chinese participants explained the personally oriented reasons to purchase luxury products and why they are motivated to buy luxury products.

For example, they said:

*" I feel happy about myself when wearing luxury products "*

*" I just choose to buy what I like, although it could be expensive, the design and quality of luxury products attracts me a lot. "*

*" ..sometimes people may judge my wearing style, but as long as I have these limited edition luxury handbags, I do not care their words that too much. "*

Thus, their opinions refer to how they perceive themselves when having luxury products, it reflects previous studies, that luxury products make consumers feel good about themselves, they purchase and wear luxury products to identify, express and enhance their image and self identity (Kapferer, 1997; Vigneron and Johnson 2004; Tsai, 2005;

Dubois et al, 2005; Wiedmann et al 2007, 2009). Chinese participants' key concepts of their self perception of luxury value during the discussions are displayed in Figure 6.

The Word Tree from the NVivo analysis has shown the results as a tree with branches representing the various contexts in which the word or phrase occurs for the reasons for purchasing luxury goods from self perception of luxury value. This Word Tree has helped to see the associations or relationships of luxury consumption perspectives within respondents' discussions. For examples, the highlighted words in red represent their self perception of luxury value, ie, unusual, happy, cheerful, enjoyable, happy.



Figure 6: NVivo analysis results of Chinese consumers' self perceptions towards luxury value perceptions

In order to answer the second research question - What are the key variables influence Chinese consumers' self -perception of luxury consumptions - the respondents who have purchased luxury products mainly for their personally oriented reasons declared that the following key factors influence them to purchase luxury products.

#### **4.2.3.1 Hedonic pursuit value**

Some respondents have identified the personal hedonic pursuit value associated with luxury consumption, as this reason was stated by Wiedmann (et al, 2007), Vigneron and Johnson (2004) and Sheth (et al.1991) in the literature. Based on the respondents' discussions in the focus groups, Chinese consumers have explained that purchasing luxury products could provide pleasures and offer hedonistic experience, the Nvivo word tree (Figure 7) has showed such links between luxury products and people's feeling, there are 28 participants (references coded in the Nvivo analysis, which accounts 22.22%) believe luxury products make them feel good about themselves, and they provide enjoyments and pleasures. As it can be seen from the below figure, and the most frequent words were highlighted in red, such as participants have discussed that they feel good, happy, cheerful, enjoyed and pleasure with luxury products. For example they stated:

*"..I am buying a luxury product because it provides enjoyment and pleasure."*

*"...Owning and using luxury goods makes me feel good about myself.."*

*"When I use luxury goods I feel cheerful and more satisfied with my lifestyle."*

*It's always something that I have felt happy with, I feel confident and feel satisfied with it all the time.*

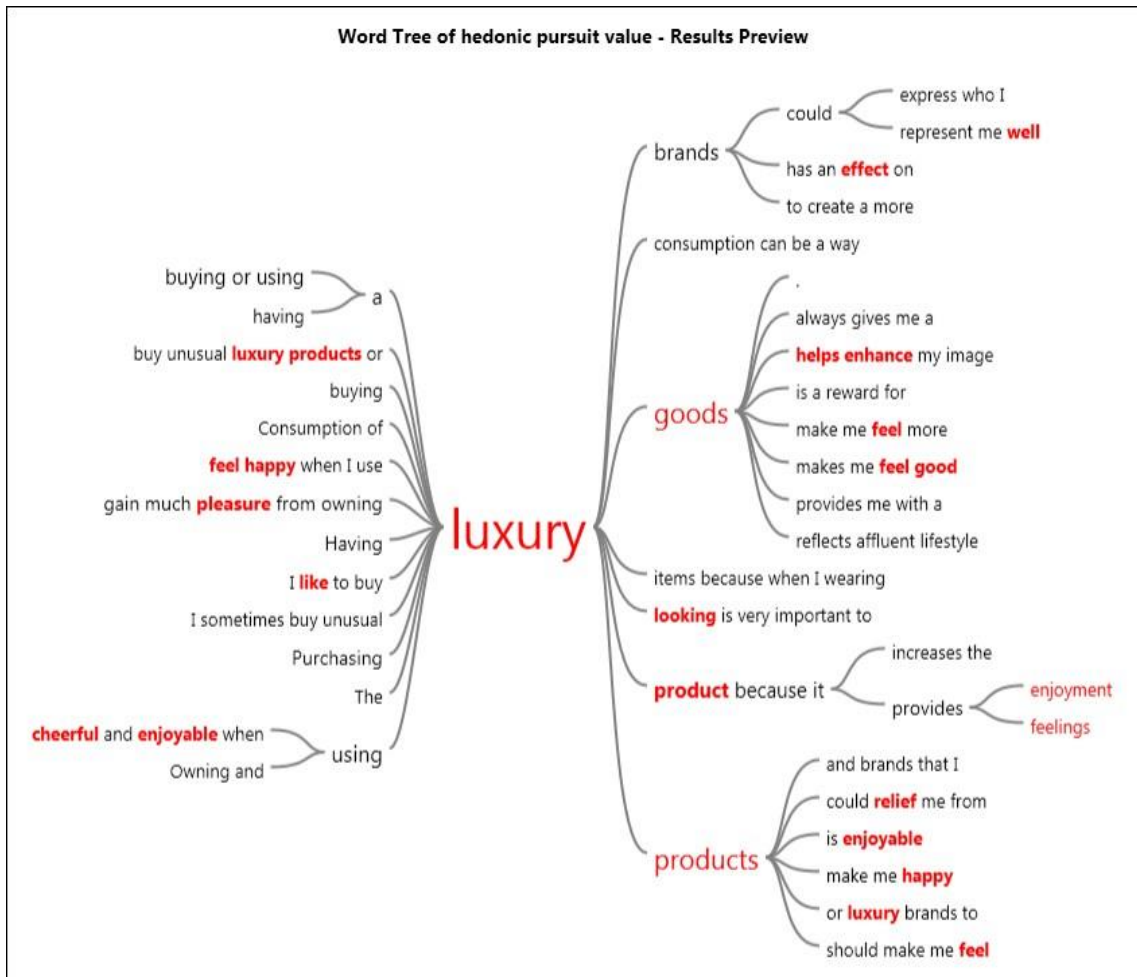


Figure 7: NVivo analysis results of Chinese consumers' hedonic pursuit value

#### 4.2.3.2 Uniqueness value

As it stated by Dubois et al (2001), luxury products have limited production and unique, they have aesthetic design or construction principles with innovative functional attributes, thus it has been found that some respondents have shown their need for unique looks to improve self-appearance and wish to be different and exclusive when sharing their opinions of luxury values in the focus groups discussions. They have indicated that

*“I like products which are rarer, and not owned by the bulk of other people, that is why I prefer luxury brands.”*

*“...I use luxury brands because they are owned by a few people.”*

*“I like to choose unusual luxury products and not just follow the social trend, because I believe luxury products can create a more distinctive personal image.”*

*“Wearing luxury products can acknowledge to people that I am unique especially I like buying limited luxury products to distinguish to others I have different taste.”*

The Chinese respondents considered that the uniqueness value as a significant value in the dimension of self perception in the area of luxury consumption. They believed the need for uniqueness is important, and they may seek for rarity and exclusivity when using luxury products rather than ordinary products. Moreover, they wish to be seen as different from the mass of consumers and build their personal unique style by owning and wearing luxury products. Their key summary discussions of uniqueness value is displayed by figure 8 from Nvivo word Tree analysis, in addition, there are (16 participants references coded in the Nvivo analysis, which accounts 12.69%) referred that luxury products make them feel different, and these products could create more distinctive personal images, the highlighted red words in the below figure have confirmed their perceptions, such as unusual, rare, uncommon.



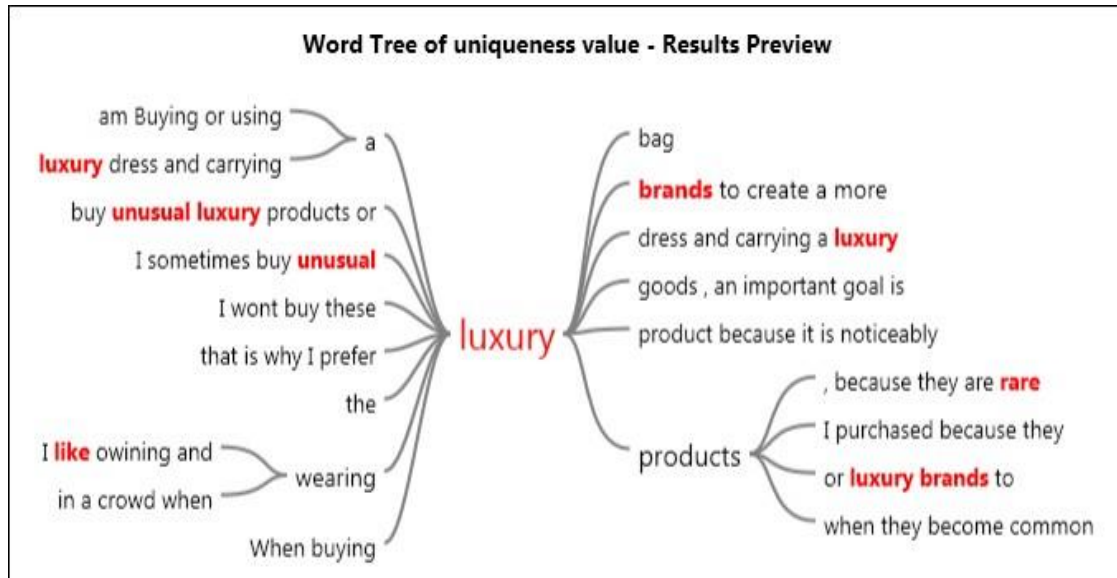


Figure 8: NVivo analysis results of Chinese consumers' uniqueness value

#### 4.2.4 The Chinese consumers' societal perception of luxury value and its key influencing perceived values.

The findings of the key perceived societal luxury value were discussed by focus groups respondents, these Chinese participants have shown many social oriented reasons to purchase luxury products. For example, they said:

*"..I am always influenced by my friends in their taste of luxury fashion products"*

*"..of course, wearing luxury products is a sign that could tell people who do not know me that I am a rich person."*

*" I liked to be seen as a member belonging to a higher social class by wearing luxury products like other members do.."*

*".. During the process of buying luxury products makes me feel having face in front of others. "*

Their discussions fit the findings from previous studies that consumption of luxury products appears to have a strong social function, when consuming products recognised within their social group(s) such as conspicuousness, which can influence the evaluation and the inclination to purchase luxury designer brands (Vigneron and Johnson 1999, 2004; Bearden, and Etzel 1982) . A Word Tree (Figure 9) demonstrated the most frequently occurring words or concepts based on their discussions, which has helped to identify the themes of this study. In the societal perception, participants used the words such as society group, successful, social related, prestige, friends, social group, show off , these were highlighted by Nvivo analysis in red as shown in below figure.



Figure 9: NVivo analysis results of Chinese consumers' societal perceptions of luxury value

#### 4.2.4.1 Conspicuous value

Most respondents have stated that they purchase luxury products in order to demonstrate their success and wealth, and they choose famous and well-known brands to show off their richness to others. For example they stated

*“I prefer to use luxury products publicly, because it helps me to represent myself to others in a desired manner”*

*“...The more luxury goods I own, the more evidence to show that I am richer and successful”*

*“Wearing luxury products can make me feel that I am looking good, therefore I would like to show such good self image to my peers.”*

Thus this finding has confirmed Wiedmann et al (2007) and Vigeron and Johnson (2004)' works that conspicuous consumption plays a significant part when consuming luxury brands in the public context, it is a key influencing factor that affects Chinese consumers social value perceptions toward buying luxury products. The Chinese participants' discussions on conspicuous value are summarised and demonstrated in figure 10. According from this word tree in Nvivo, there are 14 participants (references coded in the Nvivo analysis, which accounts 12.96%) believe luxury product is something could get attentions from others, and make them to be recognized and admired by others, as luxury product is an indication how rich and successful they are, as they can be seen by the following words in red, such as successful, indulgences, display, show, raise, prestige.

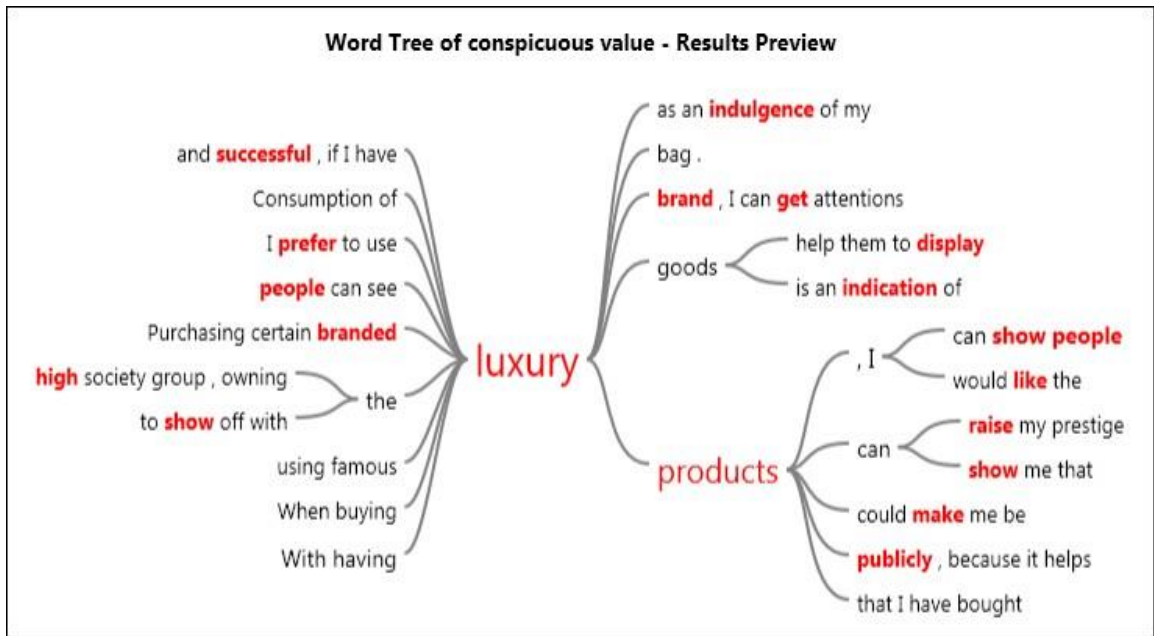


Figure 10: NVivo analysis results of Chinese consumers' conspicuous value

#### 4.2.4.2 Social status value

Displaying their social status is very important to the Chinese, owning luxury products could gain more respect, considerations and admiration from other people. The respondents' opinions have confirmed this from their discussions, see key summary in figure 11. Based on the Nvivo word tree, there are 13 participants (references coded in the Nvivo analysis, which accounts 12.04%) believe having luxury product is a sign of social standing, and buying luxury products is primarily for symbolic reasons to relect their status and social goals. These perceptions are represented by the following word in red below, for example, symbolic reasons, sign, social . This finding was consistent with Li et al (2012) s' suggestion that Chinese consumers use luxury brands to assert their professional position or demonstrate their social status, for example, they said:

*“I believe that luxury brands are related to social status and success. If one person wears a famous brand watch, drives a famous brand car, carries a famous brand bag, that means, he is quite successful”*

*“I am willing to pay a cost to affiliate with them because I believe luxury products could increase my status compared to wearing ordinary products.”*

*“Sometimes when I am with people, I believe luxury products can impose my status, I feel very satisfied and confident.”*

*“I feel that a status is important, so wearing luxury products means I have a certain social status.”*



Figure 11: NVivo analysis results of Chinese consumers’ social status value

#### 4.2.4.3 Conformity value

As a collectivist culture, Chinese consumers are more likely to be influenced by their group members (Sun, 1991), in term of the luxury consumption context, findings from focus group discussions showed that the Chinese consumers’ choices were affected by group influence, they observe the products and brands purchased by reference group

members, if luxury brands have become the norm in the group then it makes sense to buy luxury brands in order to fit in, as they stated:

*“I was influenced most by my friends and family, when purchasing the same products and brands that others purchase, I can feel that I belong to that group.”*

*“If my colleagues in my company own and use luxury goods, I feel like I should have the same or similar items, for example, Chenhong( name), who just bought a nice Louis Vuitton bag, I believe everyone wants it and I want that as well. So, I think there are a lot of influences on me. “*

*“Using luxury goods helps me to fit in with the groups and I can become like them.”*

*“ In my company, I believe that all my peers including me care how to make appearances to fit into our society, and I always choose similar luxury products that worn by other people, because that’s how it was, and that’s how people accept you, and if you were any different from others, then people actually thought you do not belong here.*

*“..when choosing a luxury product, I always consult either with close friends or people who might be more ‘knowledgeable about new fashion products’.*

This finding was consistent with Vigneron and Johnson(2004)’s study that consumers regard luxury brands as a mean to reach social acceptance and conformity within reference groups. It means that consumers may regard luxury brands as a mean to reach social acceptance and conformity within reference groups. The reference group effects accounted for a strong influencing factor on a consumer’s decision to buy luxury goods based on Chinese participants’ discussions, and the summary of such findings is displayed in figure 12, there are 20 participants (references coded in the Nvivo analysis, which accounts 18.52%) answered that they often ask friends and family about a product they like before purchase, they also feel that owning the similar products helps them to fit in with the social groups. For instance, these words were highlighted by Nvivo in red are represented their perceptions, influence, group, friends.

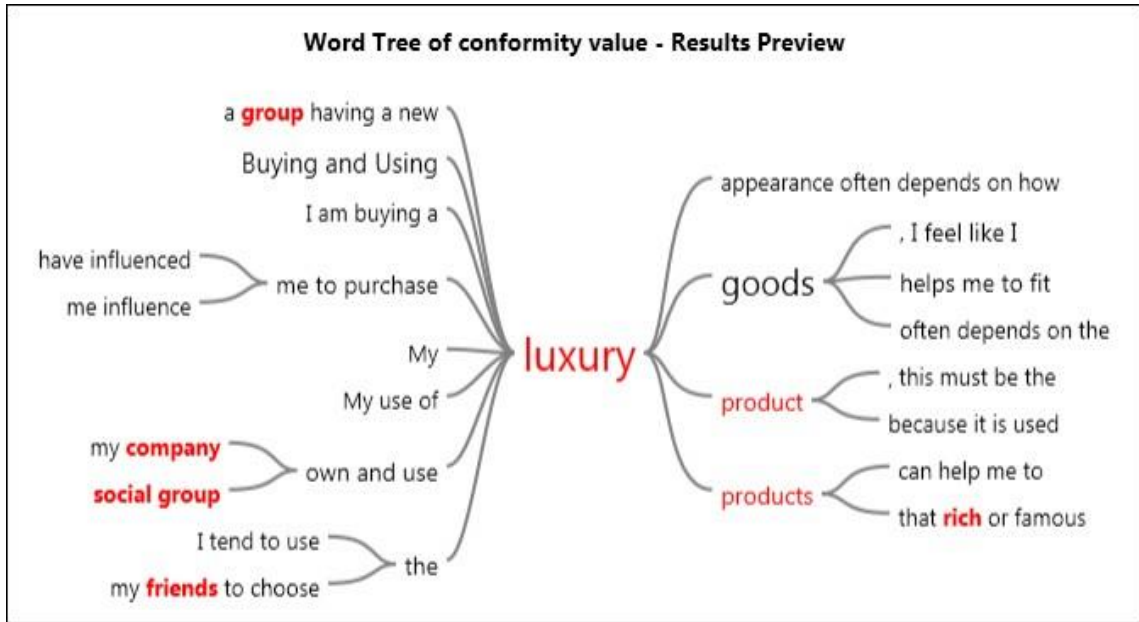


Figure 12: NVivo analysis results of Chinese consumers' conformity value

#### 4.2.5 New findings of influencing factors based from focus group discussions

In order to meet this research's aim and objectives, the development of a conceptual model would not only rely on literature findings but also based from the findings of primary data.

Through the first stage of field research- focus group discussions- this research has found some more influencing factors both from self and social perceptions that also affect Chinese consumers' luxury value perceptions, moreover, it also has found that Chinese luxury consumers are more driven by their societal perspective in their luxury consumption, societal perception influences self perception.

##### 4.2.5.1 Vanity value

Based on the focus group discussion, an interesting factor, the "Vanity value", emerged through findings from Chinese respondents. Existing literature on luxury consumption did not confirm the direct relationship of vanity value impacting on self-perception for Chinese consumers.



Although in Durvasula et al' s (2001) study, they have claimed that vanity is importantly linked with the consumption of luxury fashion brands, this view has not been received wide empirical support on Chinese consumers from past literatures of luxury value perception frameworks. The researcher has found that Chinese luxury consumers are strongly influenced by vanity and very concerned about their appearance and achievements. They choose to wear or use luxury brands because these products can bring glory and respect to the family and to the wider community as a clear sign of their success, these luxury consumers wanted to be admired and accepted as being part of an elite group by owning luxury products. Ahuvia and Wong (2002) discussed that individuals use possessions to reaffirm who they are and/or shape an image of who they want to be, thus this kind of pressure often pushes people towards vanity and the need to disown their true origin. For example some Chinese respondents stated that:

*"...I believe every woman should own at least a luxury handbag, although I may not have sufficient funds to buy one, I am happy to save my salary to buy a dream luxury brand..."*

*"I place high emphasis on my appearance, and I desire a luxury brand to make the effort to look good, and people will not look down on me."*

*"I may have lower income than others, but I need to wear luxury products and not to be judged by the stereotype of being poor."*

The results indicate that Chinese consumers are highly concerned with their appearance and pursue greater physical attractiveness, they choose to wear or use luxury products because they believe these products can bring glory and respect to the family and to the wider community as a clear sign of his or her success, thus, they have to wear luxury products in order to validate their excessively positive self-views. The key discussions of their vanity value can be found in figure 13 based on the NVivo word tree analysis results. , there are 25 participants (references coded in the Nvivo analysis, which accounts 19.84%) believe wearing luxury products make them attractive, and feel more respected by others, they also claim that wear luxury products could avoid to be judged to be poor.

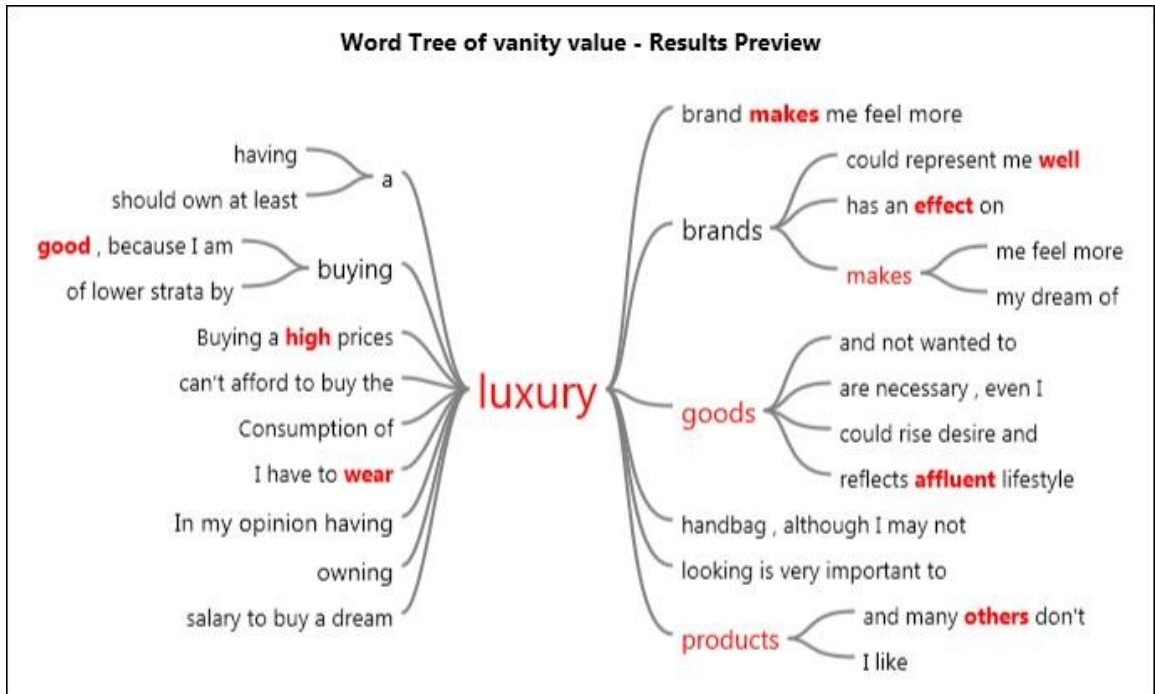


Figure 13: NVivo analysis results of Chinese consumers' vanity value

Netemeyer et al. (1995) claimed that people become highly concerned with their appearance and pursue greater physical attractiveness, thus they consume expensive clothing and cosmetics to enhance their physical vanity but also they suggested that possession of material goods is believed to provide the greatest sources of consumers' satisfactions to pursuit their achievement vanity. Although in Durvasula et al' s (2001) study, they have claimed that vanity is importantly linked with the consumption of luxury fashion brands, this view has not received wide empirical support ( on Chinese consumers ) from past literature of luxury value perception frameworks.

Regarding the luxury products, the previous scholars' work, such as Vignern and Johnson (1999) and Wiedmann et al (2007), have not identified the impact of vanity value on self perception. But, the findings of the primary data argued that Chinese consumers may use luxuries to construct their identity and enhance their self-concept, and they consider their possession of luxuries as a signal of success, wealth and happiness.

Therefore, based on the focus group findings, the new variable -vanity value- have emerged and influence the Chinese consumer's luxury value perception, the following proposition is put forward:

**Hypothesis 8: Vanity value contributes to Chinese consumers' self perception of luxury value.**

#### **4.2.5.2 Face saving value:**

Another interesting factor found through the focus group discussions which influence Chinese consumers' societal perceptions is face saving value based from respondents' opinions.

The Chinese respondents expressed that they buy luxury products mainly because they must enhance, maintain and save their face within their social networking groups. For example, they said:

*"People may look down on me if they think that I cannot afford a luxury product"*

*"I felt I have lost face if everyone else surrounding me is wearing luxury clothes, watches and carrying luxury handbags, but not me"*

*..Sometimes I purchase luxury goods not because I want to but I have to, because I feel I am under great pressure to live up the expectations of the group when most of them own luxuries."*

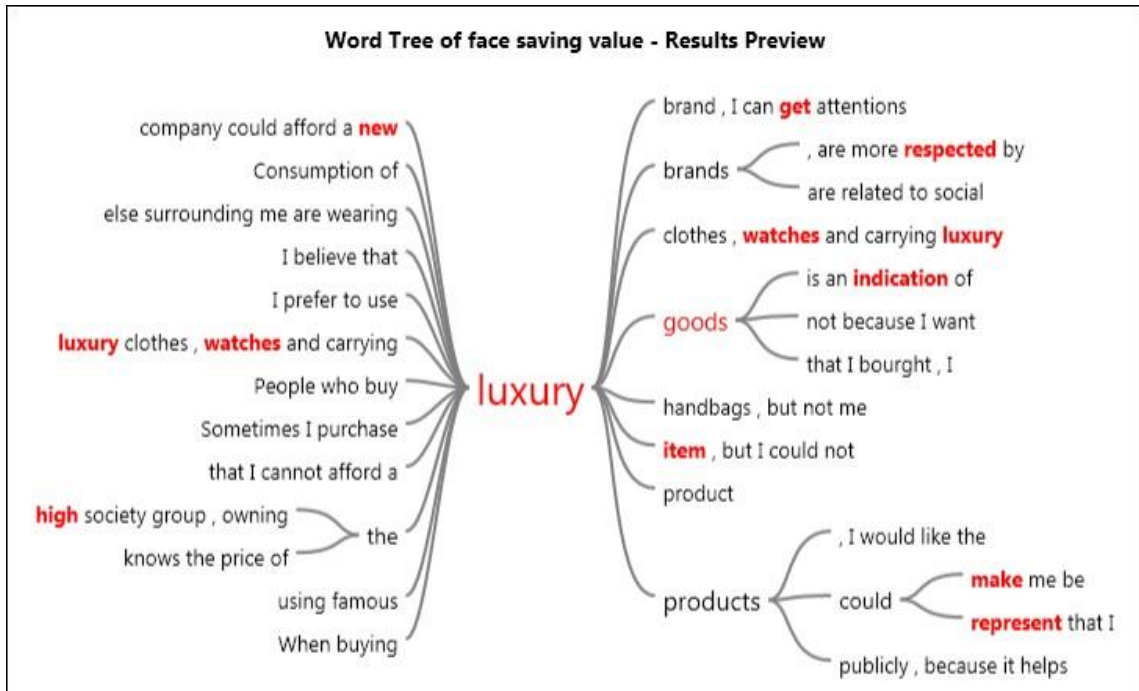


Figure 14: NVivo analysis results of Chinese consumers' face saving value

The concept of face is a universal human nature and a concept that exists in all cultures, face can be considered particularly important in the Chinese culture (Fang 1999). Face revolves around the notion of gaining and maintaining the respect of others (Lu 2008b) The Chinese individuals are very concern of the importance of maintaining a high degree of moral control, at least publicly. They are very aware of not losing face for their family and social network but rather make every effort to gain face for the family and their group through wealth, status and prestige (Schütte 1998). Face is a universal phenomenon, how people shape the meaning differs from one culture to another, According to the discussions from participants (key summary is displayed in figure 14), the most frequent words were used to represent their perceptions are for example, respect, indication, attention, in addition, there are 17 participants (references coded in the Nvivo analysis, which accounts 15.74 %) believe luxury products could represent that they have a good job and educational level to earn enough face to show others that he/she is successful, which means they could gain more respects by others. This finding has reflected Li and Su (2007) s' study that face is an important part of Chinese culture and it influences every aspect of consumer behaviour in China. They gave an example

that in China, nearly everyone confronts face-related issues every day, while, in the United States, people seldom relate their social self-worth to face and may be unfamiliar with the concept. China is an extremely collectivist country where people's respect generates fundamental need to be respected by others people (Wong et al., 1999), and the value of face becomes a fundamental principle during social interactions (Ho, 1976; Hu, 1944).

In luxury consumption literature, the previous scholars have not identified the impact of face saving value in their framework of luxury value perception (Vignern and Johnson ,1999 and Wiedmann et al ,2007). However based on the focus group findings, it found that Chinese consumers' purchase behaviours are highly related to their face saving value. In the present research, the author considers face as one of the Chinese cultural values that could influence luxury consumption, the Chinese must maintain or enhance his or her face because of the social aspect of that face, owning luxury brands, people can gain fame and respect for the family and the broader community as kind of signal of their success. This finding has explained why Chinese consumers have to engage in the consumption of luxury products in order to maintain face, if their behaviours do not accord with others' expectation, they feel they will lose face. Thus, Chinese are willing to pay more for luxury product which could maintain their face than when consuming ordinary products, they fear losing face when their peers in the same social class are having luxury products but only not them. Chinese people likely to consume luxury goods to make themselves and their sociality counterparts have face.

Therefore, in the present research, the author found that face saving value has strongly influence Chinese consumers' societal perception of luxury value, therefore, the following hypothesis is made:

**Hypothesis 9: Face saving value contributes to Chinese consumers' societal perception of luxury value.**

#### **4.2.5.3 The Chinese consumers' societal perception influence their self perception of luxury value perception**

This study also found that Chinese luxury consumers are more driven by societal perception than the self perception when they discussed their opinions in the focus group interviews, especially when they were asked if they buy luxury products mainly from personal perspective reasons or for social perspective reasons, their answers mainly suggested they are dominated by their social perception rather than self perception, because they are very concerned about others to gain the public meaning of their possession, and their luxury consumptions engaged more within their social perspectives, for example, they claimed:

*“I admit that I purchase luxury products mainly because they can be used to show off my social status and wealth.”*

*“I am more likely to be influenced by external opinions and social norms, because these luxury products can symbolize and communicate my positions in the social hierarchy”.*

*“I purchase luxury goods as they have labelled me as a successful man, I buy them also because I am influenced a lot by my surroundings, and I do not want to lose face.”*

*“ buying luxuries primarily for an personal purpose but most luxury is purchased with some form of external expression in mind as well, and I believe these external facts influence me more.*

This research reveals a unique finding that Chinese luxury consumers more driven by societal perception rather than the self perception, it reflects Markus and Kitayama (1991)'s research, who discovered that Eastern collectivist consumers are defined as an independent self group, each individual perceive self related to other people, such as family and friends.

Chinese consumers' buying decision are strongly influenced by their social perspectives, although owning luxury products could fill their satisfaction, make them feel happy and represent their distinctive tastes from others, mainly they buy luxury goods they intend to make their purchase known by either talking about it or showing it off in some way. There is no doubt that their social values towards luxury value perception impact their individual behaviours.

Therefore, based on the analysis of the primary data from focus discussions, the new hypothesis is proposed:

***Hypothesis 10: Societal perceptions influences Chinese consumers' self perception of luxury value.***

#### **4.2.6 Key findings of qualitative study**

Since Chinese consumers have a unique cultural background, the examination of factors that influence Chinese consumers' luxury value perception is essential in order to draw new research findings.

This study was designed to identify key variables from both self and societal luxury perception values that lead Chinese to purchase luxury products, specially focusing on the outcomes of the first stage of the field research and the findings from literature review. This study so far has explored how self perception and societal perception integrated into luxury value in the context of Chinese culture, the findings provide a broader perspective in exploring the Chinese customer's perceptions of purchasing luxury products. As for primary factors for purchasing luxury goods, the study found that Chinese consumers' luxury value perceptions are influenced by both their self and societal perceptions on luxury product, "Hedonic pursuit value", Uniqueness value" and

“Vanity value” are obviously perceived variables that influence Chinese consumers’ Self value perceptions , whereas, “ Conspicuous value”, “Social status value”, “Conformity value” and “face saving value “ are perceived variables that impact Chinese consumers’ societal value perceptions.

Clearly, the Chinese luxury consumer behaviour is distinct and different from the luxury consumer behaviour seen in the west, in addition, some new variables have emerged and influence the Chinese consumer’s luxury value perception, which have not been discussed in the previous scholars’ work, (Vignern and Johnson (1999) and Wiedmann et al (2007)’s frameworks ) such as vanity value and face saving value. Furthermore, this study has found that the Chinese luxury consumers are more driven by social perception than self perception, they are dominated by the collective self and are very concerned about others’ views of their possessions, and their luxury consumptions engage more within their social perspectives, this finding was consistent with Wong and Ahuvia (2008) and Lu(2008)’s study that the social recognition of brands is the most important criterion for Chinese consumers’ luxury shopping, this is because that Chinese consumers’ buying decisions are most affected by Confucian values, which include collectiveness and harmonious interactions among within group members. In addition, as discussed by Markus and Kitayama (1991), the role of self in Asian culture has very close relationships with other people in their social circles. People’s self perception and behaviours cannot be viewed as separated from their social context but more connected and less differentiated from others. Thus, based on the findings from focus groups and previous literature, the Chinese consumers’ self perception of luxury consumption is influenced by their social perception, and their buying behaviours are primarily in accordance with the anticipated expectations of others and social norms rather than with internal wishes. Thus, this study has offered a wide range of understanding about how Chinese luxury consumers’ luxury value perception reflect their purchasing behaviours and habits, it also has provided a new theoretical insight into the phenomenon of luxury consumption and contributed to the relatively limited literature on the concept of luxury.



Therefore, in this study, based on the literature and focus group findings, the summary of total ten hypotheses are summarised in table 12 below, and these 10 hypotheses are to be tested in second stage of the field research –quantitative study, which will be discussed in section 4.3.

<b>Hypotheses Contents for this study</b>
H1: Self perception impacts on Chinese consumers’ luxury value perception
H2: Hedonic pursuit value impacts on Chinese consumers’ self perception of luxury value.
H3: Uniqueness value affects Chinese consumers’ self perception of luxury value.
H4: Vanity value contributes to Chinese consumers’ Self perception of luxury value.
H5: Societal perception impacts on Chinese consumers’ luxury value perception
H6: Conspicuous value contributes to Chinese consumers’ societal perception of luxury value.
H7: Social status influences Chinese consumers’ societal perception of luxury value.
H8: Conformity value determines Chinese consumers’ societal perception of luxury value
H9: Face saving value contributes to Chinese consumers’ societal perception of luxury value.
H10: Societal perception influences Chinese consumers’ self perception of luxury value.

**Table 12: Summary of research hypotheses based on literature and the findings of qualitative study.**

#### **4.2.7 Conclusion of the Qualitative study-- first stage of field research**

This qualitative study was the first stage in this research, it focused on the further development and refinement of the conceptual hypotheses based on literature. This stage was useful not only to support the relationships identified in the literature but, most importantly, to identify possible missing and overlooked parts of luxury consumption behaviour. During this exploratory stage it emerged that some factors, relevant to the consumption of luxury goods, were not included in the initial model: vanity value and face saving value. These factors were then incorporated in the model and literature support was sought and added, wherever available, in the relevant section. In addition, according to the opinions of Chinese participants in the focus group, it is found that Chinese consumers' self perceptions are influenced by their societal perceptions, thus it helped to develop the final model and all hypotheses formally presented.

This exploratory stage has offered valuable insights and interview material that was further used in the shaping of some of the questionnaire measures. In the next stage, each individual hypothesis proposed has been empirically tested through a large scale quantitative study which has shed more light on its validity and the relative strength of the different drivers of luxury consumption.

#### **4.3 Findings and discussions of quantitative study—second stage of the field research**

Below is a detailed discussion of quantitative study findings.

##### **4.3.1 Introduction of the quantitative data analysis**

This section presents the results of analysing the quantitative data, it firstly introduces the preparation of data screening, followed by descriptive statistics, and discusses the results of reliability and uni-dimensionality analysis, and finally, this section reports on the findings and also uses selective tables and graphs to illustrate the results from

statistical tests. The testing results by using linear regression analysis of the following hypotheses are presented. The purpose of the tests conducted in this section is to gain support or against for the hypotheses that were developed from findings in qualitative study and literature.

- H1. Self perception impacts on Chinese consumers' luxury value perception
- H2. Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.
- H3. Uniqueness value affects Chinese consumers' self perception of luxury value.
- H4. Vanity value contributes to Chinese consumers' self perception of luxury value.
- H5. Societal perception impacts on Chinese consumers' luxury value perception
- H6. Conspicuous value contributes to Chinese consumers' societal perception of luxury value.
- H7. Social status influences Chinese consumers' societal perception of luxury value.
- H8. Conformity influences Chinese consumers' societal perception of luxury value.
- H9. Face saving value contributes to Chinese consumers' societal perception of luxury value.
- H10. Societal perceptions influences Chinese consumers' self perception of luxury value.

#### **4.3.2 Data cleaning, screening and preparation**

The raw data obtained from the questionnaires must undergo preliminary preparation before they can be analysed using statistical techniques (Kumar et al., 1999). Data cleaning and screening were performed to check for incompleteness and inconsistencies in order to ensure accuracy and precision of the data. It is widely believed that missing data is one of the most significant problems in data analysis (Tabachnick and Fidell, 2007). Missing data happens when participants leave questions unanswered. Moreover, missing data usually occurs in every research, especially social science research, due to overly long questionnaires. Missing responses represent values of a variable that are unknown, either because respondents provided ambiguous answers or their answers

were not properly recorded. Screening of the data sets was conducted through an examination of basic descriptive statistics or frequency distributions in this research. To maximise the quality of the research, the researcher chose to discard questionnaires with missing data, because they were found to have missing responses to a few questions in the questionnaire which contained the crucial variables used in the model.

In addition, data screening also requires checking for logically consistent responses. For example, the case was found that a survey questionnaire has the same response number selected excessively (e.g., all the questions are answered with number “3), then it was deleted because it showed that the respondent did not answer the questions seriously. As a result, 6 cases with the problem of inconsistencies were deleted.

In social science research, a great deal of caution was exercised to ensure that data entry has been very accurate in an effort to minimize processing errors, as even a small imprecision can have large adverse effects on the results. Tabachnick and Fidell (2007) summarized four reasons for the presence of an outlier. First is incorrect data entry, second is that the missing value indicators are read as real data when missing value codes are not specified in computer control language, third is that the outlier is not a member of the intended population, fourth is that the case is from the intended population but the distribution for the variable in the population has more extreme values than a normal distribution. In this research, the raw data were transferred directly from the database for the online survey into SPSS, hence, the kind of outliers or the values that may occur in data entry and coding would not happen in this research. The outliers that may happen in the other three situations were not found in this research. In total, 545 completed questionnaires were obtained.

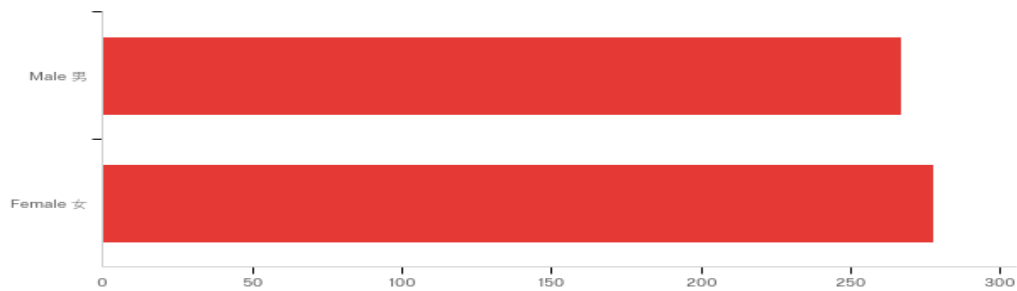
### **4.3.3 Descriptive statistics**

Descriptive analysis aims to transfer information from the raw data to other forms such as frequency and percentage. In this research, descriptive statistics were used to analyse the demographics of the survey’s respondents. It is essential to analyse the demographic

characteristics of the sample acquired from survey. This justifies the level of representativeness of the target population. Achieving a representative sample is important, as it confirms that the findings of the research can be related to the target population. The analysis looks at the distribution of the sample according to, such as, gender, age, occupation, education and income.

#### 4.3.3.1 Gender

As shown in the table 13, of the total of 545 respondents, 267 were males (48.99%) and 278 were females (51.01%). This research has tried to target both male and female respondents equally to generate a most represented sample of Chinese consumers.



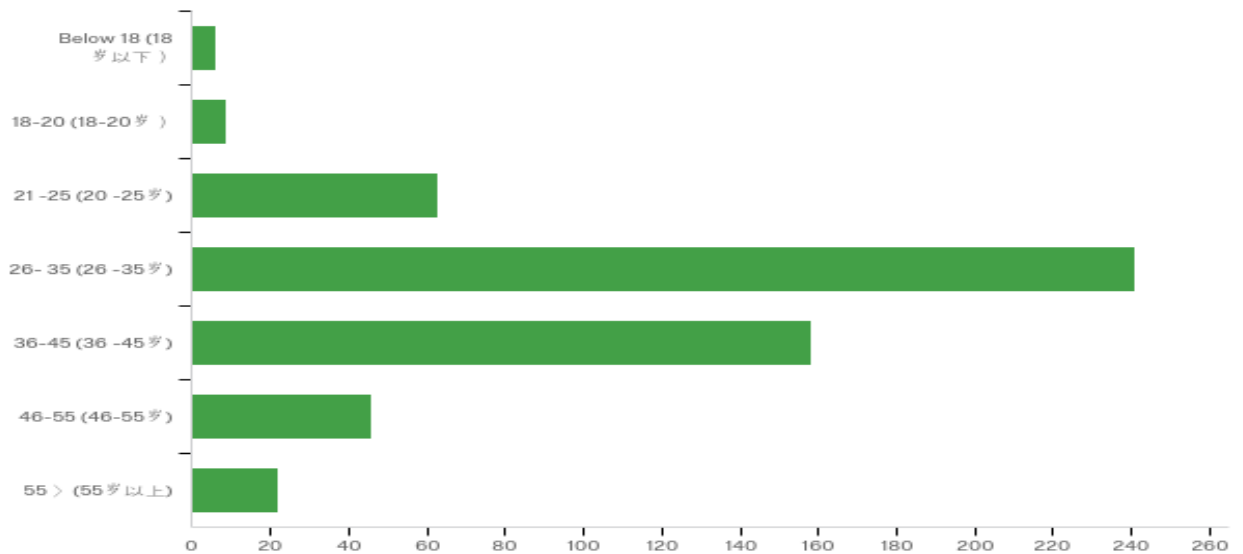
#	Answer	%	Count
1	Male	48.99%	267
2	Female	51.01%	278
	Total	100%	545

Table 13 Gender analysis of survey respondents

#### 4.3.3.2 Age group analysis

The age group profile of the respondents from China is presented in Table 14. The results suggest that the age group of the population is fairly represented by the sample used in this research, although, people aged over 26 to 35 years old were over-represented the sample in general, while people over the age of 55 and people under 20

were under-represented. This result assumed that the majority of Chinese consumers aged 26 to 45 were presumed to be more familiar with the format of the surveys as a research instrument and were therefore more likely to take part. In addition, the age profile of this sample is consistent with the characteristics of Chinese luxury goods consumers reported by Ernst and Young (2005), Chinese consumers of luxury products are primarily between around 20-45 years old, considerably younger than the consumers of luxury products in USA and Europe.

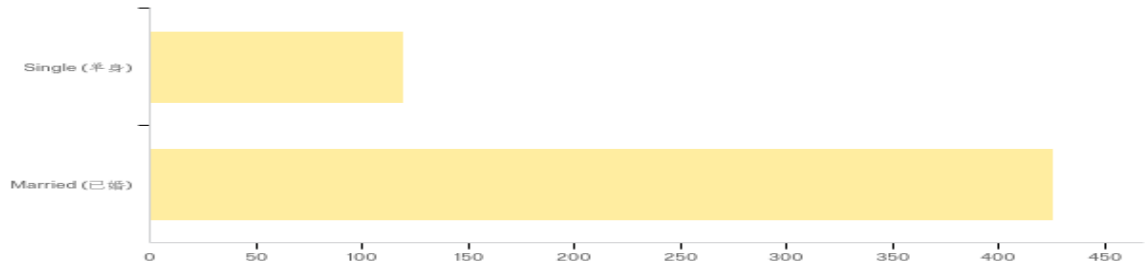


#	Answer	%	Count
1	Below 18 (18 岁以下)	1.10%	6
2	18-20 (18-20 岁)	1.65%	9
3	21-25 (20-25 岁)	11.56%	63
4	26-35 (26-35 岁)	44.22%	241
5	36-45 (36-45 岁)	28.99%	158
6	46-55 (46-55 岁)	8.44%	46
7	55 > (55 岁以上)	4.04%	22
	Total	100%	545

Table 14 Age group analysis of survey respondents

### 4.3.3.3 Marital status

The result in table 15 shows that the majority of the respondents were married which counts 78.17 % in this research.

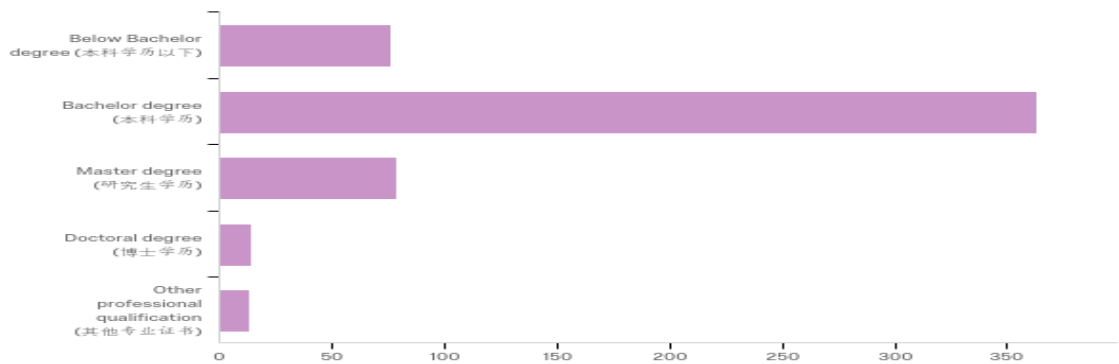


#	Answer	%	Count
1	Single (单身)	21.83%	119
2	Married (已婚)	78.17%	426
	Total	100%	545

Table 15 Marital status analysis of survey respondents

### 4.3.3.4 Educational level

The educational levels of Chinese respondents are presented in Table 16. According to the result, the majority of respondents who held bachelor degree accounted for 66.61% in the sample, and 14.50% at master degree. Thus the respondents of this research tended to be well educated.

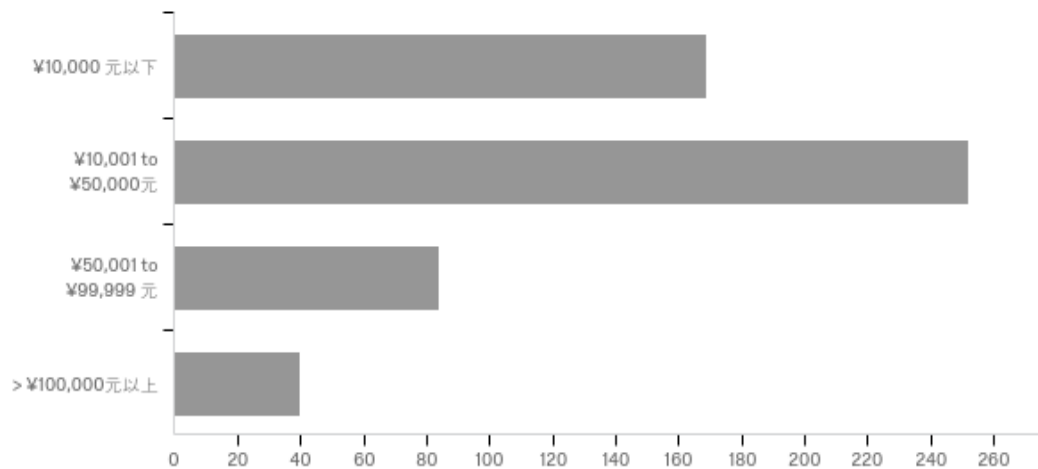


#	Answer	%	Count
1	Below Bachelor degree (本科学历以下)	13.94%	76
2	Bachelor degree (本科学历)	66.61%	363
3	Master degree (研究生学历)	14.50%	79
4	Doctoral degree (博士学历)	2.57%	14
5	Other professional qualification (其他专业证书)	2.39%	13
	Total	100%	545

Table 16 Educational level of survey respondents

#### 4.3.3.5 Monthly income

The monthly incomes of the respondents are shown in table 17, about 46.24% of respondents have an monthly income of 10000 to 50000 yuan (¥ 1 yuan is approximately equal to us \$ 0.15 US Dollar), According to Luhby (2012), the China's middle class is defined with an annual income of \$20,000to \$80,000, thus this reflects that majority respondents in this study who answered the questionnaire in China are middle class.



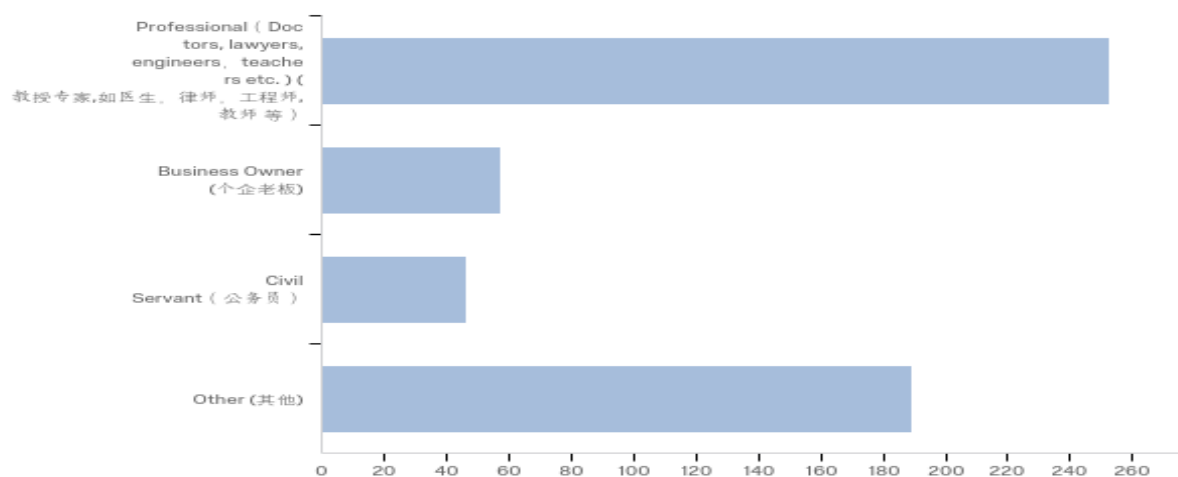


#	Answer	%	Count
1	¥10,000 元以下	31.01%	169
2	¥10,001 to ¥50,000 元	46.24%	252
3	¥50,001 to ¥99,999 元	15.41%	84
4	> ¥100,000 元以上	7.34%	40
	Total	100%	545

Table 17 Monthly income of survey respondents

#### 4.3.3.6 Occupation analysis

The occupations of Chinese respondents are presented in Table 18. The respondents who held professional positions accounted for 46.42% in the sample, followed by other occupation with 34.68%. Moreover, 1.46% were business owners and 8.44% were Civil Servants. The sample gives a good representation of the affluent in China, who are the target consumers for luxury products.

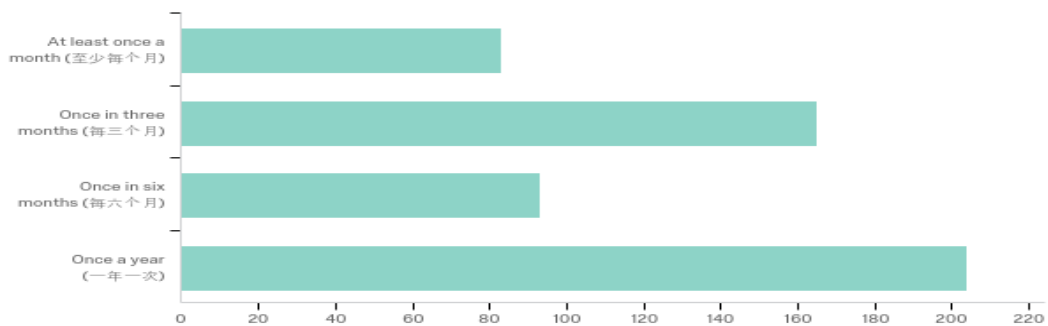


#	Answer	%	Count
1	Professional (Doctors, lawyers, engineers, teachers etc.) (教授专家,如医生, 律师, 工程师, 教师等)	46.42%	253
2	Business Owner (个体老板)	10.46%	57
3	Civil Servant (公务员)	8.44%	46
4	Other (其他)	34.68%	189
	Total	100%	545

Table 18 Occupation analysis of survey respondents

#### 4.3.3.7 Frequency of purchasing luxury products in a year

This research focuses on Chinese consumers' luxury value perceptions, as a result a breakdown of how often they purchase luxury products is of vital importance. According to the results in Table 19, 37.43% of Chinese respondents purchased luxury products once a year, followed by 30.28% Chinese respondents purchase luxury products every three months, in addition, it is interesting to find out that there are 15.23% consumers purchase luxury products as often as every month.



#	Answer	%	Count
1	At least once a month (至少每个月)	15.23%	83
2	Once in three months (每三个月)	30.28%	165
3	Once in six months (每六个月)	17.06%	93
4	Once a year (一年一次)	37.43%	204
	Total	100%	545

Table 19 Frequency of purchasing luxury products by the survey respondents

#### 4.3.4 The results of reliability and Uni-dimensionality analysis

The collected data were analysed by using SPSS version 24. The motive for choosing the SPSS statistical package is linked to the fact that it permits the calculation of all essential statistics, such as descriptive statistics, reliability tests and regression analysis required for data analysis.

According to Foster (2001), reliability refers to the consistency of the results with different items in the test. To understand the relationship between different items of data, it is necessary to quantify the reliability of the data. In addition, Huck and Cormier (1996) stressed that validity refers to accuracy. The reliability of the factors needs to be determined to support any measures of validity that might be employed.

In order to investigate the convergent and discriminate validity of the instrument, Factor Loadings and Average Variance Extracted (AVE) values were examined. Factor loadings are the correlations of the variables with the factor. High factor loading implies that the factors and variables are critical. To determine the substantive importance of factor loadings, Field (2000) suggested that relationships between sample sizes and the minimum factor loading that should be used for factor analysis. In this present study, the sample size of this research (545) is adequate to perform factor analysis. Construct reliability by convention in statistics should be  $\geq .70$  for the factor loadings. AVE-average variance extracted (AVE) - should not be less than .05, this is to show that more than half of the variances is observed (Janssens, et. al 2008). According to table 19, all items of a construct load strongly (greater than 0.7) together which satisfy the criteria for factor loading and can be an indicator of convergent validity. Additionally each construct's AVE is larger than 0.5, it can be confirmed that the items measure just one construct and the convergent validity of a model is satisfied.

In addition, this study used the Kaiser– Mayer–Olkin (KMO) test, it can be determined for single and multiple variables and signifies the ratio of the squared correlation between variables to the squared partial correlation between variables. The KMO values larger than 0.8, are ranked as great (Kaiser 1974). In addition, Hinton (2004) observes that the closer the KMO value is to 1, the better. Thus, High KMO values suggest that the items will construct specific factors (Hutcheson and Sofroniou 1999).

As suggested by Hinkin (1995) reliability refers to the consistency of the results on different items in the test. In essence, it refers to the degree to which a scale constructs

reliable results if repeated measurements are made (Fazio et al. 1989). Thus, a reliable measure will produce the same finding on recurring occasions if the phenomenon under investigation has not changed (Burns and Harrison 1979). Researchers assert that coefficient alpha is a good indicator of internal consistency (Clark and Watson, 1995; Cortina, 1993). To ensure the reliability of each factor, Cronbach's coefficient alpha was used to test the internal consistency amongst the items included in each factor (Carmines and Zeller, 1979). It is a commonly used measure testing the extent to which multiple indicators for a latent variable belong together. It varies from 0 to 1.0. A common rule of thumb is that the indicators should have a Cronbach's alpha of  $\geq 0.7$  in order to judge the set as reliable. High Cronbach's Alpha values suggest that constructs are internally consistent. This implies that all items of each construct are measuring the same content. A high Cronbach's Alpha value suggests a higher reliability.

Table 20 shows the result of analysis of the main survey. The factors structured above met the acceptable value of the Kaiser-Meyer-Olkin measure the sampling adequacy of this study is above the satisfaction value of 0.8, as KMO ranged from 0.850 to 0.898, the table also demonstrates factor loading values of more than 0.7, only one factor loading below 0.7 is 0.680, which is acceptable. The value of Cronbach's alpha for each factor demonstrated a satisfaction level of 0.7 and above, ranged from 0.874 to 0.933, thus all the measurement items demonstrated a reliability value at the satisfaction level.

Table 20 : The results of Reliability and Uni-dimensionality analysis

<b>Items measuring the luxury value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Luxury value</b>	I like luxury products	0.893	0.943	0.898	81.34
	I enjoy shopping for luxury products	0.908			
	I enjoy wearing luxury products	0.910			
	I believe luxury products enhance my value in society	0.899			
	When I wear luxury products I feel that I have achieved something in life (eg. Prestige, status etc.)	0.899			
<b>Items measuring the self perception:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Self perception</b>	Luxury products can express who I am (identity)	0.890	0.919	0.850	80.394
	Using luxury products makes me feel good about myself	0.917			
	I believe wearing luxury products makes me feel that I am different.	0.923			
	When buying luxury products I give due consideration to my feelings	0.855			

<b>Items measuring the Hedonic pursuit value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Hedonic pursuit value</b>	I believe luxury products can provide feelings of accomplishment, which in turn make me successful.	0.896	0.933	0.895	78.907
	Having luxury products can make me feel confident and provide me with a sense of self-esteem.	0.889			
	I believe using luxury products makes me feel that I am a valuable person.	0.897			
	I enjoy using luxury products	0.874			
	Owning luxury products can give me a feeling of happiness.	0.886			

<b>Items measuring the Uniqueness value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Uniqueness value</b>	I believe using luxury products can create a distinctive personal image	0.875	0.916	0.884	75.190
	I prefer to use luxury products because fewer people use them.	0.800			
	I believe owning luxury products can prove that I have distinctive tastes.	0.888			
	Using luxury products gives me a feeling of uniqueness.	0.889			
	I believe luxury products can express my personality.	0.880			

<b>Items measuring the vanity value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Vanity value</b>	When using luxury products I feel that I am admired by others.	0.821	0.891	0.870	70.172
	I feel that I have to wear luxury products in order to fulfill my self-esteem / self-satisfactions	0.851			
	I believe that people use luxury products to make a good impression of themselves relative to others.	0.850			
	I prefer to use luxury products, because they present me to others in a desired manner.	0.884			
	I have a strong urge to buy luxury products even when they are beyond my means/affordability.	0.780			

<b>Items measuring the societal perception:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Societal perception</b>	I believe that having luxury products represents my social values.	0.833	0.891	0.866	69.818
	My luxury consumption is influenced by my social surroundings.	0.802			
	Luxury products have more social meanings to me.	0.861			
	I wear luxury products in order to be socially accepted	0.864			
	Social perception impact on my choice of luxury products	0.815			

<b>Items measuring the conspicuous value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Conspicuous value</b>	I think luxury products enhance my appearance in a crowd.	0.859	0.881	0.877	69.578
	When I own luxury products I feel I am wealthy and successful.	0.864			
	I purchase luxury products to show off (Ie, wealthy, tastes, status ).	0.680			
	I believe that wearing luxury products can make me feel more attractive to others.	0.868			
	I feel that I am easily spotted and get more attentions in a crowd when I wear luxury products.	0.882			

<b>Items measuring the social status value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Social status value</b>	I believe the Luxury products I wear complement my social status.	0.868	0.917	0.898	75.186
	People think that I have a high social reputation if I wear luxury products	0.874			
	I believe owning luxury products is a sign that I have achieved greater social success than my peers.	0.862			
	I believe that luxury products can represent my economic circumstances and occupation	0.847			
	I believe that luxury products can help me to be recognized in a high-class societal group.	0.885			



<b>Items measuring the conformity value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Conformity value</b>	I buy luxury products because they are endorsed by my favourite celebrities.	0.816	0.888	0.867	69.248
	Friends and family influence my decision to purchase luxury products.	0.840			
	Owning similar luxury products can make me feel that I belong to a certain social group	0.769			
	My choice of luxury products often influenced by other peoples' views.	0.872			
	My perception of luxury products is influenced by my peers.	0.859			

<b>Items measuring the face saving value:</b>					
<b>Factor interpretation</b>	<b>Items</b>	<b>Factor loading</b>	<b>Cronbach's Alpha</b>	<b>KMO</b>	<b>AVE (%)</b>
<b>Face saving value</b>	I purchase luxury products to conform to certain standards in order to save face.	0.829	0.874	0.866	66.735
	My peers respect me because I wear luxury products	0.849			
	I fear losing face when all my peers in the same social class are having luxury products but not me.	0.804			
	I wear luxury products in order to maintain a good image of myself.	0.802			
	I wear luxury products in order to avoid the embarrassment of looking bad.	0.799			

#### **4.3.5 The results of liner regression analysis**

Linear regression analysis is used to examine the relationship between an independent variable and a dependent variable (Ho, 2006). There are two types of linear regression, simple linear regression and multiple linear regressions. In simple linear regression a single independent variable is used to predict the value of a dependent variable. In multiple linear regressions two or more independent variables are used to predict the value of a dependent variable.

In this study, the researcher wanted to find out the impact of each independent factor on the dependent factor, without the presence of the other independent factors, thus the present study employed simply linear regression analysis rather than multiple regressions to test each individual hypothesis proposed based on the findings from qualitative study and literature.

This section aims to examine the relationships between hedonic pursuit value (independent variable) and self perception (dependent variable); uniqueness value (independent variable) and self perception (dependent variable); vanity value (independent variable) and self perception (dependent variable) individually to test hypotheses H2, H3 and H8 separately.

In addition, this study also used simple linear regression analysis to examine the relationships between conspicuous value (independent variable) and societal perception (dependent variable); social status value (independent variable) and societal perception (dependent variable); conformity value (independent variable) and societal perception (dependent variable); face saving value (independent variable) and societal perception (dependent variable) individually to test hypotheses H5, H6, H7 and H9 separately.

Moreover, in order to test hypothesis H1 and H4, the relationship between self perception (independent variable) and luxury value perception (dependent variable);

societal perception (independent variable) and luxury value perception (dependent variable) are examined. Finally, the new finding of hypothesis H10 was tested by using simple linear regression to confirm the impact of societal perception (independent variable) on self perception (dependent variable).

Therefore, the summary of each independent variables and dependent variables are presented in table 21 below.

Hypotheses	independent variables	dependent variables
H2	hedonic pursuit value	self perception
H3	uniqueness value	self perception
H8	vanity value	self perception
H5	conspicuous value	societal perception
H6	social status value	societal perception
H7	conformity value	societal perception
H9	face saving value	societal perception
H1	self perception	luxury value perception
H4	societal perception	luxury value perception
H10	societal perception	self perception

Table 21: Summary of independent and dependent variables

#### **4.3.5.1 Examining the relationship between self perception and luxury value perception (Hypothesis H1)**

A linear regression analysis was employed by using SPSS 24 to investigate the relationship between self perception value and luxury value perception. Self perception is an independent variable, while luxury value perception is a dependent variable. The regression analysis results between self perception and luxury value perception are illustrated in figure 15.

Figure 15: Linear Regression Analysis: Examining the relationship between self perception and luxury value perception (H1)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanSelf <sup>b</sup>	.	Enter

a. Dependent Variable: MeanGeneral

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.862 <sup>a</sup>	.743	.742	.49444

a. Predictors: (Constant), MeanSelf

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	383.501	1	383.501	1568.713	.000 <sup>b</sup>
	Residual	132.746	543	.244		
	Total	516.247	544			

a. Dependent Variable: MeanGeneral

b. Predictors: (Constant), MeanSelf

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.370	.086		4.296	.000
	MeanSelf	.893	.023	.862	39.607	.000

a. Dependent Variable: MeanGeneral

The results show that the relationship between self perception and luxury value perception is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between self perception and luxury value perception, the multiple correlation coefficient ( $R$ ) is 0.862, and the R-square is 0.743. Thus, the predictor variable of self perception demonstrated 74.3 per cent of the variance in the dependent variable of luxury value perception. It also demonstrates the standardised beta coefficient ( $\beta$ ) between the predictor variable self perception and the dependent variable luxury value perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level.

The self perception dimension focuses on customers' personal orientation and refers to how a person perceives him/herself, what comes to mind when we think about ourselves and how a person presents him/herself to others (Sirgy, 1982; Neisser, 1993). In terms of luxury consumption, previous studies indicated that luxury products make consumers feel good about themselves, also they can provide a sense of power over others, and consumers purchase and wear luxury products to identify, express and enhance their image and self identity (Kapferer, 1997; Vigneron and Johnson 2004; Tsai, 2005; Dubois et al, 2005; Wiedmann et al 2007, 2009).

Thus, in this study, the statistical analysis results between self perception and luxury value perception has suggested this correlation with the path coefficient for Chinese consumers at  $\beta$  beta=0.862,  $p < 0.001$ , H1 (Self perception impact on Chinese consumers' luxury value perception) is supported. The findings of this research tend to agree with the findings from previous research, but more specifically they indicate and confirm that luxury products offer Chinese consumers the chance to fulfil salient personal needs goals, that means, Chinese consumers were influenced by their self perception towards luxury consumption. In addition, this research reveals that there are three variables/themes that come from self perception, these personal factors relating to feelings and emotions motivate the consumption of luxury goods and influence Chinese consumers' luxury value perception.

#### **4.3.5.2 Examining the relationship between hedonic pursuit value and self perception (Hypothesis H2)**

The first factor under the self perception dimension is hedonic pursuit value from this research. The literature revealed that Hedonism has been defined as a personality trait which describes on individuals seek to derive pleasure from any activity of life including their consumption behaviour (Dubois and Laurent ,1994). Studies relating to the concept of luxury have frequently recognised the emotional responses related to luxury consumption. Researchers explained that hedonism plays a strong role in luxury product purchases (Dubois et al, 2001; Vigneron and Johnson 2004; Wiedmann et al 2007; Alex and Joseph, 2012; Shukla 2012), and they indicated that after meeting a specific level of functional attributes in the brand, the consumer searches for hedonic benefits, and the luxuries they consume primarily are for the hedonic pleasure (Batra et al, 1991; Chitturi et al, 2007).

Conducting this research on the Chinese consumers, the results from their focus group discussions confirm Chinese consumers are heavily influenced by hedonic pursuit value. They believe that during the process of consuming luxury products, they enjoy sensory pleasure, feel confident and satisfied. Furthermore, based on the respondents' discussions in the focus groups, Chinese consumers have explained that purchasing luxury products could provide pleasures and seek hedonistic experience, the Nvivo word tree showed such links between luxury products and people's feeling, and the most frequent words were highlighted, such as participants have talked about feeling good, happy, cheerful, enjoyable, and experiencing pleasure with luxury products

Figure 16: Linear Regression Analysis: Examining the relationship between Hedonic pursuit value and self perception (H2)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanHedonic <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSelf

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.900 <sup>a</sup>	.810	.809	.41086

a. Predictors: (Constant), MeanHedonic

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	389.700	1	389.700	2308.571	.000 <sup>b</sup>
	Residual	91.662	543	.169		
	Total	481.362	544			

a. Dependent Variable: MeanSelf

b. Predictors: (Constant), MeanHedonic

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.201	.075		2.684	.007
	MeanHedonic	.928	.019	.900	48.048	.000

a. Dependent Variable: MeanSelf

In addition, based on the results from linear regression analysis (See figure 16), these show that the relationship between hedonic pursuit value ( independent variable ) and self perception (dependent variable) is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between Hedonic pursuit value and self perception, the multiple correlation coefficient (R) is 0.900, and the R-square is 0.810. Thus, the predictor variable of hedonic pursuit value demonstrated 81 per cent of the variance in the dependent variable of self perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the Hedonic pursuit value scores, the higher self perception scores ( $\beta = 0.900$ ,  $t = 48.048$ ,  $p < 0.001$ ). Thus, the hypothesis H2 ( Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value) is supported confirming that hedonic pursuit value perception is part of the universal personal meaning factor for Chinese luxury consumers, which plays an important part in the buying behaviours of luxury products, and Chinese hold strong hedonic values on luxury consumption and regard it as a way of achieving happiness.

#### **4.3.5.3 Examining the relationship between uniqueness value and self perception (Hypothesis H3)**

A linear regression analysis was employed to investigate the relationship between uniqueness value and self perception. The uniqueness value is an independent variable, while self perception is a dependent variable. The regression analysis results between uniqueness value and self perception are illustrated in Figure 17.



Figure 17: Linear Regression Analysis: Examining the relationship between Uniqueness value and self perception (H3)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanUniqueness <sup>b</sup>	.	Enter

- a. Dependent Variable: MeanSelf
- b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855 <sup>a</sup>	.732	.731	.48779

- a. Predictors: (Constant), MeanUniqueness

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	352.161	1	352.161	1480.047	.000 <sup>b</sup>
	Residual	129.201	543	.238		
	Total	481.362	544			

- a. Dependent Variable: MeanSelf
- b. Predictors: (Constant), MeanUniqueness

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.334	.090		3.712	.000
	MeanUniqueness	.916	.024	.855	38.471	.000

- a. Dependent Variable: MeanSelf

According to the linear regression results, uniqueness value (H3) was found to be positively correlated with Chinese consumers' self luxury value perception. In this relationship between uniqueness value and self perception, the multiple correlation coefficient (R) is 0.855, and the R-square is 0.732. Thus, the predictor variable of uniqueness value demonstrated 73 per cent of the variance in the dependent variable of self perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level.  $\beta = 0.855$ ,  $t = 38.471$ ,  $p < 0.001$ .

The second factor under self perception value perception is uniqueness value from this research. The desire for uniqueness relates to how an individual's need for uniqueness can affect brand choices and the need to be different from others, consumers' need for uniqueness is defined as the trait of pursuing differentness relative to others through the acquisition, utilization, and disposition of consumer goods for the purpose of developing and enhancing one's self-image and social image (Tian et al., 2001).

The possession of unique and innovative products makes consumers feeling differentiated from other people (Ruvio et al, 2008). The result relating to H3 (Uniqueness Value affects Chinese consumers' self-perception of luxury value) revealed that Chinese consumers perceived uniqueness value as a common underlying dimension when purchasing luxury products, they wear luxury products to show their need for uniqueness to improve self appearance and public status according to their discussions from focus groups. The luxury products are unique, they have aesthetic design or construction principles with innovative functional attributes (Dubois et al, 2001), thus Chinese consumers wish for differentiation and exclusivity by consuming luxury products, the need for uniqueness strongly influenced their purchase. based on this research's second stage of quantitative study results, it is confirmed that Chinese people are very concerned about how they appear to others, and are willing to purchase luxury products if such products are highly recognizable among their peers, the uniqueness value is a significant dimension of luxury value for Chinese consumers. H3 (Uniqueness Value affects Chinese consumers' self-perception on luxury value) is supported.

#### **4.3.5.4 Examining the relationship between vanity value and self perception (Hypothesis H8)**

In this research, the discussions from focus groups captured an important factor of self perception towards luxury value of Chinese consumers is vanity value, which was not revealed by previous literature to confirm the direct relationship of vanity value impacting on self luxury value perception for Chinese consumers. Based on linear regression analysis (see figure 18), The results show that the relationship between vanity value( an independent variable) and self perception (a dependent variable) is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between vanity value and self perception, the multiple correlation coefficient (R) is 0.798, and the R-square is 0.636. Thus, the predictor variable of vanity value demonstrated 63.6 per cent of the variance in the dependent variable of self perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the vanity value scores, the higher self perception scores ( $\beta = 0.798$ ,  $t = 30.816$ ,  $P < 0.001$ ). Therefore, the hypothesis H8 (Vanity value contributes to Chinese consumers' social perception of luxury value) is supported and confirmed by the quantitative study.

Figure 18: Linear Regression Analysis: Examining the relationship between vanity value and self perception(H8)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanVanity <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSelf

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798 <sup>a</sup>	.636	.636	.56789

a. Predictors: (Constant), MeanVanity

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	306.248	1	306.248	949.624	.000 <sup>b</sup>
	Residual	175.114	543	.322		
	Total	481.362	544			

a. Dependent Variable: MeanSelf

b. Predictors: (Constant), MeanVanity

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.709	.100		7.069	.000
	MeanVanity	.851	.028	.798	30.816	.000

a. Dependent Variable: MeanSelf

This study found that Chinese luxury consumers are strongly influenced by vanity value when purchasing luxury products and are very concerned about their appearance and achievements, they use their possession of luxury products to reaffirm who they are or who they want to be. The widely accepted definition of vanity comes from Netemeyer et al (1995), they stated that people regulate their own esteem by increasing their apparent status and trying to earn others' admiration and envy by means of buying expensive and rare goods in order to sustain and elevate their high self-positivity. In contemporary society, it is not surprising that many individuals become highly concerned with their appearance and pursue greater physical attractiveness, thus it is understood that Chinese people choose to wear or use luxury products because they believe these products can bring glory and respect to the family and to the wider community as a clear sign of their success, these luxury consumers wanted to be admired and accepted as being part of an elite group by owning luxury. During their discussions, some of these participants stated that even they may not have sufficient funds to consume, they are happy to save their salary to buy a dream luxury brand, such phenomenon was consistent with Sedikides et al (2007) study that individuals want others to see them as special, superior and entitled, and who are prone to exhibitionism and vanity will strive to purchase "high-prestige" and rare products in order to validate their excessively positive self-views.

#### **4.3.5.5 Examining the relationship between societal perception and luxury value perception (Hypothesis H4)**

Previous scholars state that personal oriented motives are not adequate to explain the whole picture of luxury consumption, a growing body of research indicates that the social value dimension also influences luxury consumption (Vigneron & Johnson, 1999; Wiedmann et al 2007). The societal value dimension reflects the perceived value to consumers towards the luxury products within their own social groups (Shukla, 2011, Vigneron & Johnson, 1999). Many researchers' work on the external influences on luxury consumption shows that the social value of luxury goods accounts for a large part of a consumer's decision to purchase luxury brands. When focusing on Chinese consumers, the findings from this research reflected this work and confirmed that Chinese consumers' luxury value perception is influenced by their social values.

Figure 19: Linear Regression Analysis: Examining the relationship between societal perception and luxury value perception (H4)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanSocietal <sup>b</sup>	.	Enter

a. Dependent Variable: MeanGeneral

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689 <sup>a</sup>	.474	.473	.70709

a. Predictors: (Constant), MeanSocietal

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	244.760	1	244.760	489.544	.000 <sup>b</sup>
	Residual	271.487	543	.500		
	Total	516.247	544			

a. Dependent Variable: MeanGeneral

b. Predictors: (Constant), MeanSocietal

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.835	.132		6.323	.000
	MeanSocietal	.793	.036	.689	22.126	.000

a. Dependent Variable: MeanGeneral

In addition, the linear regression analysis results (figure 19 ) revealed that consumption of luxury products appears to have a strong social function. The results show that the relationship between societal perception and luxury value perception (H4) is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between societal perception and luxury value perception, the multiple correlation coefficient ( $R$ ) is 0.689, and the R-square is 0.474. Thus, the predictor variable of societal perception demonstrated 47.4 per cent of the variance in the dependent variable of luxury value perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the societal perception scores, the higher luxury value perception scores ( $\beta = 0.689$ ,  $t = 22.126$ ,  $p < 0.001$ ). In addition to this, the hypothesis H4 (Societal perception impacts on Chinese consumers' luxury value perception) is supported and confirmed that Chinese consumers who purchase luxury products are influenced by a collective elaboration of a social object, common interest, ideas, images, knowledge and opinions of their social groups.

Furthermore, this study found four factors relating to societal perception, which are: conspicuous value, social status value, conformity value and face saving value.

#### **4.3.5.6 Examining the relationship between conspicuous value and societal perception (Hypothesis H5)**

A linear regression analysis was employed by using SPSS 24 to investigate the relationship between conspicuous value and societal perception. Conspicuous value is an independent variable, while societal perception is a dependent variable. The regression analysis results of conspicuous value and societal perception are illustrated in figure 20.

Figure 20: Linear Regression Analysis: Examining the relationship between conspicuous value and societal perception (H5)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanConspicuous <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSocietal

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844 <sup>a</sup>	.713	.713	.45320

a. Predictors: (Constant), MeanConspicuous

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	277.256	1	277.256	1349.883	.000 <sup>b</sup>
	Residual	111.528	543	.205		
	Total	388.784	544			

a. Dependent Variable: MeanSocietal

b. Predictors: (Constant), MeanConspicuous

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.614	.083		7.381	.000
	MeanConspicuous	.836	.023	.844	36.741	.000

a. Dependent Variable: MeanSocietal



The results show that the relationship between conspicuous value and societal perception (H5) is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between conspicuous value and societal perception, the multiple correlation coefficient (R) is 0.844, and the R-square is 0.713. Thus, the predictor variable of conspicuous value demonstrated 71.3 per cent of the variance in the dependent variable of societal perception. It also shows the standardised beta coefficient ( $\beta$ ) between the predictor variable conspicuous value and the dependent variable societal perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the conspicuous value scores, the higher societal perception scores ( $\beta = 0.844$ ,  $t = 36.741$ ,  $p < 0.001$ ).

Bearden and Etzel (1982) found that luxury products consumed in public were expected to be conspicuous in comparison to privately consumed luxury products. Conspicuous value is derived from the consumption process, which is oriented toward the evident display of expensive possessions (Mason, 1981; Bearden and Etzel, 1982; Corneo and Jeanne, 1997; Vigneron and Johnson, 2004; Shukla and Sharma, 2009). The result of this research is consistent with Eastman et al (1993)'s work that individuals strive to improve their social standing through consuming conspicuous products, this finds that Chinese people are buying luxury products in order to show off their wealth and display their success and status from their discussions during the focus group interviews, they tend to purchase things that symbolize their newly acquired middle-class lifestyle and emphasize their distinctive tastes. In addition, results relating to H5 (Conspicuous Value contributes to Chinese consumers' societal perception of luxury value) reveal that the consumption of luxury products act as an important tool for individuals searching for social status confirming that Chinese consumers' luxury value perception is heavily influenced by conspicuous value, this helps to answer why they so keen on wearing luxury brand-labelled clothes and owning luxury-branded products, because they believe through this possession process, wearing these luxury products could gain respect and admiration from others.

#### **4.3.5.7 Examining the relationship between social status value and societal perception (Hypothesis H6)**

Belk (1988) claimed 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. People buy an expensive product in order to let others know their power and status (Veblen, 2007). In the theoretical framework of the present research, social status was conceptualised as a predictor variable, while societal perception is a dependent variable.

The results tend to agree with the findings of previous research regarding similar studies. The quantitative findings also showed that the path between social status value and consumers' societal perception towards luxury value was found to be statistically significant and positive relationship in the Chinese market context (see figure 21). The relationship between social status value and societal perception is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between social status value and societal perception (H6), the multiple correlation coefficient ( $R$ ) is 0.843, and the  $R$ -square is 0.710. Thus, the predictor variable of social status value shows 71 per cent of the variance in the dependent variable of societal perception. It also shows the standardised beta coefficient ( $\beta$ ) between the predictor variable social status value and the dependent variable societal perception. The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the social status value scores, the higher societal perception scores ( $\beta = 0.843$ ,  $t = 36.471$ ,  $p < 0.001$ ). Moreover, it also confirms and supports the hypothesis H6 (Social status influences Chinese consumers' societal perception of luxury value). This statistical finding demonstrates that the social status value has a positive influence on Chinese consumers' luxury consumption. This finding of Chinese consumers matched the study of Belk (1985) who explained that possessions are an indication or method of communication to others which allow them to manage and create an impression of who they are and what their status or position is. Chinese middle-class consumers often view the purchase of luxury commodities as a manifestation of their economic and social status.

Figure 21: Linear Regression Analysis: Examining the relationship between social status value and societal perception (H6)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanSocialstatus <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSocietal

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.843 <sup>a</sup>	.710	.710	.45558

a. Predictors: (Constant), MeanSocialstatus

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	276.082	1	276.082	1330.159	.000 <sup>b</sup>
	Residual	112.703	543	.208		
	Total	388.784	544			

a. Dependent Variable: MeanSocietal

b. Predictors: (Constant), MeanSocialstatus

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.630	.083		7.560	.000
	MeanSocialstatus	.818	.022	.843	36.471	.000

a. Dependent Variable: MeanSocietal

#### **4.3.5.8 Examining the relationship between conformity value and societal perception (Hypothesis H7)**

Another aspect of societal perception on luxury value in this present study is conformity value. Vigneron & Johnson (2004) claimed that the consumption of luxury goods involves purchasing products that represent value to both the individuals and their reference group. This means that consumers may regard luxury brands as a mean to reach social acceptance and conformity within reference groups. Although their research was conducted in Western countries and did not focus on Chinese market, through this research, the outcomes from both qualitative and quantitative studies have revealed that Chinese consumers' purchase behaviours in luxury consumption are affected by their group members, the analysis from linear regression indicates (see figure 22) that the predictor variable of social status value demonstrated 66 per cent of the variance in the dependent variable of societal perception ( the multiple correlation coefficient (R) is 0.812, and the R-square is 0.660). The beta coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the social status value scores, the higher societal perception scores ( $\beta = 0.812$ ,  $t = 32.470$ ,  $p < 0.001$ ). The hypothesis H7 (Conformity value determines Chinese consumers' societal perception of luxury value ) is supported.

Figure 22: Linear Regression Analysis: Examining the relationship between conformity value and societal perception (H7)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanConformity <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSocietal

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812 <sup>a</sup>	.660	.659	.49336

a. Predictors: (Constant), MeanConformity

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	256.618	1	256.618	1054.308	.000 <sup>b</sup>
	Residual	132.166	543	.243		
	Total	388.784	544			

a. Dependent Variable: MeanSocietal

b. Predictors: (Constant), MeanConformity

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.955	.084		11.419	.000
	MeanConformity	.777	.024	.812	32.470	.000

a. Dependent Variable: MeanSocietal

Based on previous literature, Wiedmann et al (2009) stated that consumers obtain information about products and services from other people, particularly family members, friends and neighbours, thus reference group effects accounted as a strong influence factor on a consumer's decision to buy luxury goods, thus not only Western consumers are influenced by conformity value, this research has confirmed that Chinese consumers also are strongly influenced by group members they know when they purchase luxury products, they like to consider others' opinions, experiences and judgements while making decisions, in addition, they believe if they buy and wear the same or similar luxury products, this can make them feel they belong to that certain social class, which means they can reach social acceptance.

#### **4.3.5.9 Examining the relationship between face saving value and societal perception (Hypothesis H9)**

The final influencing factor for Chinese consumers when they purchase luxury products is face saving value. The participants from the focus groups established this relationship between face saving value and consumers' societal luxury value perception, they claimed that they are buying luxury products mainly because they must enhance, maintain and save their face within their social networking groups. Face is one of the Chinese traditional cultural values (Sun et al, 2011), where Chinese people respect generates the need to be respected by other people and the value of face becomes a fundamental principle during social interactions (Ho, 1976).

The hypothesis H9 (Face saving value contributes to Chinese consumers' societal perception of luxury value) is supported through the linear regression analysis (see figure 23). The results show that the relationship between face saving value (an independent variable) and societal perception (a dependent variable) is significant at the 95 per cent confidence level ( $p < 0.05$ ). In this relationship between face saving value and societal perception, the multiple correlation coefficient ( $R$ ) is 0.821, and the R-square is 0.674. Thus, the predictor variable of face saving value demonstrated 67.4 per cent of the variance in the dependent variable of societal perception. The beta

coefficient ( $\beta$ ) is shown to be positive and statistically significant at the 0.001 level. Therefore, the higher the face saving value scores, the higher societal perception scores ( $\beta = 0.821$ ,  $t = 33.487$ ,  $p < 0.001$ ).

Figure 23: Linear Regression Analysis: Examining the relationship between face saving value and societal perception (H9)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanFacesaving <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSocietal

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821 <sup>a</sup>	.674	.673	.48331

a. Predictors: (Constant), MeanFacesaving

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	261.946	1	261.946	1121.399	.000 <sup>b</sup>
	Residual	126.838	543	.234		
	Total	388.784	544			

a. Dependent Variable: MeanSocietal

b. Predictors: (Constant), MeanFacesaving

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.744	.087	8.519	.000
	MeanFacesaving	.820	.024	.821	33.487

a. Dependent Variable: MeanSocietal

luxury consumption phenomenal in Western countries (Vigneron and Johnson, 2004 and Wiedmann et al, 2007) but did not reveal the impact between face saving value and luxury value perception, this key variable is a unique factor that applies to Chinese luxury consumers, participants claimed that sometimes they have no other option of purchasing luxury items in order to follow others because they do not wish to lose face. As an example, Ram (1994) discovered that Chinese consumers might show priority for luxury items before they have fundamental living essentials such as food, homes, and clothing. Moreover, some participants used the words “have to buy” to explain their feelings during the decision process in luxury consumption, Chinese people are very concerned with face and their position in society, they are very cautious in approaching people, whether they are considered above, below or equal to someone else, according to Gao (1998), thus they are willing to pay more for luxury products which could maintain their face than when consuming ordinary products, they fear losing face when their peers in the same social class are having luxury products but they are not.

#### **4.3.5.10 examining the relationship between societal perception and self perception (Hypothesis H10)**

Lastly, although previous research suggests that both personal and interpersonal perceptions impact consumers’ luxury value perception (Vignern and Johnson, 1999; Wiedmann et al, 2007; Shukla 2012). This research reveals a unique finding that Chinese luxury consumers more driven by societal perception rather than the self perception, findings from focus group Chinese participants’ discussions mainly suggest



their societal perception influences their self perception, their luxury value perception are dominated by their societal perspectives, because they are very concerned about others to win public perceptions of their possessions, and their luxury consumption driven more by their societal perspectives.

This finding has reflected Markus and Kitayama (1991)s' research, who discovered that Eastern collectivist consumers are defined as an independent self group, each individual perceive themselves related to other people, such as friends, families and social peers. Collectivism is one aspect of Chinese tradition that relates to luxury consumption, people are influenced by collectivistic values and believe that conforming to the norms set by their in-group is the proper way to behave (Wei and Yu, 2012). Traditional Chinese self is viewed in the context of relations with others. This study examined Chinese consumers' societal perceptions impact on their luxury buying behaviours. Hypothesis 10 (Societal perception impacts on Chinese consumers' luxury value perception) aimed to determine the relationship between societal perception and consumers' luxury value perception in the Chinese market. It was predicted in the theoretical model that people's societal perceptions have a positive impact on the self perception when consuming luxury products.

In the second stage of field research in this study, a linear regression analysis was employed to investigate the relationship between societal perception value and self perception (Societal perception is an independent variable, while self perception is a dependent variable). As expected, there is a strong positive relationship between societal luxury value perception and self perception from the analysis from linear regression analysis (see figure 24). The results show that the relationship between societal perception and self perception is significant at the 95 per cent confidence level ( $p < 0.05$ ), In this relationship between societal perception and self perception, the multiple correlation coefficient (R) is 0.760, and the R-square is 0.578. Thus, the predictor variable of societal perception demonstrated 57.8 per cent of the variance in the dependent variable of self perception, The beta coefficient ( $\beta$ ) is also shown to be

positive and statistically significant at the 0.001 level, therefore, H10 is supported ( $\beta = 0.760$ ,  $t = 27.259$ ,  $p < 0.001$ ).

Figure 24: Linear Regression Analysis: Examining the relationship between societal perception and self perception (H10)

**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	MeanSelf <sup>b</sup>	.	Enter

a. Dependent Variable: MeanSocietal

b. All requested variables entered.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.760 <sup>a</sup>	.578	.577	.54983

a. Predictors: (Constant), MeanSelf

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	224.631	1	224.631	743.051	.000 <sup>b</sup>
	Residual	164.154	543	.302		
	Total	388.784	544			

a. Dependent Variable: MeanSocietal

b. Predictors: (Constant), MeanSelf

### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.052	.096		10.977	.000
	MeanSelf	.683	.025	.760	27.259	.000

a. Dependent Variable: MeanSocietal

The notion of Chinese culture as a collectivist culture and Chinese consumers are collectivist oriented. Researchers often emphasized that Chinese culture is rooted in Confucian philosophy and also have been impacted by western societies, Chinese people dominated by the collective self are very concerned about how they appear to others and concerned with the public meaning of their possessions (Wong & Ahuvia's (1998; Chadha and Husband ,2006; Wang (2013). Chinese collectivist consumers focus more on the interdependent self wherein one's identity lies in one's familial, friends, and social relationships, they emphasise fitting in and harmonious interdependence with them, therefore, their purchase decision in luxury consumption are more driven by their related groups and classes rather than their personal needs.

#### 4.3.6 Conclusion of quantitative study –second stage of field research

This section reported the data analysis results from the secondary stage of field research of this study. In order to perform the main data analysis in stage two, data preparation was first conducted to translate the data collected into a form suitable for analysis. This process was completed through questionnaire response cleaning and screening to ensure accuracy and precision of the data. Descriptive analysis was performed first, the profile and analysis of respondents were development. Next, the reliability and validity of this research were examined, and all the measurement scales were found reliable and valid at satisfactory levels.

In addition, this part also presented the linear regression analysis, the results (see table 22) confirmed that the independent variables positively and significantly correlated with the dependent variables. All the hypotheses in this study were accepted and the conceptual model was valid.

<b>Research hypothesis</b>	<b><math>\beta</math></b>	<b>R Square</b>	<b>t-value</b>	<b>p</b>
H1: Self perception → luxury value perception	0.862	0.743	39.607	P < 0.001
H2: Hedonic pursuit value → self perception	0.900	0.810	48.048	p < 0.001
H3: Uniqueness value → self perception	0.855	0.732	38.471	p < 0.001
H8: Vanity value → self perception	0.798	0.636	30.816	p < 0.001
H4: Societal perception → luxury value perception	0.689	0.474	22.126	p < 0.001
H5: Conspicuous value → societal perception	0.844	0.713	36.741	p < 0.001
H6: Social status value → societal perception	0.843	0.710	36.471	p < 0.001
H7: Conformity value → societal perception	0.812	0.660	32.470	p < 0.001
H9: Face saving value → societal perception	0.821	0.674	33.487	p < 0.001
H10: Societal perception → self perception	0.760	0.578	27.259	p < 0.001

<b>Code</b>	<b>Hypothesis Content</b>	<b>Results</b>
H1	Self perception impacts on Chinese consumers' luxury value perception	Supported
H2	Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.	Supported
H3	Uniqueness value affects Chinese consumers' self perception of luxury value.	Supported
H8	Vanity value contributes to Chinese consumers' Self perception of luxury value.	Supported
H4	Societal perception impacts on Chinese consumers' luxury value perception	Supported
H5	Conspicuous value contributes to Chinese consumers' societal perception of luxury value.	Supported
H6	Social status influences Chinese consumers' societal perception of luxury value.	Supported
H7	Conformity value determines Chinese consumers' societal perception of luxury value	Supported
H9	Face saving value contributes to Chinese consumers' societal perception of luxury value.	Supported
H10	Societal perception influences Chinese consumers' self perception of luxury value.	Supported

Table 22: Hypothesis Assessment

#### **4.4 Overview of this study's findings and chapter conclusion**

This research project's primary aim is to identify the key influencing variables affecting Chinese consumers' luxury value perceptions of purchasing luxury products, especially to draw new insight on luxury consumption to propose a new conceptual model which enables researchers and practitioners to understand the relationships between influencing factors and luxury values perception on both self and societal perspectives. The theoretical concept of Chinese consumers' luxury consumption phenomenon has been considered as a new topic with little research at the moment, thus more research investigating luxury value perception particularly needs to be conducted.

In addition, besides filling the academic research gap, this research has helped luxury products companies to implement their strategy of understanding Chinese consumers' behaviours. This present research had been undertaken a mixed method approach. The qualitative method (Focus groups) was used to gain better understanding of Chinese consumers' luxury value perceptions and proposed multidimensional conceptual model to reveal what are the key factors that influence the Chinese perceptions of luxury consumption on both self and societal perspectives, then followed by the quantitative method (quantitative survey) to validate the proposed theoretical model.

The findings of current research's qualitative approach demonstrated that seven key dimensions (hedonic pursuit value, uniqueness value, vanity value, conspicuous value, social status value, conformity value and face saving value) are applicable to Chinese consumers' both self and societal perception. Moreover, Chinese consumers' luxury value perceptions are influenced by their self and societal perceptions of luxury products in the context of the Chinese market, especially their purchase behaviours are driven more and impacted by their societal perspectives in the process of luxury consumptions. As a result, the outcomes from the quantitative study confirmed these relationships between each independent and dependent variables individually, each influencing factor identified in this study positively and significantly impact Chinese consumers' perspectives towards luxury products. Therefore, the multidimensional conceptual

model (figure 25) is a valid representation and captures key influencing variables that impact Chinese consumers' luxury value perception.

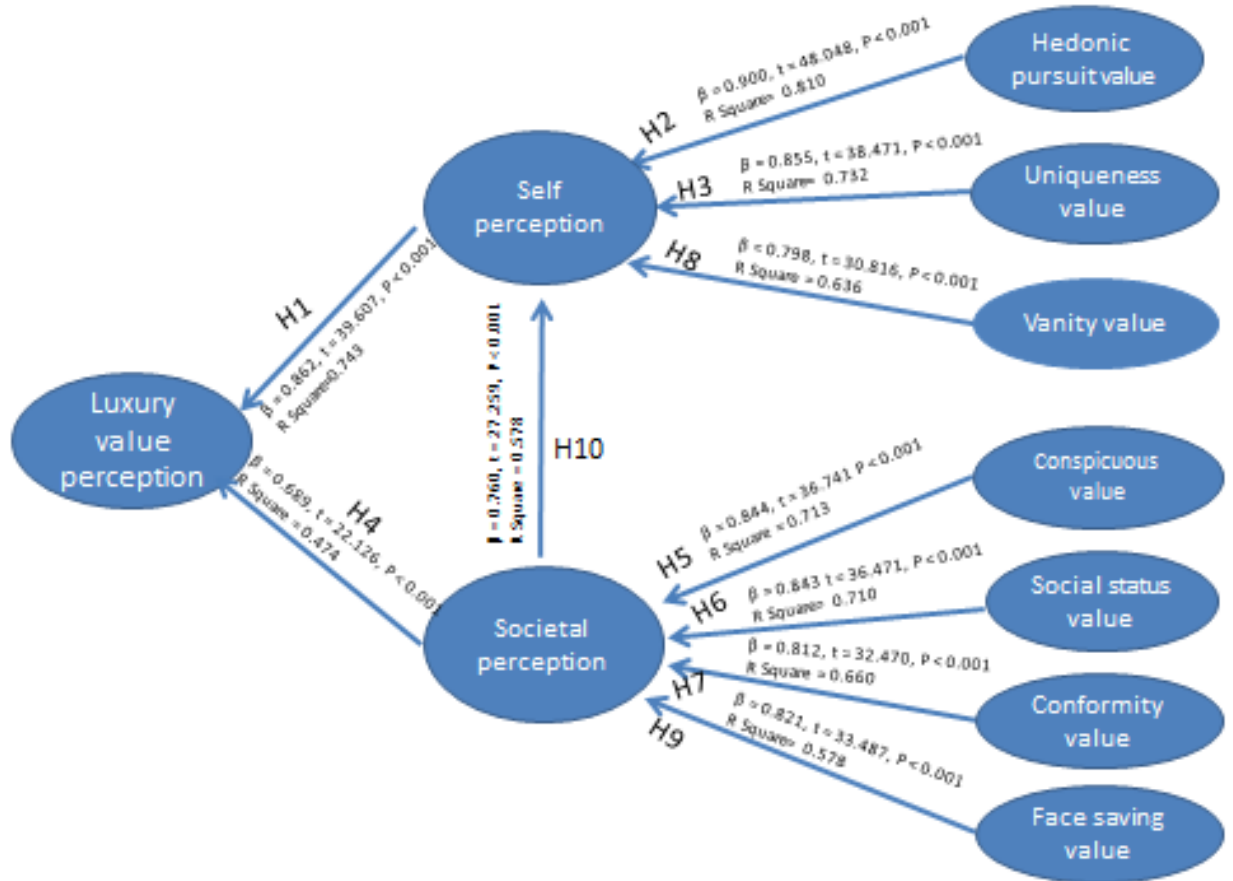


Figure 25: Final conceptual model based on the outcomes of both qualitative and quantitative studies

# Chapter 5

## Conclusion

### 5.1 Introduction

This chapter summarises the overall thesis, and explores recommendations for both academic researchers and practical marketers, and make suggestions for future research and limitations. It also discusses how these findings fulfil the purpose of the research aim and objectives. The implications illustrate the contribution to knowledge obtained from this research in a business and academic context.

### 5.2 Reflection on research aim and objectives

The primary goal of this study is to understand why Chinese consumers seem to have a high interest in luxury products and how their luxury value perception affects their buying behaviours and especially to explore how self perception and societal perception integrated into luxury value in the context of Chinese culture, and to examine what are the key influencing variables affecting consumers' luxury value perceptions of purchasing the luxury products, in addition, to explore if Chinese luxury consumers are more driven by self perception in their luxury consumption or are more driven by social perception.

The researcher divided the objectives of the study into two stages as follows in chapter one:

The objectives of first stage are to identify and investigate the underlying factors determining and influencing Chinese consumers to purchase luxury products through a critical literature review and field research, in addition to develop and propose a conceptual model explaining the key perceived values that influence Chinese consumers'



self and social luxury perceptions based on existing literature and focus groups (first stage of the field research).

Based on the findings from the first stage of field study, Chinese consumers' luxury value perceptions are influenced by their self and societal perceptions towards luxury products. Hedonic pursuit value, uniqueness value and vanity value are influencing customers' self-perception and personal orientation to luxury value perception; conspicuous value, social status value, conformity value and face saving value play important roles in influencing Chinese consumers' societal perception on luxury value perception. Among these underlying factors, some new variables have emerged based from the findings of focus groups, which have not been discussed in previous literature studies, such as vanity value and face saving value. Furthermore, this study has found that Chinese luxury consumers are driven more by social perception than the self-perception, they are dominated by the collective self and are very concerned about others' views of their possessions. As indicated by the proposed conceptual model, it has demonstrated Chinese consumers' luxury value perception, 10 hypotheses were proposed to illustrate the relationships between influencing factors of both self and societal perspectives towards luxury products, and therefore, the objectives of first stage were met.

The objectives of second stage in this research are mainly to assess and validate the proposed theoretical model (second stage of the field research) that scholars and marketers can use in the future. The linear regression tests carried out found that the 10 hypotheses were supported. Three influencing factors have a positive effect on consumers' self perception of luxury value and buying decisions towards luxury products ( $p < 0.001$ ). Hedonic pursuit value (H2) is the factor exerting the greatest influence on Chinese consumers' self perception ( $\beta = 0.900$ , R Square=0.810,  $t=48.048$ ), followed by the Uniqueness value factor (H3) ( $\beta = 0.855$ , R Square= 0.732,  $t=38.471$ ), and vanity value factor (H8) ( $\beta = 0.798$ , R Square =0.636,  $t=30.816$ ). In terms of societal perception, conspicuous value (H5) ( $\beta = 0.844$ , R Square =0.713,  $t=36.741$ ), social status value (H6) ( $\beta = 0.843$ , R Square =0.710,  $t=36.471$ ), conformity value (H7)

( $\beta = 0.812$ , R Square =0.660,  $t=32.470$ ), and face saving value ( H9) ( $\beta = 0.821$ , R Square =0.674,  $t=33.487$ ) affect Chinese consumers' buying decision on luxury value positively ( $p < 0.001$ ). In addition, both self perception (H1  $\beta = 0.862$ , R Square =0.743,  $t=39.607$ ,  $p < 0.001$ ) and societal perception (H4  $\beta = 0.689$ , R Square =0.474,  $t=22.126$ ) impact strongly on Chinese consumers' luxury value perception, which supported the findings of previous studies that luxury consumption is the result of personal value and social motivation (Vickers and Renand, 2003; Vigneron and Johnson, 1999; Husic et al, 2009; Shukla, 2011; Tsai, 2005, Wiedmann et al 2007; Kazakeviciute and Banyte, 2012). Moreover, this research also confirmed that Chinese consumers' societal perception influences their self perception when purchasing luxury products, that consumers' purchasing behaviour of luxury products is influenced by both personal and societal considerations and perceptions, as H10 was supported in this research ( $\beta = 0.760$ , R Square= 0.578,  $t=27.259$ ,  $p < 0.001$ ), which provided the answer to the research question that Chinese luxury consumers are more driven by a self perception in their luxury consumption or are more driven by a social perception. Therefore, the conceptual model proposed in this study is valid and achieves a satisfactory fit, the statistical results illustrate that the multidimensional construct fits the data very well, each hypothesis is well supported by the data.

### **5.3 Research implications**

This research tackles the various questions in the present literature such as “what are the key variables that influence Chinese consumers' luxury value perception?” and “what is the proposed conceptual model that would demonstrate Chinese consumers' overall luxury value perceptions?” Thus, the answers and findings of these questions have provided both theoretical and practical contributions, and filled the research gaps.

#### **5.3.1 Theoretical implications**

The research into Chinese consumers' luxury value perception was not widespread in the literature. Although some researchers have studied consumers' perspective of luxury

products in the western countries (Dubois and Laurent, 1994;Vigneron and Johnson, 2004 and Wiedmann et al, 2007, ; Kapferer, 1997 Okonkwo, 2009; Kapferer and Bastien, 2009;), it is still unknown whether Chinese consumers perceived the luxury products the same as the luxury consumers in the western market, considering that Chinese consumers have a unique cultural background. In addition, there was a lack of empirical research to capture all influencing factors that impact Chinese consumers' luxury value perception. Although Vigneron and Johnson (2004) and Wiedmann et al, (2007) have provided theoretical frameworks of luxury value perception in their research from western countries, this work's frameworks were based on reviews of literature, therefore, their existing conceptual and empirical papers are largely theoretic and merely descriptive but without strong explanatory properties. This current research was carried out with an initial qualitative phase followed by a quantitative phase to shed light on the theoretical contributions.

First of all, this research contributes to the theory of luxury value perception by providing a validated theoretical model which explains the relationships between the construct of Chinese consumers perception towards luxury products, its dimensions and consequences. The results of the present research draw new insight into luxury consumption in the context of the Chinese market. The conceptual model based on the literature review and findings from primary data enables researchers and practitioners to understand the relationships between influencing factors and luxury values perception on both self and societal perspectives. Having said that this research assimilated previous research results to construct a coherent and complete picture of understanding why Chinese consumers purchase luxury products.

Secondly, this study provides an important new theoretical base for the whole phenomenon of luxury goods consumption in the context of the Chinese luxury market. It presents strong empirical evidence to define the content of both self and societal orientation to luxury consumption and explains how they influence luxury consumption behaviour. As for primary factors of purchasing luxury goods, the study found that hedonic pursuit value, uniqueness value and vanity value are influencing customers' self

perception ( personal orientation) to luxury value perception; conspicuous value, social status value, conformity value and face saving value play important roles in influencing Chinese consumers' societal perceptions ( interpersonal orientation )of luxury value perception. In this way, this research not only offers a good theoretical grounding and explanation of the self and societal impact on luxury consumption but, in addition, it defines more accurately what is the content of this self and social orientation to luxury; in addition, it shows how these two orientations manifest themselves as overt behaviour in the form of seven distinct consumption effects.

The third contribution of this research is the successful identification of two new variables -vanity value and face saving value- that influence the Chinese consumer's luxury value perception, which have not been discussed in previous scholars' (for example, Vignern and Johnson (1999) and Wiedmann et al (2007)'s frameworks. As a result, this research offers a better understanding of the evaluation process particularly for Chinese luxury consumers, which enhances theoretical underpinnings. Furthermore, this study has found that the Chinese luxury consumers more driven by societal perception than the self perception, they are dominated by the collective self and are very concerned about others views of their possessions, and their luxury consumptions engaged more within their social perspectives

The fourth contribution is related to the development and validation of the survey instruments. In a situation where theory is developed and progressed, it is vital to include the creation and validation of new measures which are considered as a major contribution (Straub et al., 2004). Therefore, this research makes a contribution towards the research methodology. This was accomplished by adapting, creating, and validating measures that correspond to various constructs included in the conceptual model. The research instrument developed and validated in this study can be used to explore other luxury product categories apart from 'new luxury'. On the consequences' side, this study has empirically verified a proposed theoretical model which includes all the factors relevant to the phenomenon of luxury consumption, empirical support was obtained for most of the hypothesized relationships between the

various self and societal perception behavioural patterns, conceptualized in the conceptual model as effects. More specifically, the data confirm that the ten hypotheses are supported.

1. Self perception impacts on Chinese consumers' luxury value perception
2. Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.
3. Uniqueness value affects Chinese consumers' self perception of luxury value.
4. Vanity value contributes to Chinese consumers' self perception of luxury value.
5. Societal perception impacts on Chinese consumers' luxury value perception
6. Conspicuous value contributes to Chinese consumers' societal perception of luxury value.
7. Social status influences Chinese consumers' societal perception of luxury value.
8. Conformity influences Chinese consumers' societal perception of luxury value.
9. Face saving value contributes to Chinese consumers' societal perception of luxury value.
10. Societal perceptions influences Chinese consumers' self perception of luxury value.

To conclude, this study provides a contribution towards theory development in the area of luxury consumption in the context of Chinese market, it also contributes to academia by confirming the findings of a quantitative study. In addition this study has very important managerial implications, specifically, this conceptual model has the potential to significantly alter managerial practices in the luxury sector by shedding light on both complex luxury consumers and their purchase behaviours, and hence, this research can assist managers to understand their Chinese consumers. What is more, with the increase of academic interest in the consumption and management of luxuries nowadays, evident from the rising number of publications, following the market developments of the last decade (such as emergence of large luxury groups, substantial increase of market value for the luxury sector, globalization and emergence of the global luxury consumer ). As a consequence, there is an audience eager to follow such theoretical and managerially relevant developments, especially providing the knowledge for managers of luxury

products companies. After having documented the theory implications, the next part moves on to discuss the implications and offer a number of practical suggestions.

### **5.3.2 Managerial implications**

In addition to the contributions to theory, this study makes a substantial contribution to the managers in the field of the luxury market. The findings of this research highlighted that Chinese consumers' luxury perceptions are influenced by

- Hedonic pursuit value
- Uniqueness value
- Vanity value
- Conspicuous value
- Social status value
- Conformity value
- Face saving value

These measurement scales help to provide an explanation of consumption behaviour especially pertaining to new luxury products, and also explain a variety of factors driving the motives for purchase luxury products. The results of this study have significant implications for luxury consumption research and particularly have practical implications for marketers working in the luxury sectors. The results suggest that a focus on both consumers' self and societal perception can create more understanding of consumers' needs and meet their satisfaction.

This research examines what Chinese believe luxury is and what variables affect their decision when purchasing luxury products. The theoretical model demonstrated in the present study provides a better understanding of the aspects and drivers of consumer purchase behaviours. Based on these, it helps marketers to investigate and evaluate their luxury products and also helps to revise their marketing strategy and product positioning appropriately. Nowadays, China is viewed as one of the most promising and exciting luxury markets in the world, there is no doubt that global luxury companies wish

continue to expand their business in China. The understanding of how luxury products relate to consumers' perception and their purchase behaviours is significant, this insight may offer luxury brand marketing managers the ability to generate more sales by to increasing number of loyal consumers by understanding their needs and expectations. Furthermore, although this research was conducted in China, it would also benefit marketing managers from luxury companies to understand Asian luxury customers. China is recognised as a collectivistic culture country similar to other Asian countries because past researchers have advocated that people in collectivistic cultures may hold similar beliefs or attitudes toward luxuries (Dubois, et al, 2005; Tidwell and Dubois, 1996) and Asian countries have similarities in term of life-style, culture values, society and family structures, ways of thinking and social customs (Huang and Tai, 2003). Therefore it is possible that similar marketing strategies can be applied in any Asian countries due to, especially Asian customers may hold similar luxury value perceptions on new luxury products. Asia is currently the biggest market for luxury and prestige brands from the West (Wong & Ahuvia, 1998). Thus the results of the present research would provide some marketing contributions for luxury consumption research in other Asian countries. The researcher is confident that the market share of luxury products in the Asian market will continue to increase, marketers will have greater confidence in applying the same model in an international context to help them create appropriate marketing strategies and maximise profits in other Asian countries.

The conceptual model proposed in this research assumes the existence of underlying criteria influencing the consumption of luxury products. A thorough understanding of why consumers buy luxury products is essential. This insight may offer luxury marketing managers the ability to elicit more sales from their target consumers by focusing on the perceptions, evaluations and attitudes towards the luxury products. Based from this conceptual model, firstly, it helps managers to be aware that when consumers are purchasing luxury products, they are influenced by two broad dimensions: self perception and societal perception. For consumers who are influenced by self perception are interested more in intrinsic benefits such as the pleasure, as well as the individualistic aspects of what a luxury product signifies to them; on the other hand,

consumers who are influenced by societal perception care more for the visible symbolic dimensions of what these products signify to others around them, as well as for their impression management function. In addition, managers should of course keep in mind that some consumers are driven more by self perception to luxury, some may be driven more by societal orientation.

Secondly, this conceptual model helps managers to understand exactly what is the detailed content and meaning of a “self” or a “societal” orientation to luxury value perception. Moreover, it helps them to understand how these independent variables link with consumers’ purchase behaviours. By understanding this model, managers can better segment and target their customers in order to meet their needs and satisfaction. For examples, consumers who are influenced by hedonic pursuit values are seeking to pursue pleasure and happiness, thus it suggests that luxury companies could focus on the products beautiful design, the product quality, the use of precious materials to enhance consumers’ physical experience and emphasize the pleasure content from the products.

In addition, consumers who purchase luxury products because they believe luxury products make them look unique, have high need for uniqueness and they avoid similarity from ordinary products, then luxury companies could produce exclusive products, such as limited editions and rare items to attract these customers, as they indicated from focus group discussions “ Wearing luxury products can acknowledge to people that I am unique especially I like buying limited edition of luxury products to show to others I have different taste”.

Vanity value is a key and new finding behind luxury consumption from this research. It was discovered that Chinese consumers are influenced by vanity value when purchasing luxury products, they pay a lot of attentions to their appearance by wearing luxury products to increase self-esteem, attractiveness and respect from others. These customers claimed in focus group discussions, even if they do not have sufficient funds to buy luxury products, they are happy to save their salary to buy a dreamed luxury item not be looked down on. As a result, luxury companies targeting these vain consumers



should satisfy their needs to enhance their perceived appearance and attractiveness, for instance, make the consumers feel elevated, exclusive, and rich even if these are just perceived situations and not real. In addition, luxury companies could consider making some of their luxury products more easily accessible and affordable to this group of consumers.

In terms of societal perceptions, consumers are influenced by conspicuous value, they acquire, own, use and display luxury products in order to present an images of what they are like, such as to show their richness and wealth. Moreover, this research finds that displaying social status is very important to the Chinese, owning luxury products could gain more respect, consideration and admiration from other people, because they believe they could gain higher position or rank in society to others or within a group by wearing visible luxury products. Therefore, marketers from luxury companies should know this phenomenon that occurs during luxury consumption, they could for example make their brand logo visible on their products; sell their products only through boutiques in expensive locations or channels that signal wealth. Furthermore, as influenced by collectivist culture, Chinese consumers are more likely to be influenced by others, such as colleagues, friends, families and their loved ones. In this market, high brand awareness is necessary for luxury companies and employing the word of mouth communication strategy will be an effective way to attract these consumers, moreover, they could use popular celebrities/idols to promote their products and focus on delivering the bandwagon effect. Finally, the findings from this research identified face saving value significantly influenced Chinese consumers' luxury value perception, a better understanding of the concept of face in Chinese society can help companies understand what products Chinese consumers prefer and why they favour them. As Chinese participants discussed in the focus groups, they are buying luxury products mainly because they must enhance, maintain and save their face within their social networking groups, Therefore, luxury companies may want to position their offerings as products that can give Chinese consumers a sense of face, for example, when devising their advertising or promotional messages, these companies should take the face concept into consideration, More importantly, market researchers can further investigate the specific purchase behaviour associated with face saving consumption.

#### **5.4 Research limitations and the directions of future studies**

The research attempted to gain a better understanding of Chinese consumers' luxury value perception, even though this study has been carefully researched, it has some limitations.

The first limitation of this research is that this research focuses on the "new luxury" context, such as handbags, clothes and accessories, thus, examining consumers' behaviour only in the consumption of accessible luxury products may limit generalizability, the results from this particular study on consumers' luxury value perception who are purchasing new luxury products might be different compared to those who purchase other group of luxury products, such as luxury cars, luxury wine and diamonds.

The other limitation of this research was linked to availability of the sample frame. The data from focus group interviews in first stage of field research was only collected from three cities in China, thus the results from the qualitative findings might not be applicable to luxury consumers in other cities in China, having said that, the key variables of each value construct in proposed conceptual model may not be generalizable across all Chinese consumers.

With regard to exploring and understanding the Chinese consumers' luxury value perception when purchase new luxury products, a future study could target several other categories of luxury products and explore if there is any new variable impacting on Chinese consumers' purchase behaviour, therefore suggesting that it would be contributing to further knowledge and of interest to generate a model in different contexts rather than new luxury products.

A future study should use Structural Equation Modeling (SEM) to test the holistic model (figure 25) as proposed in this research.

Furthermore, this research could be extended to examine whether the findings obtained from this study are specific to consumers from Mainland China or whether the results would be the same across other parts of China, such as Hong Kong and Macaw where they are influenced more by western cultures, in addition to compare the results in some other Asian countries, such as Japan, India or Thailand, this would involve a cross-cultural approach to confirm and validate this theoretical model. Moreover, to use the instruments designed by this study in different culture context, such as in western countries, this would help to determine whether it gives the different results and further knowledge.

Due to the emergence of the internet, there is now an emphasis upon online shopping, in addition, hundreds of social network sites have been launched, for instance Facebook, LinkedIn and Twitter. Therefore, studying the impact of online shopping for luxury products becomes an interesting topic, there is a need to explore associated factors related to shopping experience and post consumption emotions. Moreover, online communities are an extremely important factor that affects consumer attitudes and beliefs as well as purchasing decisions (Barbalova, 2011). Thus, developing luxury experiential marketing in social network marketing could be of interest for future research, for example, to discover further the influential factors that make customers buy luxury products through the use of mobile-commerce (m-commerce).

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## Appendix 1: Focus group discussion guide for study one—qualitative study



### Focus group discussion Guide

<p><b><u>Opening (3 Mins)</u></b></p> <ul style="list-style-type: none"> <li>• Welcome</li> <li>• Introduction</li> <li>• Purpose</li> <li>• Duration</li> <li>• Confidentiality</li> <li>• Opportunity for questions</li> </ul> <p>To create an open, non-judgemental and informed environment</p>	<p>Many thanks for taking the time to participate in this focus group as part of my PhD research.</p> <p>The purpose of my research is to understand Chinese consumers’ luxury value perception. Thus, I would like to know your opinions, perceptions and purchase experiences on luxury products.</p> <p>The duration of the focus group sessions is flexible and should take about 40 minutes to one hour. The open questions are designed to give you the opportunity to discuss free and express &amp; exchange opinions between the participants in relation to luxury products without any pressure or fear, and please be aware that there are no right or wrong answers.</p> <p>I will be recording the discussion to enable more effective analysis. Although I will be taking some notes during the session, I can’t possibly write fast enough to get it all down. Because the conversation is recorded, please be sure to speak up so that I don’t miss your comments.</p> <p>All responses will be kept confidential. This means that your interview responses will only be shared with research team members and we will ensure that any information we include in our report does not identify you as the respondent.</p> <p>Are there any questions about what I have just explained?</p>
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<p><b><u>Questions ( 40 Mins)</u></b></p> <ul style="list-style-type: none"> <li>• Open-ended questions</li> <li>• Use probes when needed</li> </ul>	<p>Help the participants to start the discussion process (i.e. breaking the ice) and introduce each other in the focus group</p> <p>First of all can I ask you to share with the group the luxury product(s)/itme(s) that you have most recently purchase?</p> <p>Can I ask you to identify what the term ‘Luxury’ means to you?</p> <p>(Getting participants to think about the research area)</p> <p>The above factors are important and they may help us to identify the commonly understood definition for luxury products, so how do you define the “luxury”?</p> <p>(Write down the discussed definitions)</p> <p>Thinking back to the luxury product(s)/ item(s) that you have purchased recently, could you please tell us what are the key variables that influence you to make the purchase decision? And why?</p> <p>(Probes: I purchase it because the luxury makes me feel..... The ownership of luxury goods can.....)</p> <p>Ok, if this is a fairly exhaustive list of key variables and reasons influence your perceptions, would it be possible to group them to your personal perceptions (your self-perceptions) and interpersonal (societal) perceptions?</p> <p>What are the key determinants of personal (self) perceptions on luxury product? And why?</p> <p>What are the key variables influence interpersonal (societal) perceptions on luxury products? And why?</p> <p>Based on what you have said, do you believe your personal perceptions (your self-perceptions) influence your more or the interpersonal (societal) perceptions influence you more?</p>
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	<p>(Probes: Nobody has mentioned X—is this factor not important to anyone? Why do you think that X is the key determinant?)</p>
<p><b><u>Closing ( 3 Mins)</u></b></p> <ul style="list-style-type: none"> <li>• Additional comments</li> <li>• Next steps</li> <li>• Thanks</li> </ul>	<p>Is there anything that we should have talked or covered in the context of 'luxury', but we didn't?</p> <p>Would anyone like to add anything?</p> <p>The audio recordings of the focus group will be transcribed, which would help me to understand and analyse your perceptions without identifying you using criteria such as name, gender, age, income, religion, ethnicity etc.</p> <p>I appreciate the time you took for this group discussion.</p>

## Appendix 2: Participant information sheet for study one—qualitative study



### Participant information sheet

#### 参与者信息需知表

Research Title: Exploring the Chinese consumers' luxury value perception

课题名称：探索中国消费者的奢侈品的感知价值

#### Background information

##### 内容简介：

My name is Yan Liang, a PhD researcher from Bournemouth University, UK. I am conducting a research to understand Chinese consumers' perception for purchasing luxury products. I would be happy if you would agree to participate in my research, please take some time to read through the following information carefully as it is important for you to understand what the research is about and why you have been invited to take part in it. You can ask for further clarification if there is anything that is not clear.

我是英国波恩茅斯大学的在读博士研究生梁燕，诚邀您能参与我的课题研究：探索中国消费者对奢侈品的感知价值。请仔细阅读以下信息来进一步了解我所研究的内容及为何您被选为参与者等相关问题。如您有任何更多的疑问请随时和我们联系。

#### What is the purpose of this research?

此研究的目的是什么？

With the dynamic growth of the luxury consumption in China, understanding the Chinese consumers' perceptions of luxury value is becoming important. Although most studies conducted in developed countries have provided theoretical insight on luxury value perceptions, limited research has discussed Chinese consumers' perspectives values of luxury products. Thus, it is vital for researchers and marketers to understand why Chinese consumers are willing to spend so much to buy luxury products, what they believe luxury is and how their perceptions of luxury value affects their purchase. The purpose of this research is to understand the perception of luxury products consumption by Chinese consumers and also aim to develop a conceptual framework that combined the key perceived values from the concept of luxury in the context of Chinese market,



and it also aims to test this proposed theoretical model that scholars can apply in related empirical work in the future.

随着中国奢侈品消费日益不断的增长，了解中国消费者对奢侈品的感知价值尤为重要。尽管发达国家已经对奢侈品的感知价值提供了丰富的理论知识，但是只有有限的文献对中国奢侈品消费者的感知价值进行过讨论。因此，研究为什么中国消费者不惜花费大量金钱购买奢侈品，他们对奢侈品的理解是什么，他们的奢侈品感知价值的认知对他们的消费行为有何影响变为尤其的重要。此研究的目的在于进一步了解中国消费者对奢侈品的感知价值，并且建立概念模型体现出各种主要影响消费者的感知价值因素，同时对此模型进行实证分析验证。

### **Why have I been chosen?**

#### **为什么我被选中？**

The specific sample for this focus group are drawn from the general Chinese population based on Convenience Sampling process, thus you are chosen because I know you directly or recommended by some other participants, who meet the sample selection criteria that fulfill the aim and objectives of this research. You are invited to participate in a focus group discussion based on your profession, education, gender, age and income etc. In addition, you are identified as a Chinese resident and presently live in China. You are also qualified as middle class (i.e. Households with annual incomes ranging from \$20,000 to \$ 80,000), who lives in urban cities, aged between 20-55 years old, and has purchased luxury products recently. Therefore, you are the suitable group of people who can present most Chinese luxury consumers and provide the richest information about your understandings and perceptions of luxury products.

此次集体讨论的抽样样本是运用方便抽样方法在中国人口中获取的，你被选中是因为我直接了解您或是通过别的参与者的介绍，并且您的参与标准满足此次研究的宗旨和目标。您被邀请参加集体讨论取决于您的职业，性别，年龄 和收入等分类。此外您是生活在中国城市里的中国人，并且归纳为中国中产阶级（例如，年收入在20,000到80,000美元），并且年龄在20-55岁之间，最近有购买过奢侈品的人群。因此，您最能代表大部分中国顾客对奢侈品的了解及认知。

### **Do I have to take part ?**

#### **我必须得参与吗？**

Your participation in this research is voluntary and it is entirely up to you to decide whether to take part in this research by granting the request of focus groups or not. You are free to withdraw your consent to be participated without there being any negative consequences and would not have to give a reason. However, once you agreed to take part in the focus group and given your written consent and focus group data are coded, collected, transcribed and analysed, you won't be able to withdraw from the process. Moreover, data collected would be generic in nature on issues related to luxury products; therefore, chances of asking to withdraw from the process are remote. The

focus group would be organised by me as part of the data collection process for my PhD research. The time and location would be agreed in prior to the focus group discussions. The duration of the focus group sessions is flexible and should take about 40 minutes to an hour. The focus questions would be open questions that are designed to give you the opportunity to discuss free and express & exchange opinions in relation to luxury products. Your opinions are to be answered objectively without any pressure or fear.

您的参与完全是自愿的，并且您可以决定是否愿意参加此次研究并且不需要给出任何理由及不用承担任何负面后果。然而，一旦您给出书面同意书并且此次集体讨论的数据已被收集，誊抄和分析，您将不能退出此研究。当然，所收集的数据将只于奢侈品的问题有关，因此，要求从过程中退出的机会是极小的。

这次集体讨论是我的博士论文数据采集中的一部分，具体参与的时间及地点都会被提前告知。探讨时间大概在 40 分钟到 1 小时左右 伴随着开放式的问题自由的进行讨论您对奢侈品的观点及购买奢侈品的看法，您的回答是完全主观的，请不要有任何的压力及害怕。

### **What are the possible benefits of taking part?**

#### **参与研究有哪些潜在的好处？**

Whilst there are no immediate benefits to you and other people participating in this project, it is hoped that the findings from this research would contribute to the relatively limited literature on the concept of luxury in the context of Chinese market, and also would help managers and marketers to gain better understanding of Chinese consumers' perception regarding luxury products and develop suitable marketing strategies in order to meet the needs of growing Chinese market.

尽管此次参与研究对您和其他的参与者没有直接的好处，但是所讨论的研究结果对学术界缺少的对中国奢侈品消费者的认知起到了积极的贡献，并且为市场研究人员和经理更好的了解中国奢侈品消费者及 制定出合理的市场计划来满足日益增长的奢侈品市场起到贡献作用。

### **What type of information will be sought from me?**

#### **什么类型的信息将从我这里获得？**

The type of information to be sought during the focus group sessions is based on your opinions, perceptions and purchase experiences on luxury products. These questions would include the following areas, such as “What is the meaning of “luxury”? How “luxury” is defined in the context of Chinese consumers? What are the key variables influence social perceptions on luxury products? What are the key determinants of personal value perceptions on luxury product?” This information is relevant for

achieving the research project's objectives because these answers could help to explore the Chinese consumers' luxury value perceptions.

集体讨论所需的信息鉴于您对奢侈品的认知及购买经验的基础上。这些开放式的问题涵盖以下方面：奢侈品对您意味着什么，您如何定义奢侈品，谈谈有哪些主要的社会因素影响您对奢侈品的感知价值，又有哪些主要的个人因素影响您对奢侈品的感知价值。这些所获得的答案对本研究的目的一探索中国奢侈品消费者的感知价值有重大的意义。

### **What are data to be used for?**

这些数据有什么用？

The research findings will be written up as a thesis, the content of the focus group may be read and quoted for publications such as peer-reviewed journals and conferences. Moreover, on successful submission of the thesis, it will be deposited both in print and online in the Bournemouth University archives, to facilitate its use for future research.

此研究的发现将会写入论文中，集体讨论中的内容也将会被阅读引用在被评审发表的期刊和研讨会中。另外，论文提交成功后，印刷版和电子版都将会被伯恩茅斯大学录入，以方便其用于未来的研究。

### **Will I be recorded?**

我将会被录音吗？

The focus group sessions would only be recorded with the consent of the participants. Where consent is given, the recorded material is to enable me examine the statements of the respondents more thoroughly and to make the decision about what is important of the data collected. The main purpose of the audio recordings from the focus group will be used for transcribing and analysis. No other use will be made of them without your written permission, and no one outside the project will be allowed to access the original recordings.

此次的集体讨论只对同意参与的人员进行录音。当同意书签定后，所录音的材料只是确保受访人的讨论被彻底记录，并让我决定哪些为重要数据。这些在集体讨论中的录音将只用于我对数据的誊抄及分析，除非得到您书面的允许，您的录音将不会作为它用，并且其他非参与此研究的人员将不会有权查看原始录音。

**How will recordings be stored? When will they be deleted?**

这些录音将如何保存？什么时候会被删除？

The recordings and transcripts will be stored strictly confidential. All data will be held in password protected and encrypted files. Backups and any paper-based material will be stored in a locked filing cabinet. Only my supervisory team and myself are allowed to access the data. In addition, all information will be kept securely, and then they will be erased and destroyed after 5 years with no further use.

录音和誊抄记录将被存储严格保密。所有数据都将会存于密码保护和加密文件中。备份和书面资料也会放于带锁的文件柜。只有研究人员和她的导师团队才被允许使用这些数据。此外，所有保密存放的信息将会在 5 年后被删除和销毁，并不再使用。

**What do I do if I have concerns about this research? And whom do I contact for if wish to make a complaint?**

我将如何做若是有任何关于此研究的疑问？如果要投诉我将和谁联系？

If you have any questions or concerns about any aspect of your participation in this research, please contact the researcher Yan Liang at [yliang@bournemouth.ac.uk](mailto:yliang@bournemouth.ac.uk)

In the event that you are not satisfied with your concern and it has not been adequately addressed, please contact the research Ethics and Governance Advisor: Eva Papadopoulou on [epapadopoulou@bournemouth.ac.uk](mailto:epapadopoulou@bournemouth.ac.uk)

如果您有任何关于此研究的疑问请先联系梁燕 [yliang@bournemouth.ac.uk](mailto:yliang@bournemouth.ac.uk) 如您需要投诉请和 Eva Papadopoulou [epapadopoulou@bournemouth.ac.uk](mailto:epapadopoulou@bournemouth.ac.uk) 联系。

Thank you for taking the time to read through the above information. If you do decide to take part, this information sheet would be given to you to keep and you would also be asked to sign a consent form; however, if you do not wish to join the research, you can withdraw the participation without there being any negative implications.

感谢您宝贵的时间仔细阅读此信息。如果你决定参与此研究，请您签字同意并保留此同意书，当然您如果不愿参与此研究，您也可以退出并不用承担任何负面影响。

## Appendix 3: Participant agreement form for study one—qualitative study



### PARTICIPATION CONSENT FORM

#### 参与同意书

Title of the project: exploring Chinese consumers' luxury value perception  
研究课题名称：探索中国消费者对奢侈品的感知价值

Researcher: Yan Liang, yliang@bournemouth.ac.uk  
Business School, Faculty of Management, Bournemouth University  
博士研究生：梁燕，英国波恩茅斯大学，管理系，商学院

1. I hereby agree to participate in focus group research conducted by Yan Liang for the purpose of her research on Chinese consumers' luxury value perception.
2. I confirm that I have read and understood the participant information sheet for the above research project and have had the opportunity to ask questions.
3. I understand that my participation is voluntary, once I have given my consent to participate in the focus group, and the interview data are coded, collected, transcribed and analysed, I won't be able to withdraw from the process.
4. I give permission for members of the research team to take the audio recording during the focus group sessions.
5. I have been assured that the collected data will be kept securely, and then they will be erased and destroyed after 5 years with no further use.
6. I understand that the data collected through focus group interviews are only for academic purposes, and I have agreed that the contents of the focus group can be read and quoted for publications such as peer-reviewed journals and the research thesis.

1. 我同意参与由梁燕执行的关于探索中国消费者对奢侈品的感知价值的集体讨论的课题研究
2. 我确认已经仔细阅读并且明白参与者信息须知表的内容，并有权询问任何问题。
3. 我明白我的参与是完全自愿的，一旦我签上同意书并且此次集体讨论的数据已被收集，誊抄和分析，我将不能退出此研究
4. 我同意研究团员在集体讨论过程中录音。
5. 我已被保证所有保密存放的信息将会在5年后被删除和销毁，并不再使用。
6. 我明白此次参与集体讨论的数据只用于学术研究，我并且同意所讨论的内容可发表在期刊及论文中。

If you have any issues would like to rise or to make a formal complaint, please contact Eva 如您  
需要投诉请和Eva Papadopoulou on epapadopoulou@bournemouth.ac.uk 联系。

\_\_\_\_\_  
Name of Participant 参与者名字：      Date 日期：      Signature 签名：

\_\_\_\_\_  
Name of Researcher 研究员名字：      Date 日期：      Signature 签名：

## Appendix 4: Qualitative Research Ethics checklist



## Research Ethics Checklist

<b>Reference Id</b>	7943
<b>Status</b>	Approved
<b>Date Approved</b>	08/04/2015

### Researcher Details

<b>Name</b>	Yan Liang
<b>School</b>	Business School
<b>Status</b>	Postgraduate Research (MRes, MPhil, PhD, DProf, DEng)
<b>Course</b>	Postgraduate Research - Business
<b>Have you received external funding to support this research project?</b>	No

### Project Details

<b>Title</b>	Exploring the Chinese consumers' luxury value perception
<b>Proposed Start Date of Data Collection</b>	13/04/2015
<b>Proposed End Date of Project</b>	10/05/2015

<b>Original Supervisor</b>	Ethics Programme Team
<b>Approver</b>	Research Ethics Panel

**Summary - no more than 500 words (including detail on background methodology, sample, outcomes, etc.)**

Over the past 30 years, China's nominal GDP has grown dramatically, and the numbers of wealthy people have grown faster than almost anyone could have predicted. Without doubt, the growth of the economy, the increase of income levels, and the improvements of living conditions directly cause the Chinese luxury market's development. Today, China has become the world's second largest luxury market, only surpassed by USA (Bain and company, 2012). Although most studies conducted in developed countries have provided theoretical insight on luxury value perceptions, limited research has discussed Chinese consumers' perspectives values of luxury products. Thus, it is vital for researchers and marketers to understand why Chinese consumers are willing to spend so much to buy luxury products, what they believe luxury is and how their perceptions of luxury value affects their purchase. The purpose of this research is to understand the perception of luxury products purchased by Chinese consumers and also aim to develop a conceptual framework that combined the key perceived values from the concept of luxury, and it also aims to test this proposed theoretical model that scholars can apply in related empirical work in the future.

In order to achieve the aims of this research, the first stage of the data collection employs a qualitative, interpretive and inductive approach with the use of focus group to investigate the luxury consumption phenomenon in China. Because the Chinese consumers' value perspectives of purchasing luxury goods may differ from luxury consumers in western countries, so the lack of substantial information about Chinese consumers' luxury value perceptions requires the author to use focus group to gain a better and deeper understanding of groups people's thoughts, feelings, impressions and perceptions in their own words, therefore the findings from focus group can help to establish a conceptual model which could establish the key luxury value dimensions in the context of Chinese luxury market.

I planned to conduct 10 focus groups and selected 6- 8 participants in each group. These sampling participants live in urban cities such as Beijing, shanghai, in these cities where consumers can easily purchase luxury products and there are millions of choices ranging of international luxury brands. Moreover, these participants are aged between 20-55 years old and have relatively high incomes and defined as middle-class, such as self employed or business people in SMBs, white-collars and professionals, government leading officers etc. The duration of the focus group sessions is flexible and should take about 40 minutes to one hour.

The focus questions would be open questions leaving the participants the opportunity to discuss freely in relation to their opinions of the luxury products and their perspectives on purchasing luxury products. The outcome of this study will contribute to the relatively limited literature on the concept of luxury in the context of Chinese market, and also will

assist managers and marketers to know what influence Chinese to consume their luxury products to position their products for maximum advantages and it could help them to develop suitable marketing strategies in order to meet the needs of growing Chinese market.

## External Ethics Review

Does your research require external review through the NHS National Research Ethics Service (NRES) or through another external Ethics Committee? No

## Research Literature

Is your research solely literature based?	No	
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## Human Participants

Will your research project involve interaction with human participants as primary sources of data (e.g. interview, observation, original survey)?	Yes
Does your research specifically involve participants who are considered vulnerable (i.e. children, those with cognitive impairment, those in unequal relationships—such as your own students, prison inmates, etc.)?	No
Does the study involve participants age 16 or over who are unable to give informed consent (i.e. people with learning disabilities)? NOTE: All research that falls under the auspices of the Mental Capacity Act 2005 must be reviewed by NHS NRES.	No
Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (i.e. students at school, members of self-help group, residents of Nursing home?)	No
Will it be necessary for participants to take part in your study without their knowledge and consent at the time (i.e. covert observation of people in non-public places)?	No
Will the study involve discussion of sensitive topics (i.e. sexual activity, drug use, criminal activity)?	No



**Appendix 5: Design of final questionnaire based on the literature and focus group findings**

<b>Dimensions</b>	<b>Identified Variables</b>	<b>Code</b>	<b>Hypothesis content</b>	<b>Supported literature</b>
Self perception	Hedonic pursuit value	H2	Hedonic pursuit value impacts on Chinese consumers' self perception of luxury value.	Hirschman and Holbrook (1982) Dubois et al, 2001 Wiedmann et al 2007 Deli-Gray et al (2010) Kazakeviciute and Banyte (2012) Shukla( 2012
	Uniqueness value	H3	Uniqueness value affects Chinese consumers' self perception of luxury value.	Bearden and Etzel, 1982 Wong & Ahuvia( 1998) Shulka, 2012 Vigneron and Johnson, 1999, Wiedmann et al 2007 Wu et al (2012)
	Vanity value	H8	Vanity value contributes to Chinese consumers' self perception of luxury value.	Focus groups findings
Societal perception	conspicuous value	H5	Conspicuous value contributes to Chinese consumers' societal perception of luxury value.	Veblen (1912) Mason (1981) Eastman et al (1993) Souiden et al, 2011 Wiedmann et al 2007
	Social status value	H6	Social status influences Chinese consumers'	Veblen (1912) Belk (1988) Tsai (2005)

			societal perception of luxury value.	Li et al (2012) Vigneron and Johnson, 1999,
	Conformity value	H7	Conformity value determines Chinese consumers' societal perception of luxury value.	Bearden & Etzel (1982) Vigneron & Johnson (2004) Wiedmann et al (2009)
	Face saving value	H9	Face saving value contributes to Chinese consumers' societal perception of luxury value.	Focus groups findings
Self perception & luxury value perception		H1	Self perception impacts on Chinese consumers' luxury value perception	Markus and Kitayama(1991) Kapfere(1997) Tsai(2005) Ruffin (2007) Sun et al (2011) Kesariajesh and Srivastatava (2012) Tsai(2005) Vigneron and Johnson(1999) Wiedmann et al (2007)
Societal perception & luxury value perception		H4	Societal perception impacts on Chinese consumers' luxury value perception	Dubois and Duquesne, (1993) Wei and Yu(2012) Sun et al(2014) Vigneron and Johnson, 1999, Wiedmann et al 2007
self perception & Societal perception		H10	Societal perception influences Chinese consumers' self perception of luxury value.	Focus group findings

## Appendix 6: Piloting –survey questionnaires



### Exploring Chinese Consumers' luxury value perceptions 探索 中国消费者对奢侈品价值观的认知

#### Questionnaires 问卷调查

**This research intends to explore underlying factors affecting Chinese consumers' luxury value perceptions. Please relate your answers to these questions to your experience with the following category (New Luxury) products, such as LV, Gucci, Burberry, Coach, Dior, Prada, Cartier, Tiffany& Co, Fendi, Chanel, Boss, D&G, Valentino, Salvatore Ferragamo, KENZO etc. There are no right or wrong answers to these questions – what really matters is your honest opinion, Please read the following questions carefully and tick the appropriate options, your answers are anonymous and confidential. Thank you for taking the time, your help is appreciated.**

这份问卷调查意在探索中国消费者对奢侈品价值观的认知。你作答时请参照你对新奢侈品的了解例如· **LV, Gucci, Burberry, coach, Dior, Prada · Cartier, Tiffany& Co, Fendi, Chanel, Boss, D&G , Valentino, Salvatore Ferragamo, KENZO** 等。此问卷答案没有对与错的判断· 你的答案完全取决于你真实的观点。请仔细阅读以下的问题从而选择相对应的答案· 你的答案是匿名和保密的。我们非常感谢你宝贵的时间参与。

#### 1. Gender (性别)

Male (男)

Female (女)

#### 2. Age (年龄)

<20 (20 岁以下)

20 -25 (20 -25 岁)

26- 35 (26 -35 岁)

36-45 (36 -45 岁)

46-55 (46-55 岁)

55 > (55 岁以上)

#### 3. Marital status (婚姻状况)

Single (单身)

Married (已婚)

4. Educational level (教育背景)

Below Bachelor degree (本科学以下)

Bachelor degree (本科学历)

Master degree (研究生学历)

Doctoral degree (博士学历)

Other professional qualification (其他专业证书)

5. Monthly income (月收入)

> ¥10,000 元以下

¥10,001 to ¥50,000 元

¥50,001 to ¥99,999 元

> ¥100,000 元以上

6. Occupation (职业)

Professional ( Doctors, lawyers, engineers · teachers etc. ) ( 教授专家,如医生 · 律师 · 工程师, 教师 等 )

Business Owner (个企老板)  Civil Servant ( 公务员 )

Other (其他)

7. How often do you purchase luxury products in a year?  
(你多久买一次奢侈品?)

At least once a month (至少每个月)

Once in three months (每三个月)

Once in six months (每六个月)



Once a year (一年一次)

8.

How much do you agree with each of the following statements?

您对以下 陈述持什么观点?

Strongly disagree  
强烈不同意

Disagree  
不同意

Neither agree nor  
disagree 中立

Agree  
同意

Strongly agree  
强烈同意

I believe that luxury products have the following attributes  
Well-known brands

我认为奢侈品有以下特性：知名品牌



I believe that luxury products have the following attributes  
High quality and

expensive

我认为奢侈品有以下特性：质量好及价格昂贵



I believe that luxury products have the following attributes  
Fashionable & stylish

我认为奢侈品有以下特性：潮流及时尚



I like luxury products

我喜欢奢侈品



I enjoy shopping for

luxury products

我享受购买奢侈品



I enjoy wearing luxury

products 我享受穿戴

奢侈品



I love giving luxury  
products to my friends  
and family.

我愿意馈赠奢侈品给我的  
朋友及家人



I believe luxury products  
enhance my value in  
society. 我相信奢侈品能  
体现我的价值



When I wear luxury  
products I feel that I

have achieved  
something in life (eg.  
Prestige, status etc.)

当我穿戴奢侈品时我感  
到我很有成就感(例  
如·获得声望·地位  
等)



9.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
Luxury products can express who I am (identity) 奢侈品能体现我是谁	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using luxury products makes me feel good about myself 使用奢侈品能让我自我感觉很棒	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I buy luxury products only to fulfill my personal needs and I do not care about others' opinions 我购买奢侈品只会满足我个人的需求，别人的观点我从不理会。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe wearing luxury products makes me feel that I am different. 我相信穿戴奢侈品能让我感觉与众不同。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am influenced more by personal factors when purchasing luxury products. 我购买奢侈品多受个人原因影响	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When buying luxury products I give due consideration to my feelings. 当我购买奢侈品时，我遵照自己的感觉。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I believe luxury products can provide feelings of accomplishment, which in turn make me successful. 我相信奢侈品的拥有能使我感受到成就感，从而让我认为很成功。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having luxury products can make me feel confident and provide me with a sense of self-esteem. 奢侈品的拥有能使我感到自信和带给我自尊。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe using luxury products makes me feel that I am a valuable person. 我相信当使用奢侈品时能让我感觉我是有价值的人	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy using luxury products 我享受使用奢侈品	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Owning luxury products can give me a feeling of happiness. 拥有奢侈品能使我有愉悦感	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I believe using luxury products can create a distinctive personal image. 我相信奢侈品的使用能体现出鲜明的个人形象。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to use luxury products because fewer people use them. 我比较喜欢奢侈品是因为较少的人使用它们。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe owning luxury products can prove that I have distinctive tastes. 我相信拥有奢侈品能证明我有与众不同的品味。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using luxury products gives me a feeling of uniqueness. 使用奢侈品能使我感觉我的独特唯一性。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe luxury products can express my personality. 我相信奢侈品能够表现出我的个性。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



12.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
When using luxury products I feel that I am admired by others. 当使用奢侈品时我能够感觉到别人对我的羡慕。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I have to wear luxury products in order to fulfill my self-esteem / self-satisfactions 我认为我必须穿戴奢侈品去落实我的自我满足感。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that people use luxury products to make a good impression of themselves relative to others. 我相信使用奢侈品能给别人留下好的印象。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to use luxury products, because they present me to others in a desired manner. 我比较喜欢拥有奢侈品是因为它们能使别人对我呈现出渴望像我一样的举止。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a strong urge to buy luxury products even when they are beyond my means/affordability 我有着强烈的想购买奢侈品的冲动即使有的时候已经超出了我的购买能力。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I value others' opinions when buying luxury products 我购买奢侈品时会参考别人的意见。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that having luxury products represents my social values. 我相信奢侈品的拥有能体现我的社会价值。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My luxury consumption is influenced by my social surroundings. 我的奢侈品的消费通常会受到我身边人的影响。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury products have more social meanings to me. 奢侈品对我有更多的社会意义。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to be socially accepted 我穿戴奢侈品是希望更多的被社会所接受。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social perception impact on my choice of luxury products 社会的价值观影响我对奢侈品的选择。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I think luxury products enhance my appearance in a crowd. 我认为奢侈品穿戴能加深我在大众里的形象。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I own luxury products I feel I am wealthy and successful. 当我拥有奢侈品时我感觉我很成功和富有。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I purchase luxury products to show off. 我购买奢侈品是为了去炫耀。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that wearing luxury products can make me feel more attractive to others. 我相信穿戴奢侈品能让我在别人面前更加的迷人。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I am easily spotted and get more attentions in a crowd when I wear luxury products 当穿戴奢侈品时我感觉我能更加的在人群中引人注目。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

15.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I believe the Luxury products I wear complement my social status. 我坚信通过我所穿戴的奢侈品能体现我的社会地位。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People think that I have a high social reputation if I wear luxury products 人们会认为我有很高的社会声誉当看到我穿戴奢侈品时	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe owning luxury products is a sign that I have achieved greater social success than my peers. 我相信奢侈品的穿戴是一种标志去表现我比身边的社会同行更为成功。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that luxury products can represent my economic circumstances and occupation 我相信奢侈品能展现出我的经济状况和职业	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that luxury products can help me to be recognized in a high-class societal group. 我相信奢侈品能够帮我更好的识别为高社会阶层的人群	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I buy luxury products because they are endorsed by my favourite celebrities. 我买奢侈品是因为它们受我喜爱的明星所追捧。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends and family influence my decision to purchase luxury products. 我身边的朋友和亲戚影响我对奢侈品购买的决心	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Owning similar luxury products can make me feel that I belong to a certain social group. 拥有类似的奢侈品能使我感觉我也是那个阶层的一份子	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My choice of luxury products often influenced by other peoples' views. 别人的观点影响我对奢侈品的选择	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My perception of luxury products is influenced by my peers. 我的同辈人影响着我对奢侈品的认知	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

17.

How much do you agree with each of the following statements?

您对以下陈述持什么观点？

	Strongly disagree 强烈不同意	Disagree 不同意	Neither agree nor disagree 中立	Agree 同意	Strongly agree 强烈同意
I purchase luxury products to conform to certain standards in order to save face. 我购买奢侈品是希望能 在特定情况下赢得面子。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My peers respect me because I wear luxury products 我身边的朋友会尊重我 当我穿戴奢侈品时。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I fear losing face when all my peers in the same social class are having luxury products but not me. 我害怕丢面子当我身 边的朋友都拥有奢侈品时 而唯独我没有。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to maintain a good image of myself. 我穿戴奢侈品是为了保 留美好的个人形象。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to avoid the embarrassment of looking bad. 我穿戴奢侈 品是为了避 免印象不好的 尴尬。	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Appendix 7: Results of piloting for study two-quantitative study

### Before piloting: Factor Analysis

**Communalities**

	Initial	Extraction
S1AQ1	1.000	.334
S1AQ2	1.000	.556
S1AQ3	1.000	.576
S1BQ1	1.000	.605
S1BQ2	1.000	.817
S1BQ3	1.000	.785
S1BQ4	1.000	.334
S1BQ5	1.000	.822
S1BQ6	1.000	.706

Extraction Method: Principal Component Analysis

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.403	48.926	48.926	4.403	48.926	48.926
2	1.132	12.582	61.508	1.132	12.582	61.508
3	.939	10.434	71.942			
4	.859	9.542	81.484			
5	.615	6.834	88.317			
6	.439	4.879	93.197			
7	.327	3.636	96.833			
8	.146	1.625	98.458			
9	.139	1.542	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
S1AQ1	.481	.320
S1AQ2	.041	.745
S1AQ3	.571	.500
S1BQ1	.741	-.238

S1BQ2	.859	-.283
S1BQ3	.864	-.197
S1BQ4	.567	.112
S1BQ5	.892	.161
S1BQ6	.834	-.105

Extraction Method: Principal

Component Analysis.<sup>a</sup>

a. 2 components extracted.

### After deleting the following questions:

I believe that luxury products have the following attributes: Well-known brands
I believe that luxury products have the following attributes: High quality and expensive
I believe that luxury products have the following attributes: Fashionable & stylish
I love giving luxury products to my friends and family

### Factor Analysis

#### Communalities

	Initial	Extraction
S1BQ1	1.000	.624
S1BQ2	1.000	.817
S1BQ3	1.000	.805
S1BQ5	1.000	.723
S1BQ6	1.000	.725

Extraction Method: Principal

Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.694	73.886	73.886	3.694	73.886	73.886
2	.587	11.737	85.623			
3	.356	7.118	92.741			



4	.218	4.362	97.103		
5	.145	2.897	100.000		

Extraction Method: Principal Component Analysis.

Component Matrixa

	Component
	1
S1BQ1	.790
S1BQ2	.904
S1BQ3	.897
S1BQ5	.850
S1BQ6	.852

Extraction Method:  
Principal Component  
Analysis.

- a. 1 components  
extracted.

**Before piloting:**

**Factor Analysis**

**Communalities**

	Initial	Extraction
S2Q1	1.000	.801
S2Q2	1.000	.834
S2Q3	1.000	.526
S2Q4	1.000	.770
S2Q5	1.000	.735
S2Q6	1.000	.659

Extraction Method: Principal Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.743	45.718	45.718	2.743	45.718	45.718
2	1.582	26.368	72.086	1.582	26.368	72.086
3	.734	12.233	84.319			
4	.457	7.624	91.943			
5	.270	4.506	96.449			
6	.213	3.551	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
S2Q1	.696	-.563
S2Q2	.864	-.296
S2Q3	.559	.462
S2Q4	.797	-.368
S2Q5	.523	.679
S2Q6	.540	.606

Extraction Method: Principal Component Analysis.<sup>a</sup>

a. 2 components extracted.

**After deleting the following questions:**

I buy luxury products only to fulfill my personal needs and I do not care about others' opinions

I am influenced more by personal factors when purchasing luxury products

**Factor Analysis**

**Communalities**

	Initial	Extraction
S2Q1	1.000	.731
S2Q2	1.000	.834
S2Q4	1.000	.748
S2Q6	1.000	.115

Extraction Method: Principal

Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.428	60.708	60.708	2.428	60.708	60.708
2	.948	23.706	84.414			
3	.374	9.356	93.770			
4	.249	6.230	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component
	1
S2Q1	.855
S2Q2	.913
S2Q4	.865
S2Q6	.339

Extraction Method:

Principal Component

Analysis.

a. 1 components

extracted.

**Before piloting:**

Factor Analysis

**Communalities**

	Initial	Extraction
S3Q1	1.000	.842
S3Q2	1.000	.700
S3Q3	1.000	.711
S3Q4	1.000	.844
S3Q5	1.000	.862
S3Q6	1.000	.634

Extraction Method: Principal

Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.589	59.809	59.809	3.589	59.809	59.809
2	1.005	16.756	76.565	1.005	16.756	76.565
3	.521	8.679	85.244			
4	.405	6.758	92.002			
5	.344	5.725	97.728			
6	.136	2.272	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component	
	1	2
S3Q1	.559	.727
S3Q2	.763	-.343
S3Q3	.775	.333
S3Q4	.874	-.284
S3Q5	.856	-.359
S3Q6	.771	.197

Extraction Method:

Principal Component

Analysis.

a. 2 components extracted.

**After deleting the following question:**

I value others' opinions when buying luxury products

**Factor Analysis**

**Communalities**

	Initial	Extraction
S3Q2	1.000	.627
S3Q3	1.000	.549
S3Q4	1.000	.803
S3Q5	1.000	.794
S3Q6	1.000	.571

Extraction Method: Principal

Component Analysis.

**Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.344	66.881	66.881	3.344	66.881	66.881
2	.666	13.329	80.210			
3	.503	10.068	90.278			
4	.344	6.877	97.156			
5	.142	2.844	100.000			

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

	Component
	1
S3Q2	.792
S3Q3	.741
S3Q4	.896
S3Q5	.891
S3Q6	.756

Extraction Method:

Principal Component

Analysis.

a. 1 components

extracted.

## Appendix 8: Final online survey questionnaire:



### Questionnaire---Luxury value perceptions

This research intends to explore underlying factors affecting Chinese consumers' luxury value perceptions. Please relate your answers to these questions to your experience with the following category (New Luxury) products, such as LV, Gucci, Burberry, Coach, Dior, Prada, Cartier, Tiffany& Co, Fendi, Chanel, Boss, D&G, Valentino, Salvatore Ferragamo, KENZO etc. There are no right or wrong answers to these questions – what really matters is your honest opinion, Please read the following questions carefully and tick the appropriate options, your answers are anonymous and confidential. Thank you for taking the time, your help is appreciated.

这份问卷调查意在探索中国消费者对奢侈品价值观的认知。您作答时请参照您对新奢侈品的了解例如，LV, Gucci, Burberry, coach, Dior, Prada, Cartier, Tiffany& Co, Fendi, Chanel, Boss, D&G , Valentino, Salvatore Ferragamo, KENZO 等。此问卷答案没有对与错的判断，您的答案完全取决于您真实的观点。请仔细阅读以下的问题从而选择相对应的答案，您的答案是匿名和保密的。我们非常感谢您宝贵时间的参与。

Q1 Gender (性别)

- Male (1)
- Female (2)

Q2 Age (年龄)

- (1)
- 20 -25 (20 -25 岁) (2)
- 26- 35 (26 -35 岁) (3)
- 36-45 (36 -45 岁) (4)
- 46-55 (46-55 岁) (5)
- 55> (55 岁以上) (6)

Q3 Marital status (婚姻状况)

- Single (单身) (1)
- Married (已婚) (2)

Q4 Educational level (教育背景)

- Below Bachelor degree (本科学历以下) (1)
- Bachelor degree (本科学历) (2)
- Master degree (研究生学历) (3)
- Doctoral degree (博士学位) (4)
- Other professional qualification (其他专业证书) (5)

Q5 Monthly income (月收入)

- ¥10,000 元以下 (1)
- ¥10,001 to ¥50,000 元 (2)
- ¥50,001 to ¥99,999 元 (3)
- > ¥100,000 元以上 (4)

Q6 Occupation (职业)

- Professional (Doctors, lawyers, engineers, teachers etc. ) (教授专家,如医生, 律师, 工程师, 教师 等) (1)
- Business Owner (个企老板) (2)
- Civil Servant (公务员) (3)
- Other (其他) (4)

Q7 How often do you purchase luxury products in a year? (您多久买一次奢侈品?)

- At least once a month (至少每个月) (1)
- Once in three months (每三个月) (2)
- Once in six months (每六个月) (3)
- Once a year (一年一次) (4)

Q8 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I like luxury products 我喜欢奢侈品 (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy shopping for luxury products 我享受购买奢侈品 (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy wearing luxury products 我享受穿戴奢侈品 (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe luxury products enhance my value in society. 我相信奢侈品能体现我的价值 (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I wear luxury products I feel that I have achieved something in life (eg. Prestige, status etc.) 当我穿戴奢侈品时我感到我很有成就感 (例如, 获得声望, 地位等) (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q9 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
Luxury products can express who I am (identity) 奢侈品能体现我是谁 (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using luxury products makes me feel good about myself. 使用奢侈品能让我自我感觉很棒 (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe wearing luxury products makes me feel that I am different. 我相信穿戴奢侈品能让我感觉与众不同。 (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When buying luxury products I give due consideration to my feelings. 当我购买奢侈品时，我遵照自己的感觉。 (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I believe luxury products can provide feelings of accomplishment, which in turn make me successful. 我相信奢侈品的拥有能使我感受到成就感, 从而让我认为很成功。 (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Having luxury products can make me feel confident and provide me with a sense of self-esteem. 奢侈品的拥有能使我感到自信和带给我自尊。 (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe using luxury products makes me feel that I am a valuable person. 我相信当使用奢侈品时能让我感觉我是有价值的人 (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I enjoy using luxury products 我享受使用奢侈品 (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Owning luxury products can give me a feeling of happiness. 拥有奢侈品能使我有愉悦感 (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q11 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I believe using luxury products can create a distinctive personal image. 我相信奢侈品的使用能体现出鲜明的个人形象 (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to use luxury products because fewer people use them. 我比较喜欢奢侈品是因为较少的人使用它们。(2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe owning luxury products can prove that I have distinctive tastes. 我相信拥有奢侈品能证明我有与众不同的品味。(3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Using luxury products gives me a feeling of uniqueness. 使用奢侈品能使我感觉我的独特唯一性 (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe luxury products can express my personality. 我相信奢侈品能够表现出我的个性。(5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q12 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
When using luxury products I feel that I am admired by others. 当使用奢侈品时我能够感觉到别人对我的羡慕。(1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I have to wear luxury products in order to fulfill my self-esteem / self-satisfactions 我认为我必须穿戴奢侈品去落实我的自我满足感。(2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that people use luxury products to make a good impression of themselves relative to others. 我相信使用奢侈品能给别人留下好的印象。(3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to use luxury products, because they present me to others in a desired manner. 我比较喜欢拥有奢侈品是因为它们能使别人对我呈现出渴望像我一样的举止。(4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a strong urge to buy luxury products even when they are beyond my means/affordability 我有着强烈的想购买奢侈品的冲动即使有的时候已经超出了我的购买能力。(5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q13 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I believe that having luxury products represents my social values. 我相信奢侈品的拥有能体现我的社会价值。(1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My luxury consumption is influenced by my social surroundings. 我的奢侈品的消费通常会受到我身边人的影响。(2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury products have more social meanings to me. 奢侈品对我有更多的社会意义。(3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to be socially accepted. 我穿戴奢侈品是希望更多的被社会所接受。(4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social perception impact on my choice of luxury products. 社会的价值观影响我对奢侈品的选择。(5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I think luxury products enhance my appearance in a crowd. 我认为奢侈品穿戴能加深我在大众里的形象。(1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I own luxury products I feel I am wealthy and successful. 当我拥有奢侈品时我感觉我很成功和富有。(2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I purchase luxury products to show off (ie, wealthy, tastes, status ). 我购买奢侈品是为了去炫耀 (例如, 财富, 品味, 地位)。(3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe that wearing luxury products can make me feel more attractive to others. 我相信穿戴奢侈品能让我在别人面前更加的迷人。(4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I am easily spotted and get more attentions in a crowd when I wear luxury products 当穿戴奢侈品时我感觉我能更加的在人群中引入注目。(5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q15 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
<p>I believe the Luxury products I wear complement my social status. 我坚信通过我所穿戴的奢侈品能体现我的社会地位。(1)</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>People think that I have a high social reputation if I wear luxury products 人们会认为我有很高的社会声誉当看到我穿戴奢侈品时 (2)</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>I believe owning luxury products is a sign that I have achieved greater social success than my peers. 我相信奢侈品的穿戴是一种标志去表现我比身边的社会同行更为成功。(3)</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>I believe that luxury products can represent my economic circumstances and occupation 我相信奢侈品能展现出我的经济状况和职业 (4)</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>I believe that luxury products can help me to be recognized in a high-class societal group. 我相信奢侈品能够帮我被认为是属于高社会阶层的人 (5)</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q16 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I buy luxury products because they are endorsed by my favourite celebrities. 我买奢侈品是因为它们受我喜爱的明星所追捧。(1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Friends and family influence my decision to purchase luxury products. 我身边的朋友和亲戚影响我对奢侈品购买的决心 (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Owning similar luxury products can make me feel that I belong to a certain social group. 拥有类似的奢侈品能使我感觉我也是那个阶层的一份子 (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My choice of luxury products often influenced by other peoples' views. 别人的观点影响我对奢侈品的选择 (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My perception of luxury products is influenced by my peers. 我的同辈人影响着我对奢侈品的认知 (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q17 How much do you agree with each of the following statements? 您对以下陈述持什么观点?

	Strongly disagree 强烈不同意 (1)	Disagree 不同意 (2)	Neither agree nor disagree 中立 (3)	Agree 同意 (4)	Strongly agree 强烈同意 (5)
I purchase luxury products to conform to certain standards in order to save face. 我购买奢侈品是希望能在特定情况下赢得面子。(1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My peers respect me because I wear luxury products 我身边的朋友会尊重我当我穿戴奢侈品时。(2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I fear losing face when all my peers in the same social class are having luxury products but not me. 我害怕丢面子当我身边的朋友都拥有奢侈品时而唯独我没有。(3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to maintain a good image of myself. 我穿戴奢侈品是为了保留美好的个人形象。(4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I wear luxury products in order to avoid the embarrassment of looking bad. 我穿戴奢侈品是为了避免印象不好的尴尬。(5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Appendix 9: Quantitative Research Ethics checklist



### Research Ethics Checklist

<b>Reference Id</b>	12856
<b>Status</b>	Approved
<b>Date Approved</b>	29/09/2016

#### Researcher Details

<b>Name</b>	Yan Liang
<b>School</b>	Business School
<b>Status</b>	Postgraduate Research (MRes, MPhil, PhD, DProf, DEng)
<b>Course</b>	Postgraduate Research - Business
<b>Have you received external funding to support this research project?</b>	No

#### Project Details

<b>Title</b>	Exploring the Chinese consumers' luxury value perception
<b>Proposed Start Date of Data Collection</b>	03/10/2016
<b>Proposed End Date of Project</b>	03/12/2016
<b>Original Supervisor</b>	Ethics Programme Team
<b>Approver</b>	Research Ethics Panel

**Summary - no more than 500 words (including detail on background methodology, sample, outcomes, etc.)**

In order to meet another objective of this research –to validate and test the proposed conceptual framework established from study, the author selected quantitative approach of second stage of the field research. Because the it is concerned with the frequency of occurrence or association between two or more variables, it is normally to be used to examine relationships between these two or more variables and determine consumers' perceptions of products or services (Zikmund and Babin, 2012). quantitative deductive phase and the survey strategy were selected as the most suitable data generation method in this stage. questionnaires will be distributed to Chinese consumers who are currently living in China and aged between 20-55 years old and have relatively high incomes and defined as middle-class, such as self employed or business people in SMBs, white-collars and professionals, government leading officers etc. In addition, the author decided to conduct online survey for data collection, especially to select Qualtrics-The World's Leading Research & Insights Platform to help targeting correct sample respondents and buy high quality responses from it, because 1) This company can provide me respondents of good quality based on their reliable monitors, 2) This company can collect reliable dataset in China for the targeted demographic attributes required by my research scope. The outcome of this study will contribute to the relatively limited literature on the concept of luxury in the context of Chinese market, and also will assist managers and marketers to know what influence Chinese to consume their luxury products to position their products for maximum advantages and it could help them to develop suitable marketing strategies in order to meet the needs of growing Chinese market.

## External Ethics Review

Does your research require external review through the NHS National Research Ethics Service (NRES) or through another external Ethics Committee?	No
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## Research Literature

Is your research solely literature based?	No
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## Human Participants

Will your research project involve interaction with human participants as primary sources of data (e.g. interview, observation, original survey)?	Yes
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Does your research specifically involve participants who are considered vulnerable (i.e. children, those with cognitive impairment, those in unequal relationships—such as your own students, prison inmates, etc.)?	No
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Does the study involve participants age 16 or over who are unable to give informed consent (i.e. people with learning disabilities)? NOTE: All research that falls under the auspices of the Mental Capacity Act 2005 must be reviewed by NHS NRES.	No
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Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (i.e. students at school, members of self-help group, residents of Nursing home?)	No
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Will it be necessary for participants to take part in your study without their knowledge and consent at the time (i.e. covert observation of people in non-public places)?	No
--	----

Will the study involve discussion of sensitive topics (i.e. sexual activity, drug use, criminal activity)?	No
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Are drugs, placebos or other substances (i.e. food substances, vitamins) to be administered to the study participants or will the study involve invasive, intrusive or potentially harmful procedures of any kind?	No
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Will tissue samples (including blood) be obtained from participants? Note: If the answer to this question is 'yes' you will need to be aware of obligations under the Human Tissue Act 2004.	No
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Could your research induce psychological stress or anxiety, cause harm or have negative consequences for the participant or researcher (beyond the risks encountered in normal life)?	No
Will your research involve prolonged or repetitive testing?	No
Will the research involve the collection of audio materials?	No
Will your research involve the collection of photographic or video materials?	No
Will financial or other inducements (other than reasonable expenses and compensation for time) be offered to participants?	No

Please give a summary of the ethical issues and any action that will be taken to address these. Explain how you will obtain informed consent (and from whom) and how you will inform the participant about the research project (i.e. participant information sheet).	
<p>Qualtrics can provide her good level of dataset from mainland China, individual participants who are willing to fill in the questionnaires will be contacted by Qualtrics prior by via emails and telephone based on their established trust and mutual respect. participant information sheet and consent form are attached in the questionnaires form to let them know more about the research project and also notify them that they are agreed to fill in the survey. All data will be held in password protected and encrypted files. Backups and any paper-based material will be stored in a locked filing cabinet; only my supervisory team and me are allowed to access the data. In addition, the participants have been informed that these data collected through focus group interviews are only for academic purposes, and they will be erased and destroyed after 5 years.</p>	

## Final Review

Will you have access to personal data that allows you to identify individuals OR access to confidential corporate or company data (that is not covered by confidentiality terms within an agreement or by a separate confidentiality agreement)?	No
Will your research involve experimentation on any of the following: animals, animal tissue, genetically modified organisms?	No

Will your research take place outside the UK (including any and all stages of research: collection, storage, analysis, etc.)?	Yes
Does the country in which you are conducting research require that you obtain internal ethical approval (i.e. beyond that required by Bournemouth University)?	No

Please use the below text box to highlight any other ethical concerns or risks that may arise during your research that have not been covered in this form.	

## **Appendix 10: Participant information sheet for study two— quantitative study**



### Participant information sheet

You are being invited to take part in this research, which related to the PhD project at Bournemouth University. The objects of study of this questionnaire are consumers in mainland China. 500 or more samples are expected for the study. It would be appreciated if you can complete this questionnaire

This research aims to explore Chinese consumers' luxury value perception.

It has strictly complied with the Research Ethics guidelines of Bournemouth University. The questionnaire is anonymous, and the results are confidential and will be used for academic research only. Your data will not be tied back to you. You can decide whether to being a part of this project and can withdraw any time without any reason before you press the submit button. This questionnaire will be posted for a month. However, the survey may be finished beforehand if the sufficient samples have been collected. There are no known risks or benefits for participating this research, it is wished that it works well and your participation is whole voluntary.

Emphasize again that all the information you provided would be strictly confidential. All information related to this research will be remained for five years on BU code protected secure system.

Please direct any questions to [yliang@bournemouth.ac.uk](mailto:yliang@bournemouth.ac.uk). If the researcher fails to deal with your problems or if you have any complaints, please contact Bournemouth University, Faculty of Management: [askBUenquiries@bournemouth.ac.uk](mailto:askBUenquiries@bournemouth.ac.uk)

If you have no question about the notice above, please sign on the participant agreement form on the next page, and you will be given a copy of the participant information sheet.

Thank you for reading this information sheet.

Yan Liang

Faculty of Management

Bournemouth University