CHOICE DECISIONS TOWARD LUXURY GOODS OF THE YOUNG CONSUMERS IN WUHAN, CHINA

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CHOICE DECISIONS TOWARD LUXURY GOODS OF THE YOUNG CONSUMERS IN WUHAN, CHINA

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ABSTRACT

The objectives of this study are to study choice decisions toward luxury goods of the young consumers in Wuhan, China, and the independent variables which include product, price, place, promotion, people, process, physical, brand, psychological factors and cultural factors.

The closed ended questionnaire was used to collect data and the content validity was 0.89 and 400 participants were asked to fill out questionnaire. The questionnaire surveys were distributed face to face in Wuhan from 1st July 2018 to 15th July 2018. Random sampling method was used to collect data.

The statistical methods were categorized into multinomial logistic regression, cross tabulation method and influential statistic methods. The result found that all factors consist of 7Ps in marketing mix, psychological factors and cultural factors significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China.

Keywords: luxury goods, Choice decisions, marketing mix, psychological factors, cultural factors

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CHAPTER 1

INTRODUCTION

For this chapter of the research study, the author covers the background relates to subject of the research study that is choice decisions toward luxury goods of the Young consumers in Wuhan, China. Moreover, this chapter describes problem statement, purpose of study, importance of study, scope of study, focus and limitation.

1.1 Background

Since joining the World Trade Organization (WTO) at the end of 2001, China's economy has continued to grow. With the continuous expansion of the middle class and the wealthy class, as well as the increasing consumption levels, the consumption of luxury goods by Chinese people is increasing year by year (Figure 1.1). In 2015, the total consumption of luxury goods in the world has reached about 405 billion yuan. At present, as the Chinese people's share of global luxury consumption continues to grow, the Chinese have become the world's largest luxury consumer group, and China is already the world's largest luxury consumer.

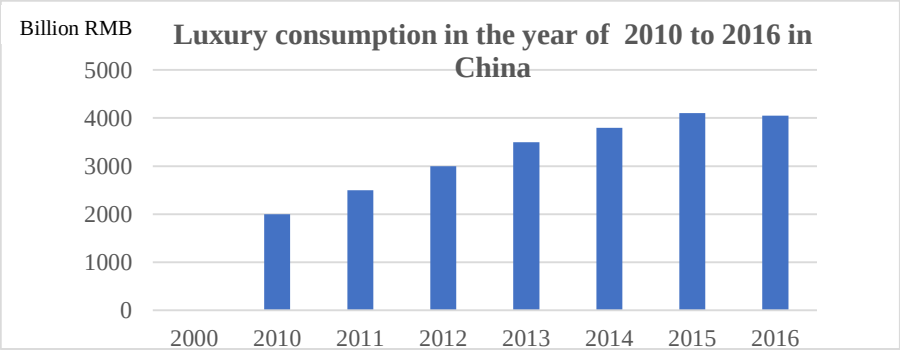

Figure 1. 1:Luxury consumption in the year of 2009 to 2016 in China

In terms of age, the average age of Chinese luxury consumers is lower than that of other countries, showing the trend of youthful consumption on luxury goods. The pace of youthful consumption on luxury goods in China is staggering. Between the year of 2007 and 2016, the minimum age of Chinese luxury mainstream consumer groups fell from 35 to 25. Generally speaking, the average consumer spending level of luxury goods in the world only accounts for 4% of personal wealth, while in China, especially for some young consumers, they use more than 40% of personal wealth to purchase luxury goods (Zhao Ping, 2012). According to survey data released by relevant institutions, the mainstream consumers of Chinese luxury goods are currently between the ages of 25 and 45, 15 years younger than that of the Europe and 25 years younger than that of the United States. It can be found that the young people are the dominant consumers in China.

In the Chinese luxury market, the young generation is gradually becoming the mainstay of all sectors of society, such as the owner of wealth, which becoming a mainstream consumer group, and their consumption concept changes. According to a survey, the interest and desire for luxury goods of the young people are much higher than other age levels, and they have clearer and fanatical pursuit of the brand recognition and cognition of luxury goods. Therefore, they also have their own understanding. These young people in China have different consumption views and values for luxury goods.

1.2 Statement of Problem

Young people in China will become the main consumers of luxury goods. Only by fully understanding their special purchasing behaviors and unique psychological

characteristics can we accurately analyze and predict the consumption structure of the Chinese market in the future, and guide enterprises to make corresponding marketing strategy according to their consumption status. There is a lot of research space and research significance, but at present Chinese scholars have too little research on the young in luxury market. This study starts with the current situation of luxury consumption for young consumers in Wuhan, China.

In addition, it also reveals the bad phenomenon of some young consumers to buy luxury goods. Some young people buy luxury goods to show off to their companions, and they borrow money and even steal the money of their parents to buy luxury goods. Generally speaking, young groups have a more contradictory consumer psychology for luxury goods: on the one hand, young consumers are poor or even completely independent, and their buying power is constrained; on the other hand, they have strong consuming desires as well as advanced consumption concepts. The existence of such contradictions has led to the emergence of excessive consumption of luxury goods and even the emergence of abnormal luxury consumption. Therefore, this paper want to find the factors influencing choice decisions toward luxury goods of the young consumers in Wuhan, China, and then persuaded to appeal to them to reasonably consumption. As for the place, because Wuhan is the most concentrated city for Chinese young people aged 20-44 about 800,000 young people, the sample size is relatively large, and the data source is more reliable.

Major Question: Which factors (independent variables included in this study) can significantly influence choice decisions toward luxury goods of the young

consumers in Wuhan, China?

Sub- Questions: Which dimension of each factor influences choice decisionstoward luxury goods of the young consumers in Wuhan, China?

1.3 Purposes of Study

For luxury goods companies, grasping the factors influencing choice decisions toward luxury goods of the Chinese young consumers has undoubtedly become a source of competitive advantage. To understand the willingness of potential customers to purchase luxury goods, it is necessary to understand factors influencing choice decisions in order to enhance the sustainable development of luxury goods companies in China. This study is of practical significance for the study of the factors influencing choice decisions of luxury goods by young Chinese.

1. To examine whether 7Ps Marketing elements, significantly influence choice decision toward luxury goods of the young consumers in Wuhan, China

2. To examine psychological factors and cultural factors significantly influence choice decision toward luxury goods of the young consumers in Wuhan, China

1.4 Importance of Study

This study can enrich the theory of luxury consumption behavior. At present, the research on consumer behavior theory has been very comprehensive, and the coverage is very broad. However, the research on luxury goods, which has special attributes, is not so deep, especially for the young consumers. Therefore, this study explores the consuming behavior on luxury goods from the perspective of a new consumer group, and enrich the theoretical research on luxury consumption

behavior.

Nowadays, Chinese young people are the dominant force in the luxury consumer market. Therefore, the research on the factors influencing choice decision toward luxury goods will help enterprises to effectively segment the luxury market in China and formulate marketing strategies.

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CHAPTER 2

LITERATURE REVIEW

2.1 Definitions of Luxury

Luxury goods are interpreted by different fields of experts from different perspectives. Economists believe that luxury goods are non-essential items that are rapidly expanding as consumer income increases. That is, luxury goods are a group of products with high demand income elasticity. Diacon (2006) proves that by adding non-uniform risk appetite factors, when the consumer group has the opportunity to purchase luxury goods in order to maximize utility, it will become more like risk rather than risk aversion. Managers believe that brands play a very important role in distinguishing between ordinary goods and luxury goods. Kapferer (1997), Dubois eta (2001), Vigneron, and Johnson (2004) respectively developed various scales for studying the characteristics of luxury brands and they wanted to define various luxury goods and brands through this method. Psychologists believe that luxury goods are products that give people a strong sense of pleasure. Maslow (1954) divided human psychological needs into five levels: physical needs, security needs, social needs, respect for needs, and self-fulfilling needs. Under such a division, luxury goods are defined as the upper needs of specific consumers. Demographers believe that luxury goods are people who only serve 5% of the world's wealth. Historians believe that luxury goods are the legacy of feudal social hierarchy in the current society, and that different countries have different characteristics in terms of social systems, culture, and religion.

Vickers and Franck's research shows that luxury goods can highlight people's

identity and social status (Jonathan S Vickers, Franck Renand. The marketing of luxury Goods: an Exploratory Study. The Marketing). Combining the above definitions and thinking, this article believes that luxury goods are a scarce, refined and unique product, which is easy to be replaced by ordinary products, but can give people a status symbol.

Luxury is defined as “a consumer product with unique, scarce and rare features that exceeds the needs of people's survival and development”, also known as non-living necessities. What is Luxury? The Oxford High-Level Dictionary explains a thing that is expensive and enjoyable but not essential; Cambridge high-order dictionary explains: something expensive which is pleasant to have but is not necessary; Webster's dictionary explains: something adding to pleasure or Comfort but not absolutely necessary. Throughout these three dictionaries, the meaning of luxury has three main points: good, expensive, and non-essential.

The main types of luxury goods in this article are:

(1) Fashion and leather goods

(2) Cars and motorcycles

(3) Jewelry and watches

(4) High-end household items

(5) Perfume and cosmetics

(6) Object design

(7) Mobile phones and computers

2.2 Characteristics of Chinese young consumers

The research object of this paper is young people in China. Compared with other groups, young people are mainly born after China's reform and opening up (after 1979), and the basic needs of life are guaranteed, and enjoy better social and economic conditions, according to Mas Luo demand hierarchy theory, when the basic needs of individuals are met, they will pursue higher levels of demand (such as self-esteem and self-realization needs). Therefore, it is necessary to analyze the characteristics of these young people in order to better understand their motivation to purchase luxury goods.

(1) Emphasis on material enjoyment

Younger groups tend to enjoy travel activities or recreational activities. In addition, they have high requirements for the quality of life. Those characteristics of enjoying life are worthy of further research and analysis.

(2) Overdraft and advanced consumption

Most young people like to spend through overdraft behavior. Although their salary can't support their consumption level, they would like to purchase goods inadvance. The result is that they have to ask parents for money.

(3) Buying fashionable items

It has been mentioned that this special young group likes to pursue fashion items, so the major characteristics on consumer behavior for the young is the consumption of fashionable items. Therefore, it is more inclined to be trendy, avant-garde, unique and fashionable for the young group.

(4) Pay attention to psychological satisfaction

The reason that young people to buy luxury goods is not that they really have the desire for this product, or they are attracted by the price/performance or functional value of the product, but to get psychologically enrichment and satisfaction, they are obsessed with the realm of intoxicating themselves in the process of consumption, often ignoring the external pressure in life.

According to the above analysis, young people in China are characterized by: Emphasis on material enjoyment, Overdraft and advanced consumption, Buying fashionable items, and Pay attention to psychological satisfaction. Through these characteristics, it can be found that young people in China prefer to buy luxury goods and pay more attention to psychological satisfaction, thus providing a basis for the hypothesis of the article.

2.3 Analysis about Differences between Chinese and Western Luxury Consumption

Firstly, the consumer motivations is different. Chinese consumers pay more attention to conspicuous value, while Western consumers pay more attention to the consumption value of personal orientation; Chinese consumers pay attention to the public significance of possession, while Western consumers pay more attention to the meaning of personal possession. Chinese consumers focus on the pursuit of luxury brands in luxury consumption, and they purchase luxury goods in order to show off their identity and their status. Western consumers already have the independent and mature attitude to luxury goods, and they pay more attention to the luxury services, value and spiritual enjoyment. However, Chinese consumers cater to

the public's taste when choose and consume luxury goods.

Secondly, the consumption content is different. China's luxury consumption is mainly based on commodities, and it still stays at the initial stage of luxury consumption and the enjoyment of services accounts for a small proportion. Western consumers are more inclined to luxury services. For example, the Dubai Sailing Hotel in the UAE offers super five-star service, and users can book a helicopter transfer to the hotel. In China, for most Chinese luxury consumers, they want to buy the classic style where LOGO is obvious. On the contrary, Western luxury consumers are more advocating elite consumption, and people tend to buy styles that suit their own personal style

Finally, the age of the consumer is different. In France, middle-aged and older people over the age of 50 are the main customers of luxury brands. They can treat the luxury goods more independently and maturely, and they do not follow the mainstream but cultivate their own tastes and advocate a restrained and rational consumption culture. In China, the main force of luxury consumption is concentrated in the 25-45-year-old group. Because their income level is not enough to support the purchase of larger luxury goods, they will choose some relatively cheap accessories such as neckties, belts, etc., to imply that they are also a member of the luxury consumer class. Consumers in China ignore the inheritance of their own culture in luxury consumption, and the attitude toward luxury goods is different from the mainstream consumer groups in the West.

2.4 Consumer Behavior Theory and Behavior Model

(1) Consumer Behavior Theory

Researchers have never stopped the in-depth study of consumer behavior theory and the expansion of this theory. The definition of consumer behavior is defined by the process of exchange, and some are defined by individual decision-making processes. According to Glock and Nicos (1963), consumer behavior is a specific description of the consumption during a specific time period. Walters and Paul (1970)argue that consumer behavior is a decision-making process and century action, and this action is in terms of purchasing behavior. Willams (1982) pointed out in his research that it is a process of consumption that includes people's opinions, behaviors, and influences in the process. Consumer behavior is an activity that involves how to get the product, how to handle the product that has already been obtained, and how to use it. According to Shiffman and Kannk (1991), it is to serve related products in order to meet the inner needs, to explore and seek the concept of goods, to purchase goods, to use already purchased goods, to evaluate the experience and a series of actions such as the final treatment of goods. William and Joseph (1995) argue that consumer buying behavior is in fact a decision-making action. Engel, Miard, and Blackell (1995) argue that consumer consumption behavior is the decision-making process that involves acquiring, consuming, and disposing of goods and services. Schiffman and Kanuk (2000) argue that consumer behavior is a series of behaviors such as product service, conception, purchase, use, evaluation, and processing to satisfy people's inner needs. Blackwell et al. (2001) pointed out that consumer buying behavior is a series of activities that people have in order to own goods, purchase goods, and finalize the products, and also includes the whole process of making decisions before and after these activities.Kotler (2003), a well-known marketing expert in the industry, conducted a lot of research on

consumers and finally pointed out seven influencing factors of consumer behavior, and they were pursuit of interests, timing applications, user conditions, loyalty, usage, attitude towards products and purchase Preparation stage.

(2) Consumer Behavior Model

Different consumers have different consumption behaviors, but there are also general rules. Consumer behavior patterns, as the basic framework for researching and analyzing consumer behavior, have attracted the attention of many scholars. This paper summarizes the most classic and widely used models to lay the foundation for later research.

The S---O---R model (Reynolds, 1979) is a relatively accepted cognitive process model, where: S represents the stimulus that causes the consumption, O represents the consumer, and R represents the consumer's response to the stimulus. This model indicates that consumer buying behavior is caused by the physiology, psychology, and environmental stimuli of consumer. Consumers generate purchase motives under the influence of external or internal incentives, and generate purchase intentions or decisions and consume behaviors driven by purchase motives, as shown in Figure 2-1.

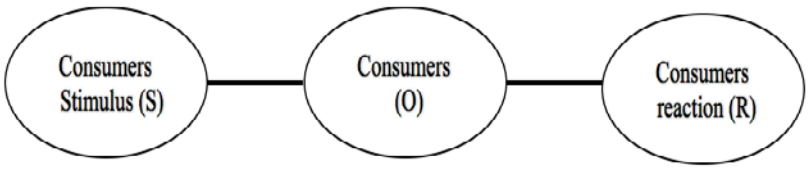

Figure 2. 1:S---O---R model

Kotler proposed the Kotler model based on the S---O---R model, which was proposed by Engel, Kollat, and Blackwell in 1968. From the perspective of decision-making process, consumer behavior analysis is divided into four parts: consumer psychological activity process, information processing process, decision-making process and environmental impact process. As shown in Figure 2-2.

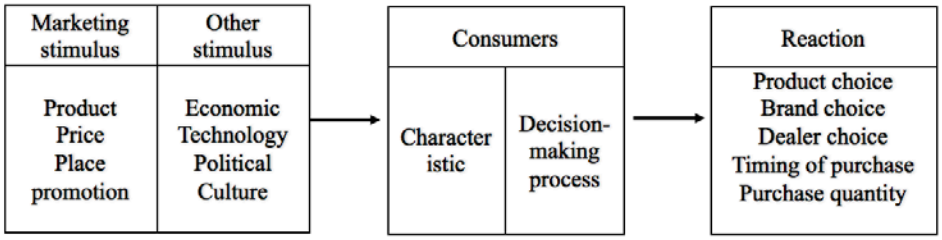

Figure 2. 2:Consumer Behavior Model

2.5 7Ps and brand

The 7Ps model was originally devised by E. Jerome McCarthy and published in 1960 in his book Basic Marketing. A Managerial Approach. 7Ps marketing theory is based on the 4Ps theory infrastructure which was devised by Boomse and Bitnera in 1982, and added three "efficiency P", The 7PS theory covers seven major factors: product， price, channel, promotion, personnel, physical display, and service process.

1 Product: It refers to something that can satisfy the needs of consumers. It can be a service, a tangible substance or a concept.

2 Price: The monetary cost paid when purchasing the product.

3 Place: various links and places of goods from production to sales experience.

4 Promotion: Some methods used to allow consumers or distributors to accept a product. Including public relations, sales promotion, price discounts, and advertising.

5 Participants: Not only the employees who provide the service but also the customers who receive the service.

6 Process: The process of service generation and the communication mechanism between customers and service personnel.

7 Tangible display: refers to the tangible substances visible to all customers, such as the environment, advertisements, articles and facilities.

The definition of brand from Kotler, the father of modern marketing, in Marketing, which is a set of specific characteristics, benefits and services that sellers provide to buyers for a long time. A brand is an intangible asset that gives the owner a premium and adds value. Its carrier is a name, term, symbol, symbol or design and its combination that is distinguished from other competitors' products or services. The source comes from the impression of the carrier formed by the consumer's mind.

The value of the brand includes two parts: user value and self-worth. The function, quality and value of the brand are the user value elements of the brand, that is, the three internal elements of the brand; the brand's popularity, reputation and popularity are the self-value elements of the brand, that is, the external three elements of the brand. The value of the brand's user value depends on the three internal factors, and the size of the brand's self-worth depends on the external three elements.

2.6 Psychological factors

(1) Materialism attitude

From the perspective of psychology and consumer research, materialism is a psychological investment propensity for wealth, products, and services (Belk, 1985; Claxton & Murray, 1994; Holt, 1995; Inglehart, 1977; 1997; Richins& Dawson, 1992). Ward &Wackman (1971) pointed out that materialism is a concept: material information and money are important for individual well-being and social progress. Rassuli& Hollander (1986) describes materialism from the perspective of thinking, describing it as “a way of thinking that focuses on gain and consumption”.Belk (1983; 1984; 1985; Ger and Belk, 1996) shows that materialism is about wealth in the minds of consumers.For those with the highest materialist tendencies, property is at the core of his life, and wealth directly or indirectly affects consumer satisfaction.

In the motive of luxury consumption, Ho (1977) proposed that the Orientals pay great attention to “Mianzi”, and the “Mianzi”plays a big role in the consumption behavior of the Orientals; Tse (1989) and Eastman (1997) and others believe that Orientals consume luxury goods because they are influenced by Western individualistic culture and are purchased to meet their individual needs. Wong and Ahuvia (1998) point out that if you want to truly understand the luxury consumption behavior of the Orientals, you must study the influence of the Confucian tradition of collectivist culture on it deeply. Consumer culture is a cultural norm that guides and constrains consumer behavior and preferences. Consumer culture is influenced by cultural values, and Chinese consumer culture is largely influenced by Confucian culture.

(2) Make me happy and satisfied

As early as 1923, Copeland summarized consumer motivations as two kinds of sexuality: "rational" and "sensing", and defined the corresponding behavior patterns of consumers as "cognitive-rational" behavioral patterns (utilitarianism) and "health-sensible" behavioral patterns (hedonism).

Theexperience of luxury goods consumption can bring people a sense of pleasure, so luxury goods consumption has a hedonistic value. Although the hedonistic shopping experience is often considered very important, the joy and fun of shopping has not been fully studied. (Bloch & Bruce, 1984; Sherry, 1990a).Perceived happiness is an important benefit in the luxury goods consumption process (Bloch, Sherrell & Ridgway, 1986). luxury goods consumption can provide hedonistic value to consumers in many ways, whether they are ultimately purchased or not (MacInnis& Price, 1987; Markin, Lillis & Narayana, 1976). Hedonistic shopping allows consumers to increase product involvement, perceive freedom, weave fantasy and escape from reality (Bloch &Richins, 1983a; Hirschman, 1983).

(3) Conspicuous consumption

At present, most wealthy people in China use their expensive luxury goods that are unmatched by ordinary people to show their status and the gap with the general public. This is an effective way for them to publicize and imply that they are successful and have a higher social status.

In the 1930s, Canadian economist Rae first proposed the concept of “conspicuous consumption” and explained the nature and utility of conspicuous goods from a vanity point of view. It was not until the 1980s that the conspicuous

consumption phenomenon caught the attention of marketing scholars. Mason (1981) believes that conspicuous consumption is a consumer behavior that pursues social status. O'cass and Frost (2002) found that the symbolic meaning of brands significantly affects the consumption of status goods, and they also empirically study the consumption motives and behaviors of seeking status and conspicuous goods and brands. O’cass and McEwen (2004) explore the differences and connections between status consumption Tendency and conspicuous consumption.

2.7 Cultural factors

Many studies have found that individuals affected by Confucian traditional culture are always under the pressure of living for the expectation of others to compete for "face". Ho (1977) proposed that people in the Eastern world pay more attention to "face", and "face" plays a big role in the consumption behavior of the Orientals. Redding and Ng (1983) also believe that "face" is the key to explaining consumer behavior in East Asian countries such as China. Through luxury consumption, people can maintain their own “face”, strengthen others' perceptions, and maintain their social status. Yan Aimin (2009) discusses the influence of traditional cultural factors on the motivation of luxury consumption from the perspective of social culture. The “face”of Chinese culture can also be regarded as a cultural value variable. Belk (1988) pointed out that consumers with strong face consciousness will have more social consumption needs, and will allow consumers to display their image, identity and social status. In order to improve their social status, Chinese people tend to buy luxury goods (Li &Su, 2007). The consumption of luxury goods will enhance the social image of Chinese consumers, so more Chinese

will be willing to spend more money to buy luxury goods (Yse, 1996). Through a comparative analysis of the differences between Eastern and Western cultural values, Wong and Ahuvi (1998) believe that Western consumers buying luxury goods focus more on personal feelings, hobbies and tastes, while Eastern consumers buying luxury goods with more attention on their face and social status.

About society, many studies have emphasized that Chinese individuals put before the society to the individual. This means that individual will always look forward the obtainment of the consensus of the society, and for luxury market this is showed by selecting specific categories of products and brands, to homologate the individual into a wider group: the social class. This kind of elements is necessary to demark their social status and recognize between group members. And these individuals become new status symbols to be emulated by the wider groups in the society. In other word these customers are selecting the luxury goods and brands between those that they consider to represent them in terms of image, age, and so on (Gutierrez, 2006).In such kind of society two elements come to the aid of individuals: guanxi (relationship) and mianzi (saving face) concepts.

Reference group: Guanxi has any negative meaning. It refers mainly on the effort of individuals to maintain and cultivate personal relationship into a net of mutual favors and gifting. In order to cultivate it, often individual need extend its range of acquaintances to include individual to his connections, always to respect guanxi’s structure and creating obligations. In the case of luxury market, we can state that the individual that receive a gift is obligated to return the favor, maybe by purchasing another one

Social status: Mianziis a wide concept, based on the behavioral roles and duties the individual need to maintain to ensure the integrity of if image (Ledeneva,2008). It sustains the guanxi structure, so those obligations are not assuming negative meaning, but mutual exchange of favors and attentions.

Gift consumption: gifting is one of the best way to show one individual respect and gratitude to another individual, and the more and the often happen the gifting the more is protected this tie of mutual respect. What people obtain by doing so is new carrier opportunities, favors, etc.

2.8 Source of questionnaire on each factor

Table 2. 1: Sources of Questionnaire Items

Constructs	**Indicators**	**Sources**
Product	Design Quality Unique material	Kotler, P., Armstrong, G., Cunningham, P.H. (2005). Kareethaworn (2014)
Price	Reasonable Clear price indication Value for your money	Kotler, P., Armstrong, G., Cunningham, P.H. (2005). ,Kareethaworn (2014)
Place	Convenience Adequate branches Accessible	Cronin & Taylor (1992) Kotler, P., Armstrong, G., Cunningham, P.H. (2005).
Promotion	Good public relations Attractive advertising Discount	Kotler, P., Armstrong, G., Cunningham, P.H. 2005.,

(Continued)

Table 2. 1(Continued): Sources of Questionnaire Items

People	Staff attitude Staff looking Staff communication	Marianne, Olli, Anssi, & Hanna, (2008),
Process	Product service ordering service return and repair	Kareethaworn (2014) Cunningham, P.H. (2005).
Physical	Interior design and decoration Employee appearance and uniform Logo and brand materials	Kotler, P., Armstrong, G., Cunningham, P.H. (2005).
Brand	Brand awareness Brand recognition Brand preference Brand loyalty	Bearden & Etzel（1982） Park & Lessing（1977）
Psychological factors	Materialism attitude Make me happy and satisfied Conspicuous	Brinberg&Plimpto（1986） Bearden& Etzel（1982） Park & Lessing（1977）
Cultural factors	Reference group Social status Reference group	Redding & Ng(1983) Li & Su，2007

2.9 Conceptual Framework

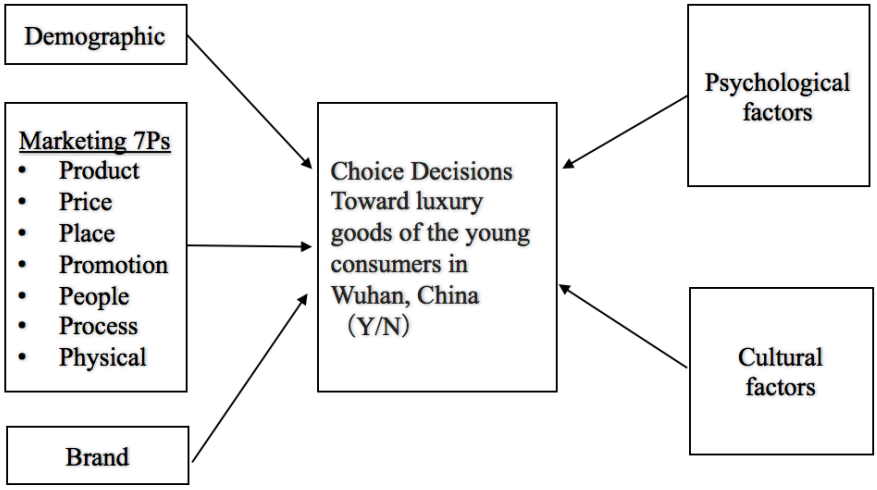

Figure 2. 3:Conceptual Framework of this research study

2.10 Hypothesis

The followings are main hypotheses testing:

H0. Product does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Product significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Price does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Price significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Place does not significantly influence choice decisions toward luxury goods

of the young consumers in Wuhan, China

H1. Place significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Promotion does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Promotion significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. People does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. People significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Process does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Process significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Physical does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Physical significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Brand does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1.Brand significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Psychological factors does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Psychological factors significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

H0. Cultural factor does not significantly influence choice decisions toward luxury goods of the young consumers in Wuhan, China

H1. Cultural factor significantly influences choice decisions toward luxury goods of the young consumers in Wuhan, China

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CHAPTER 3

METHODOLOGY

3.1 Research Design

The study focuses on factors influencing choice decisions toward luxury goods of the young consumers in Wuhan, China. A survey research is conducted to collect the data in order to investigate the correlation between factors and brand choice decisions toward luxury goods of the Young consumers in Wuhan, China

Respondents were asked to accomplish the cross-sectional survey of self-management. Surveys indicate that respondents' answers are completely anonymous, but other demographic information such as age, income, education. Respondents' privacy is protected. All respondents are voluntary, and agree to use the data to focus their answers. When a large number of respondents answer the questionnaires with no cost and the shortest time required.

3.2 Population and Sample Selection

The population of this study is the young customers who have shopping experience of luxury goods in Wuhan, China. The questionnaire survey was distributed to customers in Wuhan, China. The researcher will determine sample size by applying an equation proposed by which is the adaptation at confidences level of 95% and precision levels = 0.05

The total of sample size is

$$n=\frac{Z^2 p(1-p)}{E^2}$$

$$n = \frac{1.96^2 * 0.5(1-0.5)}{0.05^2}$$

n = 384.16 samples≈385 samples

So researchers try to use 400 samples to conduct the questionnaires in Wuhan, China.

3.3 Data Collection Procedure

The following procedures described data collection for the survey:

3.5.1 In this study, the original questionnaire is in English. In order to investigate young customers who have shopping experience of luxury goods in Wuhan, China.

3.5.2 Then the questionnaires were distributed to customers at Wuhan. There searcher filled up the questions independently and completed the survey within 10 to15minutes.

3.5.3 During the process of completing questionnaires, it roughly spent seven days to collect data and responders were selected randomly. Finally, there were 400 questionnaires to be returned and the raw data was entered in SPSS.

3.5.4 The questionnaire surveys were distributed face to face in Wuhan from 1st July 2018to 15th July 2018. Random sampling method was used to collect data and SPSS statistical program was used to analyze the data.

3.4 Research Methodology

（1）Descriptive Analysis

Descriptive Analysis refers to the transformation of the raw data into a form that makes them easily comprehensible and interpreted. This method typically describes the responses of observations. The calculation of the average, frequency distribution, and the percentage distribution is the most common form of summarizing data.

Variables:

- Let Y be a binary response variable

Yi = 1 if the trait is present in observation (person, unit, etc...) i； Yi = 0 if the trait is NOT present in observation i

- X = (X1, X2, ..., Xk) be a set of explanatory variables which can be discrete, continuous, or a combination. xi is the observed value of the explanatory variables for observation i. In this section of the notes, we focus on a single variable X.

Model:

$\pi i=Pr(Yi=1|Xi=xi)=exp(\beta 0+\beta 1xi)1+exp(\beta 0+\beta 1xi)$

or,

$logit(\pi i)=log(\pi i1-\pi i)=\beta 0+\beta 1xi=\beta 0+\beta 1xi1+\ldots+\beta kxik$

Parameter Estimation:

The maximum likelihood estimator (MLE) for (β0, β1) is obtained by finding (β^0,β^1) that maximizes:

$L(\beta 0,\beta 1)=\prod i=1N\pi yii(1-\pi i)ni-yi=\prod i=1Nexp\{yi(\beta 0+\beta 1xi)\}1+exp(\beta 0+\beta 1xi)$

In general, there are no closed-form solutions, so the ML estimates are obtained by using iterative algorithms such as Newton-Raphson (NR), or Iteratively re-weighted least squares (IRWLS).

（2）Discrete Choice Analysis

The Discrete Choice Model is a very effective and practical market research technique and is used to explain or predict a choice from a set of two or more discrete. Based on the experimental design, the model measures the consumer's purchasing behavior by simulating the market competition environment of the product/service, so as to know how consumers can choose between different product/service attribute levels and price conditions. This technology can be widely used in marketing areas such as new product development, market share analysis, brand competition analysis, market segmentation and price strategy. At the same time, the discrete selection model is also a complex advanced multivariate statistical analysis technique for processing discrete and nonlinear qualitative data. It uses the Multinomial Logit Model for statistical analysis of data. The technique was originally invented by biologists who used this method to study the effects of different amounts of pesticides on the death of insects.

The goal of the discrete selection model is to describe and infer from the random utility function, which describes the utility as a function of the characteristics of the potential choice and subject. In a general form, the utility (U) of the individual used to make the selection j is a function of one or more observed features or individuals (Xi), and one or more observed features (Zj) of the selection, And the error term represents the choice and the unobserved attribute (eij) of the individual. thereby:

$U_{ij} = F(X_i, Z_j, e_{ij})$

In the simplest model, F is assumed to be a linear function, so that for a given individual i selecting choice j:

$U_{ij} = \beta Z_j + \gamma Z_j X_{ij} + e_{ij}$.

3.5 Content Validity

The questions from questionnaires had been reviewed by the 4 qualified experts (Mr. Fangyu, marketing of China Hubei Eastbona Brand Management Co., Ltd.; Mrs. Zhouxiaolan, staff of China Hubei Eastbona Brand Management Co., Ltd.; Mr.Wangyun, staff of China Hubei Eastbona Brand Management Co., Ltd.; Mr.Liujiaguo, professor of Marketing Management, China University of Geosciences (Wuhan) Business School) in the field of high education industry and researcher can get the content validity from the questionnaire. And Index of Item - Objective Congruence (IOC) method are used in this paper.

$$IOC = \frac{\Sigma R}{N}$$

Where:

IOC = Consistency between the objective and content or questions andobjectives.

ΣR= Total assessment points given from all qualified experts.

N = Number of qualified experts, And the consistency index value must have the value of 0.5 or above to be accepted.There are 3 levels of assessment point as follow:

Table 3. 1: 3 Levels of assessment point

Points	Meaning
+1	certainly consistent
0	unsure to be consistent
-1	inconsistent

Table 3. 2: Table of Content Validity

No.	**Expert1**			**Expert2**			**Expert3**			**Expert4**			**ΣR**	**IOC**	**Data analysis**
	1	**0**	**-1**	**1**	**0**	**-1**	**1**	**0**	**-1**	**1**	**0**	**-1**			
PD1	√			√			√			√			4	1	**Accepted**
PD2	√			√			√			√			4	1	**Accepted**
PD3	√			√				√		√			3	0.75	**Accepted**
PI1	√			√			√			√			4	1	**Accepted**
PI2	√			√			√			√			4	1	**Accepted**
PI3		√		√			√			√			4	1	**Accepted**
PA1	√				√		√			√			3	0.75	**Accepted**
PA2	√				√			√		√			2	0.5	**Accepted**
PA3	√			√			√			√			4	1	**Accepted**
PO1	√			√				√		√			3	0.75	**Accepted**
PO2	√			√			√			√			4	1	**Accepted**
PO3	√			√			√			√			4	1	**Accepted**
PE1	√				√		√			√			3	0.75	**Accepted**
PE2	√			√			√			√			4	1	**Accepted**
PE3	√			√			√			√			4	1	**Accepted**
PR1		√		√			√			√			3	0.75	**Accepted**
PR2		√		√			√			√			3	0.75	**Accepted**

(Continued)

Table 3. 2(Continued): Table of Content Validity

PR3	√			√			√			√			4	1	**Accepted**
PH1	√			√			√			√			4	1	**Accepted**
PH2	√			√			√			√			4	1	**Accepted**
PH3	√			√				√			√		2	0.5	**Accepted**
BR1	√			√			√			√			4	1	**Accepted**
BR2	√			√			√			√			4	1	**Accepted**
BR3	√			√			√			√			4	1	**Accepted**
BR4		√		√			√			√			3	0.75	**Accepted**
PS1	√			√			√			√			4	1	**Accepted**
PS2	√			√			√				√		3	0.75	**Accepted**
PS3		√		√			√			√			3	0.75	**Accepted**
CU1	√			√			√			√			4	1	**Accepted**
CU2	√			√			√			√			4	1	**Accepted**
CU3		√		√			√			√			3	0.75	**Accepted**

The total average of IOC is equals to 0.89 which is more than 0.5, it means that all the questions in the questionnaire are accepted and can used in the following chapter to run the data analysis.

3.6 Reliability Analysis of Research Instrument

Cronbach's alphacoefficient is used to examine the reliability of the questionnaire for this study, and the criteria of reliability is showed in the table.

Table 3. 3: Criteria of reliability

Cronbach's alpha coefficient	Reliability level	Desirability level
0.80-1.00	Very high	Excellent
0.70-0.79	High	Good
0.50-0.69	Medium	Fair
0.30-0.49	Low	Poor
Less than 0.30	Very low	Unacceptable

Source: Vanibuncha, K.(2003). *Statistical analysis: statistics for management and research*. Thailand: Chulalongkon University.

Table 3. 4: The Result of Cronbach's Alpha Test with pre-test for 30 respondents

Variables	**Coronhach's Alpha**
Product	0.803
Price	0.827
Place	0.811
promotion	0.840
People	0.808
Process	0.814
Physical	0.860
Brand	0.861
Psychological factors	0.814
cultural factors	0.805

We can find that in this study the Cronbach's alpha is morethan 0.8, So, all items on the questionnaire are adequately acceptance.

CHAPTER 4

DATA ANALYSIS

4.1 Findings of Hypotheses Testing

To test main hypotheses in the study, the result of binomial logit shows that:

Table 4. 1:Variables in the Equation (1)

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	product	-.202	.111	3.314	1	.069	.817
	price	.142	.138	1.059	1	.303	1.152
	place	-.095	.128	.556	1	.456	.909
	promotion	.236	.125	3.562	1	.059	1.266
	people	-.020	.133	.023	1	.879	.980
	process	.352	.125	7.929	1	.005	1.422
	physical	.412	.132	9.748	1	.002	1.509
	brand	-.279	.137	4.148	1	.042	.756
	psychological factors	-.348	.141	6.085	1	.014	.706
	cultural factors	.092	.153	.361	1	.548	1.096

a. Variable(s) entered on step 1: product, price, place, promotion, people, process, physical, brand, psychological factors, cultural factors.

The following factors (process, physical, brand, psychological) influence Chinese consumers purchasing behavior of luxury goods due to their p-values are all less than .05 so we can reject the following null hypotheses:

H0: Process does not influence Chinese consumers purchasing behavior of luxury goods

H0: Physical does not influence Chinese consumers purchasing behavior of luxury goods

H0: Brand does not influence Chinese consumers purchasing behavior of luxury goods

H0: Psychological factor does not influence Chinese consumers purchasing behavior of luxury goods

And accept the following alternative hypotheses:

Ha: Process does influence Chinese consumers purchasing behavior of luxury goods

Ha: Physical does influence Chinese consumers purchasing behavior of luxury goods

Ha: Brand does influence Chinese consumers purchasing behavior of luxury goods

Ha: Psychological factor does influence Chinese consumers purchasing behavior of luxury goods

When we look further into each factor dimension, we can see that the following highlighted subfactors seems to significantly influence Chinese consumers purchasing behavior of luxury goods due to their p-values are all less than 0.05

Table 4.2: Variables in the Equation (2)

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	design	.235	.137	2.946	1	.086	1.265
	quality	-.769	.187	16.899	1	.000	.463

(Continued)

Table 4.2 (Continued): Variables in the Equation (2)

unique material	.345	.163	4.504	1	.034	1.413
reasonable	.344	.177	3.755	1	.053	1.410
clear price indication	.361	.146	6.112	1	.013	1.435
value for your money	-.388	.179	4.667	1	.031	.679
convenience	.303	.156	3.787	1	.052	1.354
adequate branches	-.065	.142	.211	1	.646	.937
accessible	-.259	.161	2.581	1	.108	.772
good public relations	-.199	.167	1.420	1	.233	.820
attractive advertising	.112	.145	.606	1	.436	1.119
discount	.278	.143	3.751	1	.053	1.320
staff attitude	.305	.164	3.471	1	.062	1.357
staff looking	.179	.175	1.046	1	.306	1.196
staff communication	-.218	.142	2.336	1	.126	.804
product service	.215	.148	2.108	1	.147	1.240
ordering service	-.162	.149	1.187	1	.276	.851
return and repair	.291	.144	4.087	1	.043	1.338
interior design and decoration	.240	.160	2.240	1	.134	1.271
employee appearance and uniform	-.297	.235	1.603	1	.205	.743
logo and brand materials	.411	.172	5.727	1	.017	1.509
brand awareness	-.355	.175	4.126	1	.042	.702
brand recognition	.246	.159	2.379	1	.123	1.278
brand preference	-.312	.204	2.331	1	.127	.732
brand loyalty	.319	.207	2.372	1	.124	1.375
materialism attitude	-1.076	.238	20.481	1	.000	.341

(Continued)

Table 4.2 (Continued): Variables in the Equation (2)

make me happy and satisfied	.045	.172	.068	1	.794	1.046
conspicuous	.291	.167	3.029	1	.082	1.337
reference group	.060	.159	.141	1	.707	1.062
social status	.408	.163	6.266	1	.012	1.504
gift consumption	-.463	.210	4.869	1	.027	.629

a. Variable(s) entered on step 1: design, quality, unique material, reasonable, clear price indication, value for your money, convenience, adequate branches, accessible, good public relations, attractive advertising, discount, staff attitude, staff looking, staff communication, product service, ordering service, return and repair, Interior design and decoration, employee appearance and uniform, logo and brand materials, brand awareness, brand recognition, brand preference, brand loyalty, materialism attitude, make me happy and satisfied, conspicuous, reference group, social status, gift consumption.

4.2 Cross Table Analysis

We use cross table analysis to compare customer profile between those who purchase luxury goods versus those who do not. The results show that:

Table 4. 3:Cross Table of Dependent Variable and Gender

Gender * buy or not buy luxury goods Crosstabulation

			buy or not buy luxury goods		
			NO	YES	Total
Gender	Male	Count	67	78	145
		% within Gender	46.2%	53.8%	100.0%

(Continued)

Table 4. 3(Continued):Cross Table of Dependent Variable and Gender

		% within buy or not buy luxury goods	44.4%	31.3%	36.3%
		% of Total	16.8%	19.5%	36.3%
	Female	Count	84	171	255
		% within Gender	32.9%	67.1%	100.0%
		% within buy or not buy luxury goods	55.6%	68.7%	63.8%
		% of Total	21.0%	42.8%	63.8%
Total		Count	151	249	400
		% within Gender	37.8%	62.3%	100.0%
		% within buy or not buy luxury goods	100.0%	100.0%	100.0%
		% of Total	37.8%	62.3%	100.0%

Female (68.7%) shops luxury goods in Wuhan, China much more than male (31.3%).

Table 4. 4:Cross Table of Dependent Variable and Age

Age * buy or not buy luxury goods Crosstabulation

			buy or not buy luxury goods		
			NO	YES	Total
Age	18-23 years old	Count	4	4	8
		% within Age	50.0%	50.0%	100.0%
		% within buy or not buy luxury goods	2.6%	1.6%	2.0%
		% of Total	1.0%	1.0%	2.0%

(Continued)

Table 4. 4(Continued):Cross Table of Dependent Variable and Age

	24-27 years old	Count	125	178	303
		% within Age	41.3%	58.7%	100.0%
		% within buy or not buy luxury goods	82.8%	71.5%	75.8%
		% of Total	31.3%	44.5%	75.8%
	28-32years old	Count	10	34	44
		% within Age	22.7%	77.3%	100.0%
		% within buy or not buy luxury goods	6.6%	13.7%	11.0%
		% of Total	2.5%	8.5%	11.0%
	>32 years old	Count	12	33	45
		% within Age	26.7%	73.3%	100.0%
		% within buy or not buy luxury goods	7.9%	13.3%	11.3%
		% of Total	3.0%	8.3%	11.3%
Total		Count	151	249	400
		% within Age	37.8%	62.3%	100.0%
		% within buy or not buy luxury goods	100.0%	100.0%	100.0%
		% of Total	37.8%	62.3%	100.0%

Young Chinese customers at age between 24-27 years old (71.5%) are the segment that is most likely to shop luxury goods of the young consumers in Wuhan, China

Table 4. 5: Cross Table of Dependent Variable and Marital Status

Marital Status * buy or not buy luxury goods Crosstabulation

			buy or not buy luxury goods		
			NO	YES	Total
Marital_Status	Single	Count	108	148	256
		% within Marital_Status	42.2%	57.8%	100.0%
		% within buy or not buy luxury goods	71.5%	59.4%	64.0%
		% of Total	27.0%	37.0%	64.0%
	Married or domestic partnership	Count	40	92	132
		% within Marital_Status	30.3%	69.7%	100.0%
		% within buy or not buy luxury goods	26.5%	36.9%	33.0%
		% of Total	10.0%	23.0%	33.0%
	Divorced	Count	2	3	5
		% within Marital_Status	40.0%	60.0%	100.0%
		% within buy or not buy luxury goods	1.3%	1.2%	1.3%
		% of Total	0.5%	0.8%	1.3%
	Separated	Count	1	6	7
		% within Marital_Status	14.3%	85.7%	100.0%
		% within buy or not buy luxury goods	0.7%	2.4%	1.8%
		% of Total	0.3%	1.5%	1.8%
Total		Count	151	249	400
		% within Marital_Status	37.8%	62.3%	100.0%
		% within buy or not buy luxury goods	100.0%	100.0%	100.0%
		% of Total	37.8%	62.3%	100.0%

Single people (59.4%) are the segment that is most likely to shop luxury goods of the young consumers in Wuhan, China.

Table 4. 6: Cross Table of Dependent Variable and Education

Education * buy or not buy luxury goods Crosstabulation

			buy or not buy luxury goods		
			NO	YES	Total
Education	< high school	Count	30	21	51
		% within Education	58.8%	41.2%	100.0%
		% within buy or not buy luxury goods	19.9%	8.4%	12.8%
		% of Total	7.5%	5.3%	12.8%
	High school	Count	19	10	29
		% within Education	65.5%	34.5%	100.0%
		% within buy or not buy luxury goods	12.6%	4.0%	7.3%
		% of Total	4.8%	2.5%	7.3%
	Bachelor's Degree	Count	86	150	236
		% within Education	36.4%	63.6%	100.0%
		% within buy or not buy luxury goods	57.0%	60.2%	59.0%
		% of Total	21.5%	37.5%	59.0%
	≥Master Degree	Count	16	68	84
		% within Education	19.0%	81.0%	100.0%
		% within buy or not buy luxury goods	10.6%	27.3%	21.0%
		% of Total	4.0%	17.0%	21.0%
Total		Count	151	249	400
		% within Education	37.8%	62.3%	100.0%
		% within buy or not buy luxury goods	100.0%	100.0%	100.0%
		% of Total	37.8%	62.3%	100.0%

Young Chinese customers with bachelor's degree (60.2%) are the segment that is most likely to shop luxury goods of the young consumers in Wuhan, China.

Table 4. 7: Cross Table of Dependent Variable and Profession

Profession * buy or not buy luxury goods Cross tabulation

			buy or not buy luxury goods		
			NO	YES	Total
Profession	Student	Count	19	30	49
		% within Profession	38.8%	61.2%	100.0%
		% within buy or not buy luxury goods	12.6%	12.0%	12.3%
		% of Total	4.8%	7.5%	12.3%
	company employee	Count	126	203	329
		% within Profession	38.3%	61.7%	100.0%
		% within buy or not buy luxury goods	83.4%	81.5%	82.3%
		% of Total	31.5%	50.8%	82.3%
	retired	Count	4	11	15
		% within Profession	26.7%	73.3%	100.0%
		% within buy or not buy luxury goods	2.6%	4.4%	3.8%
		% of Total	1.0%	2.8%	3.8%
	Other	Count	2	5	7
		% within Profession	28.6%	71.4%	100.0%
		% within buy or not buy luxury goods	1.3%	2.0%	1.8%
		% of Total	0.5%	1.3%	1.8%

(Continued)

Table 4. 7(Continued): Cross Table of Dependent Variable and Profession

Total	Count	151	249	400
	% within Profession	37.8%	62.3%	100.0%
	% within buy or not buy luxury goods	100.0%	100.0%	100.0%
	% of Total	37.8%	62.3%	100.0%

Company employee (81.5%) are the segment that is most likely to shop luxury goods of the young consumers in Wuhan, China.

Table 4. 8: Cross Table of Dependent Variable and Income

Income per month * buy or not buy luxury goods Cross tabulation

			buy or not buy luxury goods		
			NO	YES	Total
Income-per-month	≤300USD	Count	36	6	42
		% within Income-per-month	85.7%	14.3%	100.0%
		% within buy or not buy luxury goods	23.8%	2.4%	10.5%
		% of Total	9.0%	1.5%	10.5%
	301 - 800USD	Count	47	37	84
		% within Income_per_month	56.0%	44.0%	100.0%
		% within buy or not buy luxury goods	31.1%	14.9%	21.0%
		% of Total	11.8%	9.3%	21.0%

(Continued)

Table 4. 8(Continued): Cross Table of Dependent Variable and Income

	801 - 1300 USD	Count	14	41	55
		% within Income_per_month	25.5%	74.5%	100.0%
		% within buy or not buy luxury goods	9.3%	16.5%	13.8%
		% of Total	3.5%	10.3%	13.8%
	1301-1800USD	Count	54	165	219
		% within Income_per_month	24.7%	75.3%	100.0%
		% within buy or not buy luxury goods	35.8%	66.3%	54.8%
		% of Total	13.5%	41.3%	54.8%
Total		Count	151	249	400
		% within Income_per_month	37.8%	62.3%	100.0%
		% within buy or not buy luxury goods	100.0%	100.0%	100.0%
		% of Total	37.8%	62.3%	100.0%

Young Chinese customers with the income of 1301-1800USD per month (66.3%)are the segment that is most likely to shop luxury goods of the young consumers in Wuhan, China.

CHAPTER 5

DISSCUSSION AND CONCLUSION

5.1 Conclusion

Our result shows that the following factors (process, physical, brand, psychological) and subfactors (quality, unique material, clear price indication, value for your money, return and repair, logo and brand materials, brand awareness, materialism attitude, social status, gift consumption) influence Chinese consumers purchasing behavior of luxury goods. Moreover, the profile of those who normally buy luxury goods are female and single young Chinese customers who are 24-27 years old and have the bachelor's degree, and they are company employee with the income of 1301-1800USD per month.

5.2 Discussion

Our findings have given us customer insight into what purchase criteria that luxury-goods shopper use in Wuhan, China. That means operators/vendors should be focusing on improving both main factors (process, physical, brand, psychological) and subfactors (quality, unique material, clear price indication, value for your money, return and repair, logo and brand materials, brand awareness, materialism attitude, social status, gift consumption). in order to increase their sales revenue and customer satisfaction instead of focusing on those insignificant variables.

Another important issue here is that our customer profiling study also reveals luxury-goods shopper's characteristics. This finding will allow brand managers of those luxury goods to be able to develop more focused and selective integrated

marketing communication strategy (contents/key message/channels…) to these targeted potential segments, all of which would result in much higher Return on Marketing Investment than those brand managers who have no ideas about this segment characteristics.

From the results of Chapter 4, we find that psychological factors and cultural factors play a significant role in the luxury consumption behavior of young people. For example, there is a close relationship between reference groups and consumer behavior. Therefore, luxury goods manufacturers can use the concept of reference groups to develop some marketing strategies. For example, first, merchants can use the concept of reference groups in advertising to promote luxury goods. Secondly, companies can invite famous successful people as image spokespersons, because luxury goods are different from ordinary goods, and the promotion of successful people can show their noble and high-end characteristics. In addition, successful people, as a group of young people that they want to be, can have a huge influence on the young people.

In addition, merchants can also sell products by holding parties. The company can showcase the company's new products in a luxurious and upscale venue by carefully preparing a theme party. And invite the company's VIP customers as important guests, who usually buy one or two products on the spot. In addition, young white-collar workers who occasionally purchase products should also be invited to attend the party. In this environment, since behavior will be observed by others, the influence of utilitarianism and social status can be very important to them.

In short, the marketing strategy of luxury goods in China for young people needs to be carried out on the basis of in-depth analysis of the factors influencing the purchase of consumers. First, the company should identify the target consumer groups of their products, and implement targeted brand recognition strategies in a targeted manner, and then use the influence of Chinese collectivist culture to develop reasonable marketing strategy.

5.3 Limitation and Suggestion for Future Study

1. For the new research in the further study should be specific to each brand in order to understand more brands in details.

2. Choose other factors which maybe have a chance to influence choice decisions toward the luxury consumption of young people in China, for example the social factor, etc.

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APPENDIX

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Questionnaire: The factors on the Chinese consumers purchasing behavior of luxury goods

Q1: Would you normally buy luxury goods?

Yes_____ No_____

Q2: Please rank the following factors that influence your decision in Q1. (0=no effect, 1=minimum effect, 2=mild effect,……, 5=maximum effect)

Effect factors		No effect---> Maximum effect					
		0	1	2	3	4	5
1	Product						
2	Price						
3	Place						
4	Promotion						
5	People						
6	Process						
7	Physical						
8	Brand effect						
9	Psychological factors						
10	Cultural factors						

Q3: Please rank the following factors that influence your decision in Q1.

(1=strongly disagree, 2=somewhat disagree, 3=neutral, 4=somewhat agree, 5=strongly agree)

3.1 Product

Product	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.11 design					
3.12 quality					
3.13 unique material					

3.2 Price

Price	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.21 reasonable					
3.22 Clear price indication					
3.23 Value for your money					

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3.3 Place

Place	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.31 convenience					
3.32 Adequate branches					
3.33 Accessible					

3.4 promotion

promotion	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.41 Good public relations					
3.42 Attractive advertising					
3.43 discount					

3.5 people

People	Strongly disagree---> strongly agree

	1	2	3	4	5
3.51staff attitude					
3.52 staff looking					
3.53 staff communication					

3.6 process

Process	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.61 product service					
3.62 ordering service					
3.63 return and repair					

3.7 physical

Physical	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.71 Interior design and decoration					

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3.7.2 Employee appearance and uniform					
3.7.3 logo and brand materials					

3.8 brand

Brand	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.81 brand awareness					
3.82 brand recognition					
3.83 brand preference					
3.84 brand loyalty					

3.9 Psychological factors

Psychological factors	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.91 materialism attitude					
3.92 make me happy and satisfied					
3.93 conspicuous					

3.10 cultural factors

cultural factors	Strongly disagree---> strongly agree				
	1	2	3	4	5
3.101 reference group					
3.102 social status					
3.103 gift consumption					

Q4: Demographic

4.1 Gender:

[ ] Male [ ] Female

4.2 Age:

[ ] 18-23 years old

[ ] 24-27 years old

[ ] 28-32years old

[ ] 33-44years old

4.4 Marital Status: What is your marital status?

[ ] Single

[ ] Married or domestic partnership

[ ] Divorced

[ ] Separated

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4.5 Education:

[ ] < high school

[ ] High school

[ ] Bachelor’s Degree

[ ] ≥Master Degree

4.6 What’s your profession?

[ ] Student

[ ] company employee

[ ] retired

[ ] Other

4.7 Income per month:

[ ] ≤300USD

[ ] 301 - 800USD

[ ] 801 - 1300 USD

[ ] 1301-1800USD

[ ] ≥1800USD

4.8 How often do you purchase the luxury goods?

[ ] Twice a month

[ ] Once a month

[ ] Once a year

[ ] Twice a year

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