

Factors Affecting Repurchase Intention Towards Luxury Goods in Thailand

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Abstract

The purpose of this study was to identify the influencing factors towards luxury goods in Thailand. In this research, the dependent variable is repurchase intention, while the independent variables include personal value perception, functional value perception, social value perception, social influence and trait of vanity. These variables have been observed and three hypotheses have been developed to identify the influencing factors. The researcher targeted on both female and male shoppers who are shopping in the areas of luxury products in Bangkok, Thailand. The data was collected through a questionnaire survey of 420 respondents in three selected major luxury goods shopping centers in order to gather feasible evidence for supporting the research goals effectively. All of the data were analyzed by Linear Regression utilized to identify the factor which has most influence on repurchase intention, which all the five independent variables are strongly affecting repurchase intention towards luxury goods. This research indicated that trait of vanity has significant influence on repurchase intention as well as social influence. On the other hand, functional value in terms of uniqueness and price-quality perception plays less significant role on affecting repurchase intention towards luxury goods in Thailand. The results of this study will assist marketers within the luxury goods industry, in getting a better understanding of their customers' expectations and intentions, leading towards more effective marketing strategies in order to maintain competitive advantage of the firm. Marketers must advocating beliefs of the brand more specific, therefore, the luxury products which unlike mass brands should only serve the customers whose beliefs match their own, not strive to please everyone. In mass markets, brands spread their investments across several efforts to reach and please the broadest spectrum of customers. Thus, a luxury brand's investments are not only focused on specific beliefs, but also creating a specific vanity conceptual experience to the "right" customers.

Keywords: *luxury goods, personal value perception, social value perception, trait of vanity, functional value perception*

1. Introduction

In the recent decades, there are a number of books and papers studying luxury goods in either express way or as ancillary topics due to significantly increased growth experienced by the luxury industry after 1998. Referring to Vigneron and Johnson (2004), luxury fashion goods are apparel, accessories, handbags, shoes, watches, jewelry and perfume for which mere use or display of particular branded products brings prestige to owners, apart from any functional utility. Increased wealth accumulation across the globe over the last decade has enabled more consumers than previously to buy luxury goods and led to increased numbers and types of luxury firms and products (Okonkwo, 2007). From the perspective of customer, there is a big number of customers who have increased their financial status, therefore, these customers are having more disposable income in comparison to older generations, which spend on fulfilling their personal need and aspirations from the experience in the society. Also the current luxury goods customers tend to demonstrate more about status when they purchase the luxury goods as their possessions. On the other hand, these possessions have led to greater emphasis on better and easier life by their views. Thus, there is a constant increase in the number of customers purchasing luxury goods recently. Luxury companies are expanding into emerging markets like Thailand where recent wealth accumulation has led to growing demand for luxury goods while facing fierce competition. According to Roberts (2015), Thailand is Southeast Asia's largest luxury goods market (ahead of Malaysia, Indonesia and the Philippines), with total luxury goods expenditure reaching approximately €2.3 billion in 2014. However, the market mechanism has slowed down in last year due to the unfavorable economic conditions and political uncertainty even the demand for luxury goods in the Thai market remains positive. Thailand is exactly part of this phenomenon after the country emerged as an economic tiger in the late 1980s. There is a big growth of upper and middle-class group which contributes in increasing of consumption of luxury goods. In addition, capital city

Bangkok was promoted by government as a regional fashion hub and shopping paradise for luxury goods (CBS, 2010). Thus, this study focused on the luxury industry in Thailand.

2. Objectives

The main intention of this paper is to identify the determinants which influence the repurchase intention towards luxury goods in Bangkok. The specific objectives of this study are as follows:

1. To examine the influence of personal value perceptions in term of hedonism value and materialism value on repurchase intention towards luxury goods.
2. To test the influence of functional value perceptions in term of uniqueness value and price-quality perceptions on repurchases intention toward luxury goods.
3. To evaluate the influence of social value perceptions in term of conspicuous value and status value on repurchase intention towards luxury goods.
4. To examine the influence of social influence on repurchase intention towards luxury goods.
5. To examine the influence of trait of vanity on repurchase intention towards luxury goods.

Personal value perceptions

Values are defined as desirable goals that serve as guiding principles in people's lives (Schwartz, 1992). Personal value is a factor that directly encourages individuals to be in accordance with the values by affecting behaviors. Hedonism refers to the devotion or pursuit to pleasure and hedonism values states that to hold and keep that happiness and enjoyment is the primary purpose of life (Chandon et al., 2000). In addition, O'Shaughnessy (2002) pointed that hedonism is not only just a simple pleasure seeking, but also can lead to a self-indulgent, materialistic life in which little concern for others are shown. Materialism is the interest in acquiring goods and attachment to possessions, stated by Belk (1985). In addition, materialism is also acquiring material goods that may affect the way people present their structure of lives and environment (Richins, 2004). There are three components that are conceptualized as a consumer value: centrality, happiness and success (Richins and Dawson, 1992).

Functional value perceptions

Functional value stated the perceived utility of an alternative resulting from its characteristic-based ability to perform its functional, utilitarian or physical purposes (Sheth et al., 1991; Smith and Colgate, 2007). The need of uniqueness is the need of an individual to express his/her difference or "just another face in the crowd" from other individuals (Clark, 2005). Perceived value acts as a mediator between perceived quality and perceived price which means the consumer satisfaction (Korda and Snoj, 2010).

Social value perceptions

Social values can be defined as the values of the public or society, also included the moral values. It can be easily contrasted with a philosophical term of moral values under some circumstances (Biron et al., 2012). Conspicuous value on consumption can be defined as the characterized consumers' behavior, public display of goods or a desire for uniqueness and social membership through the possession of status symbols (Solomon, 1992; Chaudhuri and Manjumar, 2006). Consumer preferences for many products that are consumed in public context are shaped by conspicuous consumption in a big part (Wiedmann et al., 2009). Status value is associated with consumers' desire to gain prestige from the acquisition of status-laden products (Hung et al., 2011).

Social influence

Social influence is the degree of influence that one individual may have on another in society, which can be measured by analyzing various social factors, such as activities with groups of family, friends

and co-workers, tastes of preferring what kind of books, movies and sport teams (Schiaffino, 2014). Social influence also has been studied which is a factor that can be interpersonal factor to change the individual's opinion and preference (Friedkin and Johnsen, 2011).

Trait of vanity

Vanity of consumer can be defined as four concerns, consisted of a concern for physical appearance, a concern of positive view physically, a concern for achievement and a concern of a positive view of achievement (Netemeyer et al., 1995). Also it is widely accepted as possessions to reaffirm who they are and create an image of who they want to be by individuals (Sedikides et al., 2007). Moreover, materialism is constructed of vanity focuses on the concern for appearance and achievement, on the other hand, self-concept is constructed of vanity targeting more on individual's personal view towards the significance of appearance and achievement to one's identity (Richins and Dawson, 1992).

Repurchase intention

Whitlar, Geurts and Swenson (1993) defined purchase intention as individuals that will actually buy product with a purchase probability associated with an intention category at the certain percentage. On the other hand, purchase intention also defined as consumer who make a repetitious purchase and would return back to purchase their preferred products or service (Halim and Hamed, 2005). Consumers will be driven by their intention once they decide to purchase the product or service in certain stores. In addition, influence of price, quality perception and value perception can be the factors which can make purchase intention altered (Grewal et al., 1998).

The relationship between personal value perceptions and repurchase intention towards luxury goods

Hedonism and materialism related to personal value perceptions are increasingly influential in driving purchase intention in western markets (Shukla, 2012). According to Wong and Ahuvia (1998), consumers that are motivated by personal orientation are concerned with being able to identify their individual tastes to the product's image. Moreover, Tsai (2005) stated that the self-directed pleasure from consumption are to seek gain by these consumers in the way focusing on the achievement of hedonistic gratification and self-awareness rather than pleasing others' expectations. Under this context, the internal (hedonism) and external (materialism) become marked (Hirschman and Holbrook, 1982). In this way, this research intent to focus on two sub-dimensions of personal value perceptions, hedonism and materialism.

In 1982, hedonic consumption was defined as the consumer behavior that relates to multi-sensory, fantasy and emotive aspects of product use (Hirschman and Holbrook, 1982). Vigneron and Johnson (2004) described the luxury products provide an ideal environment for this consumption concept is strongly related to the behavior that just mentioned. Hedonism refers to satisfaction on the expression of the internal primarily by consumers and it also reflects the impression management on expressive aspect. Self-directed pleasure and life enrichment are the consumers who are mostly hedonistic value oriented (Wiedmann et al., 2009). Wong and Ahuvia (1998) also stated that hedonistic experience can be a drive on consumption of luxury goods.

The relationship between functional value perceptions and repurchase intention towards luxury goods

According to Shukla (2012), the researcher found that functional value perceptions in terms of uniqueness and price-quality perceptions has a significant impact in influencing consumers in western developed market. On the other hand, price-quality perceptions are also dramatically important for consumers in emerging markets. In year 2009, Wiedmann indicated that consumers expect usable luxury products with good quality and uniqueness to satisfy the urge to differentiate apart from their social and personal value perceptions. Also Shukla (2012) reported two countervailing needs are the key to consumer consumption: a need of conformity and a need for uniqueness. Luxury goods have primarily segmented the uniqueness trait to consumers and this aspect dominated in the luxury goods market. Therefore, the organizations are driven to develop new designs in luxury goods industry (Shukla, 2012). Thus, this study focuses on two sub-dimensions of functional value perceptions: uniqueness and price-quality perceptions

based on the previous studies which are closely related to purchase intention towards luxury goods.

The relationship between social value perceptions and repurchase intention towards luxury goods

In 1988, Belk supported that social value perceptions are significantly influenced on consumption towards luxury goods. Belk (1988) argued the aspiration to gain social prestige and social status from the acquisition and consumption of goods is one of the important motivations on a wide range of the consumption on luxury goods. Thus, there are two sub-dimensions of social value perceptions: conspicuous value and status value. Moreover, Tsai (2005) pointed that social value perceptions play a significant role on luxury goods consumption. There are two primary motives in social terms: social salience and social identification on luxury consumption (Tsai, 2005). In the year 1991, Sheth et al. (1991) indicated that social value represents the perceived utility of an alternative resulting from its image and symbolism in association or disassociation with demographic, socio-economic and cultural-ethnic reference groups. On the other hand, the pressures of social norms and expectations can be a drive on luxury consumption (Shukla, 2011). Mason (1993) stated conspicuous value is solely focused on the display of wealth which derived from consumption process. In building social presence, many consumers chose luxury goods as an intermediary (Belk, 1999; Shukla, 2011). In this way, O'Cass and McEwen (2004) suggested that conspicuousness is related to external displays of wealth, and status-laden is one of the reasons that luxury goods are purchased by consumers. Apart from conspicuous value, status value is more tend to the consumers' desire to achieve prestige from the acquisition of status-laden goods (Shukla, 2012).

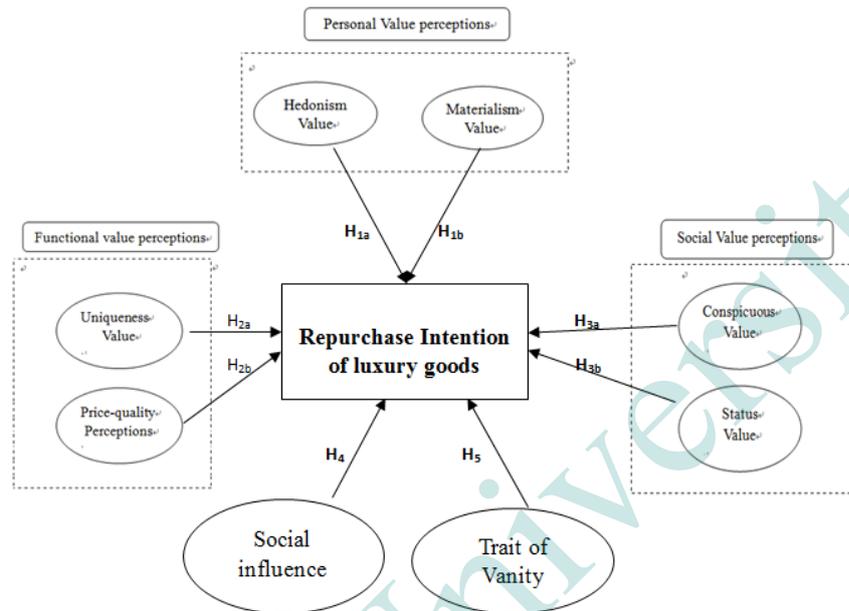
The relationship between social influence and repurchase intention towards luxury goods

According to Hung et al.'s (2011) study, the researcher found that social influence has a positive impact on purchase intention towards luxury brands, which shows the way that the individual and the external world connected to possession can be bridged by luxury brands. Social influence also can be defined as an external factor that influences individuals' intention to purchase a luxury brand, (Hung et al. 2011). According to the research of Tsai (2005), in order to display their status and success to the social groups targeted, socially oriented consumers are motivated on consumers' purchase intention on luxury goods.

The relationship between trait of vanity and repurchase intention towards luxury goods

Trait of vanity has a direct impact on purchase intention towards luxury goods, however, neither other form of vanity except achievement vanity can moderate in purchase intention (Hung et al., 2011). According to Wang and Waller (2006), trait of vanity bridged an individual self and his/her desired external world through symbolic and sensory fulfillment. In order to determine the correlation to the repurchase intention of luxury goods, Netemeyer et al. (1995) indicated that vanity is explained as an individual's excessive concern of view and his/her physical appearance and personal achievements. Compare social influence and vanity, the social influence may carry more dominant role than vanity on purchase intention on luxury goods due to that the social influence is more culturally rooted, but vanity has big vary among different individuals (Hung et al., 2011).

Conceptual framework



Research hypothesis

H1: Personal value perception in terms of hedonism value and materialism value has no influence on consumers' repurchase intention towards luxury goods.

H2: Functional value perception in terms of uniqueness value and price-quality perceptions has no influence on consumers' repurchase intention towards luxury goods.

H3: Social value perception in terms of conspicuous value and status value has no influence on consumers' repurchase intention towards luxury goods.

H4: Social influence has no influence on consumers' repurchase intention towards luxury goods.

H5: Trait of vanity has no influence on consumers' repurchase intention towards luxury goods.

3. Methodology

In this study, the self-administered survey was applied to the descriptive research. The objective of descriptive research is to indicate population characteristics in quantitative analysis based on representative samples (Malhotra, 2002). Therefore, a questionnaire was designed to identify the objective of research, the survey method can be defined as the primary data collected from a sample of the population by using the questionnaires (Zikmund, 2000). The respondents fill the questionnaire efficiently and correctly, the instructions must be given to respondents in order to make them clearly understand the purpose of this research, thus, the data collected is more related to the objective of the research. In addition, in terms of respondents' gender, age, income and education, frequency table and average mean were used to analyze the characteristics of respondents. The target population in this study was divided into three groups in three areas of Bangkok, first group is Thai shoppers at Siam Paragon, second group is Thai shoppers at Gaysorn shopping mall and third group is Thai shoppers at Central Embassy. The target population was the people who walk around the shopping areas of luxury products, for instance, bags, clothes of Louis Vuitton, Gucci, Prada, and the watches of Rolex and so on, who used to own or purchase luxury products before. The purpose of contacting these respondents was to obtain the representative sample of a target population (Zikmund, 2000). The researcher studied a sample of 420 respondents among the population. By studying the sample, the researcher will draw valid conclusions about the larger group. In this study, the researcher

decided to apply non-probability sampling procedure.

Collection of data

In this study, primary data are used to gather information to study the factors affecting consumers' repurchase intention towards luxury goods. According to Hox and Boeije (2005), primary data relates to the original information collected for a certain research goal and /or problem. Primary data can be gained via direct observations, interviews and questions. In order to achieve a better understanding of the factors, the researcher collected the primary data directly from the respondents by distributing questionnaires from Siam Paragon, Gaysorn and Central Embassy during October, 2015 to the respondents who have experience on purchasing luxury products or owned. The questionnaires were self-administered and the non-probability sampling was used. Moreover, The 420 questionnaires were divided into 140 copies for Siam Paragon, another 140 copies for Gaysorn and the remaining 140 copies for Central Embassy. The data gathered from respondents was analyzed and summarized in a readable form by the statistical program.

4. Results

Table 1 Summary Results form Hypothesis Testing

Hypotheses	Significance	β -Value	Test Result
H1o: Personal value perception in term of hedonism value and materialism value has no influence on consumers' repurchase intention towards luxury goods.			Rejected H _o
● Hedonism value	.000	.382	
● Materialism value	.000	.699	
H2o: Functional value perception in term of uniqueness value and price-quality perceptions has no influence on consumers' repurchase intention towards luxury goods.			Rejected H _o
● Uniqueness value	.000	.292	
● Price-quality perception	.000	.495	
H3o: Social value perception in term of conspicuous value and status value has no influence on consumers' repurchase intention towards luxury goods.			Rejected H _o
● Conspicuous value	.000	.611	
● Status value	.000	.342	
H4o: Social influence has no influence on consumers' repurchase intention towards luxury goods.	.000	.823	Rejected H _o
H5o: Trait of vanity has no influence on consumers' repurchase intention towards luxury goods.	.000	.924	Rejected H _o

5. Discussions

Based on the results of the hypotheses, the researcher found that the independent variables all have strong relationship with repurchase intention towards luxury goods. On the value aspects of self-directed pleasure and life enrichment are meant to be significant perceptions when the consumers focused on hedonism (Wiedmann et al., 2009). Rao and Monroe (1989) stated that price and quality always has a positive relationship. This phenomenon always indicates with the price premium, the quality always be

concerned by luxury brands. In addition, luxury good always is a popular intermediary to build social presence (Shukla, 2011). On the other hand, Tsai (2005) stated that there are two major drives on luxury goods consumption, named social identification and social salience, also the consumers are motivated to possess luxury products to display their status and success to their targeted social groups (Tsai, 2005). Lastly, luxury goods' emphasis on value has an effect on those who seek status approval which means trait of vanity rather than physical attractiveness (Hung et al., 2011).

6. Recommendation

The results of this study will assist marketers within the luxury goods industry, in getting a better understanding of their customer's expectations and intentions, leading towards more effective marketing strategies in order to maintain a competitive advantage.

Based on the results of the hypothesis 1, the researcher found that there is very strong relationship between personal value perception in terms of hedonism value and materialism value and repurchase intention. When consumers think of a true luxury brand, they are likely to think of a full set of visual icons, rather than one logo. These include monograms, symbols, logos, colors, patterns, images, and even concepts.

Based on the result from hypotheses two, the researcher found that there is a strong relationship between functional value perception in terms of uniqueness value and price-quality perception and repurchase intention. This indicates luxury goods consumers purchase luxury products which make them different from others, so marketers should consider highlighting the unique nature of their products in their advertising.

Based on the result from hypotheses three and four, the researcher found that there is a strong relationship between social value perception in terms of conspicuous value and status value and repurchase intention towards luxury goods, there is a very strong relationship between social influence and repurchase intention towards luxury goods.

Lastly, based on the result from hypotheses five, the researcher found that there is a very strong relationship between trait of vanity and repurchase intention towards luxury goods. From the findings, it seems vanity plays a big role on consumers' repurchasing intention. So the marketers of luxury goods should not deploy the strategy that offering at the product alone. The unique services or rituals must be offered to match the demand of vanity among consumers.

Further study

This research lacks product specifications, so further research should emphasize specific brands or product groups. In addition, the factors must be taken into consideration in further study, for instance, family size, race and so on, which may affects consumers' purchasing intention for a more specific market segmentation. Moreover, more different geographic areas for further study need to be added, such as EM Quartier. The number of geographic areas in this research may not provide sufficient evidence to be implied for whole population. In addition, there are more variables that affecting consumers' repurchase intention towards luxury goods, so further research should take additional different independent variables into consideration to analyze the questions under the topic, for instance, emotions and brand consciousness.

7. References

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