

# Factors related to consumer behavior on luxury goods purchasing in China

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## Abstract

The study on luxury consumers is always connected to their drives behind consumption. Why Chinese people like purchasing luxury goods is an interesting question. A better understanding of the Chinese consumption of luxury goods may assist the luxury industry when targeting China as the soon-to-be largest consumer market. This research is designed to study factors related to consumer behavior on luxury goods purchasing in China. And four research hypotheses are proposed in this research. Based on 446 samples, this study explores the factors such like demographic, motivation, cultural factor and brand equity affect consumer behavior on luxury goods in China.

The purpose of this study is to analyze consumer behavior on luxury goods in China and determine the factors that affect luxury consumption.

The study focuses on motivation, cultural factor and brand equity of Chinese luxury consumer. Quantitative research method via survey was used for this research. Using a survey among a large sample of people in four cities via questionnaire by hard copies, chose an investigation website to make an formal questionnaire through online channel, and use Wechat scanned the questionnaire QR code by mobile phone.

The results show that Chinese consumer is motivated to purchase luxury goods by interpersonal effects that the way influence consumer is perceived by others, and purchase luxury goods for personal effect that consumer individual preference oriented and free of external interference. Face saving, gifting, and social status are the highlight in Chinese culture. Also the reference group influence people when they make a decision and fit friend circle. The results also show that brand equity may affect Chinese consumer behavior on luxury goods.



Limitation is amount of time is a constraint in this research, also limited to four major first-line cities in China by hard copy questionnaire. From a practical point of view, this study has certain inspiration for business and consumer. It is benefit for marketer to develop marketing strategy for luxury goods in China market.

Western scholars started do research on luxury goods earlier based on western culture; the proposed model is not entirely applicable in China. This study based on the Chinese traditional culture to analyze the factors related to consumer behavior on luxury goods purchasing in China.

**Keywords:** Consumer Behavior, Luxury Goods, Motivation, Cultural Factor, Brand Equity

## Introduction

According to the rapid development of national economy and the enhancement of the purchasing power, the luxury consumption Chinese people also get a certain development. In 2006, there were 320,000 Chinese millionaires and Chinese consumers' spending on luxury products accounted for 10% of global luxury brand sales. Six years later, these numbers have doubled or even tripled. In 2012, the global luxury market valued EUR212 billion, representing a year-on-year increase of 10%. Chinese consumers became the world's largest consumer group of luxury goods and they spent RMB306 billion in the world, most of which was done in Hong Kong, Macao and other countries, while only 39.28% in Mainland China (Source: Bain Survey of Luxury Goods Consumers in Mainland China). Data from World Luxury Association official report for Chinese overseas luxury goods consumption during the 2013 spring

festival show that Chinese overseas luxury goods consumption totaled \$8.5 billion, compared with last year's total of \$7.2 billion, an increase of 18%.

For another way, Chinese online luxury shopping increases 68.8% in 2011. From iResearch, the market scale of China luxury online shopping in 2010 (including C2C and B2C) is 6.36 billion yuan; the number in 2011 is estimated to be 10.73 billion yuan with an annual growth of 68.8%. In the whole market scale of China online shopping, transaction size of online luxury shopping keeps percentage of 1%-2%: it account for 1.38% in 2010 and is estimated to be 1.41% in 2011. From the view of proportion of online luxury shopping transaction size in luxury shopping, the penetration rate in 2010 is 3.16% and is estimated to be 4.37% in 2011 and 8.03% in 2015. Only market scale of online luxury shopping in mainland China is calculated, excluding online luxury consumption in Hong Kong, Macao, Taiwan and overseas.



## Problem statement

An interesting appearance is a lot of Chinese travelling to overseas countries, while Chinese tourist splash out a lot of money for luxury good, they save on food and hotels. They travel in groups, prefer to stay in budget hotels and do not want to spend too much on (Chinese) food. In the mainland China, some young office ladies, every day they eat noodle, cram onto the bus and subway, just after two or three months, they have enough to buy a Louis Viutton handbag or Chanel, it is completely can not understand. As the matter of fact, the price of luxury goods is much higher than people's salaries. Why Chinese people are so crazy to purchase luxury goods? Chinese consumers are also becoming younger and more individualistic. Released 2010- 2011 World Luxury Association Annual Report, China's luxury consumers are younger than world average. The report shows that 73% of Chinese luxury consumers are under the age of 45 years old, and 45% of Chinese luxury consumers are between 18 to 34 years old. This ratio in Japan and Britain are 37% and 28 % respectively. There must be great changes in their behavior.

Thus, a further research of Chinese luxury consumption motivation and behavior is necessary.

## Objectives

- 1) To study demographic factor affecting consumer behavior.
- 2) To study motivation affecting consumer behavior.
- 3) To study cultural factor affecting consumer behavior.

- 4) To study brand equity affecting consumer behavior.

## Literature

### Definition of luxury

Luxury is derived from the Latin word "luxus", which implies indulgence of the senses, regardless of cost (Mootee, 2004). Luxury goods are a wide concept, but it has three basic elements: good, expensive and not necessarily. "Luxuries are the extras in life that make it more fulfilling, more rewarding, more comfortable, more enjoyable" (Danziger, 2005, p.56). Luxuries have high quality is perceived as a fundamental attribute associated with luxury goods (Garfein, 1989; Roux, 1995).

### Motivation

"Motivation refers to the process that lead people to behave as they do (Solomon, 1994)." Understanding consumer's motivation for buying luxury goods and services is important to marketers (Danziger, 2002). Vigneron and Johnson (2004) proposed modify luxury consumption motives that, consumer motivation can be divided into the interpersonal perception motivation, including the conspicuous, uniqueness, bandwagon and personal motivation, including hedonic and quality.

### Conspicuousness

Luxury goods are high-designed, Chinese consumer wants to buy the product to make them more attractive. "China is at the show off stage (Chadha

and Husband, 2006)”, that people are tripping over each other trying to acquire the symbols of wealth and displaying them in the most conspicuous manner (Chadha and Huband, 2006). Hence the measure of conspicuousness includes items such as ‘extremely expensive’ or ‘for wealthy’ that tap into perceptions of price and social status associated with the brand.

## Uniqueness

“Uniqueness is sought to enhance one’s self-image and social image by adhering to one’s personal taste, or breaking the rules, or avoiding similar consumption (Vigneron and Johnson, 2004).” “Items that are in limited supply have high value, while those readily available are less desirable. Rare items command respect and prestige” (Solomon, 1994). Rare products have more affect on consumer demand even perceive the product unique, popular and expensive (Verhallen and Robben, 1994).

## Bandwagon

Bandwagon motivation refers as represents consumers who purchase luxury goods because they wish to fit in with a particular group. Berry (1994) states that people purchase fashionable and stylish products to associate themselves to similar people. More over, the education of the affluent lifestyle is applied and imitated in reality by purchasing similar luxury goods that is televised (Dittmar, 1994). Consumers will choose the same buy luxury goods group values to identity and make the self-consistent with the group, showed the group internal rules of obedience.

## Hedonic

Hedonic usually refers to the luxuries reflected by sensory gratification and sensory pleasure expected from the consumption (Vigneron and Johnson, 2004). Luxuries bring people subjective intangible benefits. “Hedoniest consumers are more interested in their own thoughts and feelings, thus they will place less emphasis on price as an indicator of prestige (Vigneron and Johnson, 1999).” Buy luxury goods make consumer feel fun from products and gain emotional pleasure. For example, reward for good work or celebrate some events.

## Quality

Consumer influenced by the quality dimension of luxury may perceive that luxury brands have superior characteristics compared with non luxury brands (Vigneron and Johnson, 2004). Pursuit of refined quality motivation, consumer purchase expensive luxuries because they enjoy this remarkable product quality, including high quality, unique design, artistic value, long cultural connotation and exquisite workmanship. Chadha and Husband (2006) conducted that Chinese consumers loving buy luxury goods because luxuries show good taste. Consumers who seek perfect willing to perceive more value from a luxury brand, because they may have a greater brand quality and reassurance (Aaker, 1991).

## Cultural factors

“Face” is the Chinese traditional culture, traditional values, and personality traits,

social and cultural syntheses of combined action of the shame of orientation. Chinese are concerned with their images among in group members and often seek the inclusion of a certain social group through owning luxury brands (Yang, 1981). Refers as “the positive social value a person effectively claims for himself by the line others assume he has at akin during a particular contact (Goffman, 1967, p.5).” “Face” in China also implies a group value orientation. For example, the face of family refers to the family honors or ensures that looks good, is an important aspect of Chinese culture (Braxton, 1999). People attempt to get and keep face rather than losing face (Hwang, 1987).

In China, gifting is necessary for establishing relationships, the Chinese call “guanxi” (Chadha and Husband, 2006). Asians often purchase luxury goods for families and “package” families with luxury brands to show off family wealth and status (Ger and Belk, 1996). As a typical collectivist culture, Chinese society emphasizes harmonious interpersonal relationships. Exchanging gifts in maintaining and expanding relationship play an important role (Bond, 1991, 1996; Bond and Lee, 1981; Gu, Hung, and Tse, 2008). Nothing is possible in China if without guanxi (Ju, 1995).

A major influence on one's purchasing habits and consumer behavior is the social class in which one finds him or herself. Social class is considered an external influence on consumer behavior because it is not a function of feelings or knowledge. Social class defined as social groups, the people don't need to shown in a formal process of similar lifestyle show

are groups formed by individuals (Wayne and Deborah, 1997). The behavior of members have similar social class structure, education levels, attitudes, values and communication styles, and these characteristics are different from other social class members (Williams, 2002). Across social class levels could be expected to lead to variations in consumer information processing and decision-making styles within and across social strata (Fisher, 1987; Komarovskiy, 1961). Social class focus on buying and consumption processes as opposed to consumption objects, i.e. products and services (Holt, 1998).

## Brand equity

There are two aspects academic perspectives of brand equity, financial and customer based. This research reviews the definitions and dimensions of brand equity and focus on customer-based context that includes the dimensions of brand equity.

## Brand loyalty

Brand loyalty defines as “the attachment that a customer has to a brand” (Aaker, 1991). Commitment and repeated purchase behavior are considered as necessary conditions for brand loyalty followed by perceived value, satisfaction, and brand trust (Punniyamoorthy and Raj, 2007). As the study by Jung and Sung (2008) revealed the positive correlation between brand loyalty and purchase intention, this dimension of brand equity is directly linked to future profits. Because quality

of products and customer service are emphasized for promoting luxury brands, consumer brand loyalty toward luxury brands would be greater than that toward the general merchandise.

## **Brand awareness**

Brand awareness defines as “the customers’ ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory” (Keller, 2003). Aaker (1996) defines brand awareness as “a consumer’s ability to recognize or recall a brand in a certain product category”; in other words, the brand is called to mind when a consumer thinks about the category. Consumers may link the related brand knowledge to the brand name, which finally constitutes brand equity (Aaker, 1991; Keller, 1993). Consumers’ purchase and subsequent usage experience may predict brand awareness better, rather than the vice versa (Olshavsky and Granbois, 1979). Brand awareness is an essential part of brand development, helping the brand stand out from competitors, it plays a major role in a consumer’s buying decision process.

## **Perceived quality**

Perceived quality can be defined as the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. Perceived quality cannot necessarily be objectively determined, because it is a perception and judgments about what is

important to consumers are involved. Perceived quality is an intangible, overall feeling about a brand (Aaker, 1991). Perceived quality of a particular branded product cannot be based only on consumers’ own experience from the actual consumption but on others’ feedback, such as the reference group or celebrity endorsement. It has been shown that the price of a product may have a positive relationship with the perception of high quality or prestige (Groth and McDaniel 1993). Indeed, Aaker suggested that consumers may associate luxury products with a superior quality, which can lead to a greater perceived value for a brand. However, as the perception of price can be subjective, the perceived quality and its importance placed on quality of a product for assessing a brand value is expected to vary across different cultures.

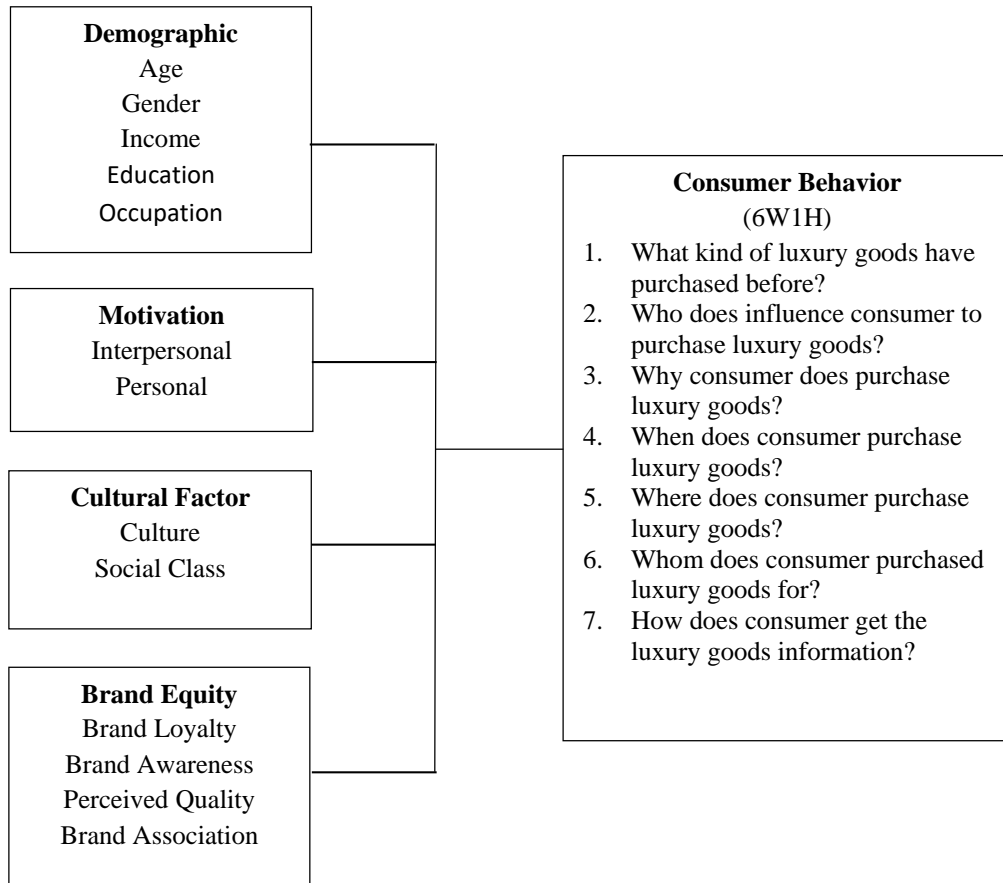
## **Brand association**

Brand association refers as all things involve consumer’s imagination, product’s features and the usages about brand in the mind, the associations related to the organization, personality and symbols (Jung and Sung, 2008). A brand association is the most accepted aspect of brand equity (Aaker, 1992). Associations represent the basis for purchase decision and for brand loyalty (Aaker, 1991). Brand associations consist of all brand-related thoughts, feelings, perceptions, images, experiences, beliefs, attitudes (Kotler and Keller, 2006) and is anything linked in memory to a brand. Brand association derives from a consumer’s past experience of using a particular brand. According to Keller (2009), luxury branding typically

involves the creation of many intangible brand associations, as a luxury brand can deliver various meanings to consumers. Keller also noted the importance of

maintaining a premium image for luxury brands that is strong, consistent, and cohesive over time.

## Conceptual framework



## Methodology

### Research design

This study aims to analyze luxury consumer behavior, which focuses on motivation as well as cultural factors and brand equity toward purchasing luxury

goods. The questionnaire is developed first in English and then translated into Chinese. The survey collected data to examine the influence of consumer behavior toward luxury goods. The respondents answered all questions on the questionnaire which list up five parts contents according to literature review.



## Experiments and data collection

The data was collected primary data via questionnaire by three ways. First, the researcher chose an investigation website to make a formal questionnaire, and distributed via online channel, such as BBS, blog and social network. Second, the respondents used WeChat to scan the questionnaire QR code to complete questionnaire by mobile phone. Third, the questionnaires were sent by hard copy to respondents in different cities. There are 385 respondents as the sample size which according to Suzie Sangren (1999) to calculate.

## Data measurement and analysis

There have three parts resectively are consumer motivation, cultural factors and brand equity to measure consumer behavior and might ask them to specify their feelings as either “Strongly Agree” “Agree” “Neutral” “Disagree” “Strongly Disagree”. The items in this scale are ordered, ranging from most agree to least. The test method depends on what scale used. The first part is ordinal scale, part two to part four are interval scale, and the fifth part on questionnaire is nominal scale. Data from questionnaire processed by statistical program and used Chi- Square methods to analyze data.

## Results and analysis

**Table 1** Level of Agreement

Description	N	Mean	Std.Deviation	Level of Agreement
<b>Motivation</b>				
Interpersonal Motivation	446	2.9888	0.76812	Neutral
Personal Motivation	446	3.4372	0.76123	Agree
<b>Cultural Factor</b>				
Culture	446	3.2152	0.79982	Neutral
Social Class	446	3.2534	0.91660	Neutral
<b>Brand Equity</b>				
Brand Loyalty	446	3.4013	0.87879	Neutral
Brand Awareness	446	3.4798	0.80423	Agree
Perceived Quality	446	3.3733	0.78195	Neutral
Brand Association	446	3.3565	0.92447	Neutral
<b>Valid N (listwise)</b>	<b>446</b>			



Motivation was classified by interpersonal motivation and personal motivation. Interpersonal motivation has the mean as 2.9888 and standard deviation as 0.76812, which agreement level is “Neutral”. Personal motivation has the mean as 3.4372 and standard deviation as 0.76123, which agreement level is “Agree”. Cultural factor concluded two dimensions, in which were culture and social class. The level of agreement both of them are “Neutral”. The mean of culture is 3.2152 and the standard deviation is 0.79982. The mean

of social class is 3.2534 and the standard deviation is 0.91660. Brand loyalty has the mean as 3.4013 and standard deviation as 0.87879, which is consider as “Neutral”. Brand awareness has the mean as 3.4798 and standard deviation as 0.80423, which is consider as “Agree”. Perceived quality has the mean as 3.3733 and standard deviation as 0.78195, which is consider “Neutral”. Brand association has the mean as 3.3565 and standard deviation as 0.92447, which is consider as Neutral.

## Hypothesis testing

Hypothesis 1: Demographic affects Chinese luxury consumer behavior.

**Table 2** Chi-square test results of demographic related to consumer behavior

Consumer Behavior	Demographic									
	Gender		Age		Education		Occupation		Income	
	$\chi^2$	Result	$\chi^2$	Result	$\chi^2$	Result	$\chi^2$	Result	$\chi^2$	Result
What the main kind of luxury goods have you ever purchased?	0.000	Accept	0.000	Accept	0.007	Accept	0.000	Accept	0.000	Accept
Where did you often purchase luxury goods?	0.001	Accept	0.000	Accept	0.009	Accept	0.000	Accept	0.000	Accept
How did you get luxury goods information mostly?	0.000	Accept	0.000	Accept	0.083	Reject	0.038	Accept	0.046	Accept
Why did you purchase luxury goods (main reason)?	0.000	Accept	0.000	Accept	0.000	Accept	0.000	Accept	0.000	Accept

Whom did you often purchase luxury goods for?	0.000	Accept	0.000	Accept	0.555	Reject	0.000	Accept	0.016	Accept
When did you usually purchase luxury goods?	0.000	Accept	0.001	Accept	0.303	Reject	0.000	Accept	0.001	Accept
Who did frequently influence you to purchase luxury goods?	0.000	Accept	0.000	Accept	0.006	Accept	0.000	Accept	0.000	Accept

Hypothesis 2: Motivation affects Chinese luxury consumer behavior.

**Table 3** Chi-square test results of motivation related to consumer behavior

Consumer Behavior	Motivation			
	Interpersonal Motivation		Personal Motivation	
	$\chi^2$	Result	$\chi^2$	Result
What the main kind of luxury goods have you ever purchased?	0.013	Accept	0.454	Reject
Where did you often purchase luxury goods?	0.040	Accept	0.039	Accept
How did you get luxury goods information mostly?	0.122	Reject	0.889	Reject
Why did you purchase luxury goods (main reason)?	0.000	Accept	0.000	Accept
Whom did you often purchase luxury goods for?	0.973	Reject	0.005	Accept
When did you usually purchase luxury goods?	0.028	Accept	0.638	Reject
Who did frequently influence you to purchase luxury goods?	0.008	Accept	0.117	Reject

Hypothesis 3: Cultural factor affects Chinese luxury consumer behavior.

**Table 4** Chi-square test result of cultural factor related to consumer behavior

Consumer Behavior	Culture		Social Class	
	$\chi^2$	Result	$\chi^2$	Result
What the main kind of luxury goods have you ever purchased?	0.000	Accept	0.652	Reject
Where did you often purchase luxury goods?	0.097	Reject	0.371	Reject
How did you get luxury goods information mostly?	0.000	Accept	0.293	Reject
Why did you purchase luxury goods (main reason)?	0.000	Accept	0.311	Reject
Whom did you often purchase luxury goods for?	0.000	Accept	0.150	Reject
When did you usually purchase luxury goods?	0.000	Accept	0.175	Reject
Who did frequently influence you to purchase luxury goods?	0.000	Accept	0.000	Accept

Hypothesis 4: Brand equity affects Chinese luxury consumer behavior.

**Table 5** Chi-square test result of brand equity related to consumer behavior

Consumer Behavior	Brand Loyalty		Brand Awareness		Perceived Quality		Brand Association	
	$\chi^2$	Result	$\chi^2$	Result	$\chi^2$	Result	$\chi^2$	Result
What the main kind of luxury goods have you ever purchased?	0.174	Reject	0.141	Reject	0.231	Reject	0.007	Accept
Where did you often purchase luxury goods?	0.488	Reject	0.178	Reject	0.280	Reject	0.031	Accept
How did you get luxury goods information mostly?	0.372	Reject	0.356	Reject	0.655	Reject	0.017	Accept
Why did you purchase luxury goods (main reason)?	0.000	Accept	0.272	Reject	0.348	Reject	0.039	Accept
Whom did you often purchase luxury goods for?	0.716	Reject	0.023	Accept	0.915	Reject	0.006	Accept
When did you usually purchase luxury goods?	0.390	Reject	0.002	Accept	0.187	Reject	0.031	Accept

Who did frequently influence you to purchase luxury goods?	0.016	Accept	0.085	Reject	0.271	Reject	0.000	Accept
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There are a decision rule when to accept or reject the hypothesis in a chi-square test. Accept the hypothesis, if the calculated value < predetermined alpha level of significance (0.05); Adject the hypothesis, if the calculated value > predetermined alpha level of significance (0.05) (McClean, 2000).

Hypothesis 1 state demographic has relation with consumer behavior on luxury goods purchasing. The results show that gender, age, occupation and income have positive relation with consumer behavior on luxury goods purchasing. Education also affects consumer behavior except “How did you get luxury goods information”, “Whom did you puechase luxury goods for” and “When did you purchase luxury goods”, which  $\chi^2$  are 0.083, 0.555 and 0.303. (Table 2)

Hypothesis 2 state motivation has relation with consumer behavior on luxury goods purchasing. Motivation has two orientation respectively are interpersonal motivation and personal motivation. According to Table 3, interpersonal motivation has positive effect on consumer behavior. The items include “What the main kind of luxury goods have you ever purchased?” which  $\chi^2 = 0.013$ , “Where did you often purchase luxury goods?” which  $\chi^2 = 0.040$ , “Why did you purchase luxury goods (main reason)?” which  $\chi^2 = 0.000$ , “When do you usually purchase luxury goods?” which  $\chi^2 = 0.028$ , “Who did frequently influence you to purchase luxury goods?” which  $\chi^2 = 0.008$ . Chinese consumer is motivated to purchase luxury goods by interpersonal effects that the way influence consumer is perceived by others. Conspicuousness,

uniqueness and bandwagon, which are care more from others’ eyes, such as face saving, earn more respect and better the face saving of the reference group or family as gifting, these people purchased luxury goods with distinct characters goods and easy to identify. Personal motivation affects consumer behavior, the items include “Where did you often purchase luxury goods?” which  $\chi^2 = 0.039$ , “Why did you purchase luxury goods (main reason)?” which  $\chi^2 = 0.000$ , “Whom do you often purchase luxury goods for?” which  $\chi^2 = 0.005$ . Chinese consumer is motivated to purchase luxury goods for personal effect which consumer individual preference oriented and free of external interference. These people purchase luxury goods mostly for self-reward, reflect personal good taste and improve the quality of life; they chose what they prefer. Thus, different groups of people have different motivations then need different categories luxury goods.

Hypothesis 3 state cultural factor has relation with consumer behavior on luxury goods purchasing. Cultral factor contains culture and social class. According to test results Table 4, culture has positive relation with consumer behavior, the item except “When do you usually purchase luxury goods?” which  $\chi^2 = 0.097$ . Culture affects consumer decision making, Face saving, gifting,

and social status are the highlight in the Chinese culture. Expensive luxury goods are the symbol of wealth and success, people are likely to purchase luxury goods to make themselves and their sociality counterparts have face. There are 48.43% respondents purchased luxury goods in normal, 26.91% respondents purchase luxury goods during the festival. Gifting links to build relationship in the Chinese society, they believe more expensive gain more recognition and more face. Thus, usually send luxury goods in the special events or purchase luxury goods in special day to others, such as festival, birthday, and business events and among others. Social class affects consumer behavior which “who did frequently influence you to purchased luxury goods?” ( $\chi^2=0.000$ ). There are 48.88% respondents purchased luxury goods influence on friends. Chinese people are group orientation, thus influenced by the reference group when they make decisions and fit friend circle. (Table 4)

Hypothesis 4 state brand equity has relation with consumer behavior on luxury goods purchasing. There are four dimension in brand equity respectively are brand loyalty, brand awareness, perceived quality and brand association. Brand loyalty has relation with consumer behavior, the items include “Why did you purchase luxury goods (main reason)?” which  $\chi^2 = 0.000$ , “Who did frequently influence you to purchase luxury goods?” which  $\chi^2 = 0.016$ . Brand awareness has relation with consumer behavior, the items include “Whom did you often purchase luxury goods for?” which  $\chi^2 = 0.023$ , “When did you usually purchase luxury goods?” which  $\chi^2 = 0.002$ . The results indicate that perceived

quality has no relation with consumer behavior which  $\chi^2$  greater than 0.005. Brand association has relation with consumer behavior, the items include “What the main kind of luxury goods have you ever purchased?” which  $\chi^2 = 0.007$ , “Where did you often purchase luxury goods?” which  $\chi^2 = 0.031$ , “How did you get luxury goods information mostly?” which  $\chi^2 = 0.017$ , “Why did you purchase luxury goods (main reason)?” which  $\chi^2 = 0.039$ , “Whom did you often purchase luxury goods for?” which  $\chi^2 = 0.006$ , “When did you usually purchase luxury goods?” which  $\chi^2 = 0.031$ , “Who did frequently influence you to purchase luxury goods?” which  $\chi^2 = 0.000$ . Chinese consumer considered goods value as a part of brand value dimension. Perceived quality value remains the main type of brand value perceived by consumers. As the matter of fact, in luxury, brand name, logo, symbol or color, shapes distinct consumer perceptions forming emotional links to the brand, as well as secondary links to product quality. There are 48.43% respondents purchased luxury goods in normal. Brand awareness affects people perceptions and attitudes, which drive consumer brand choice and brand loyalty. With the vigorous development of China's luxury market, Chinese luxury consumers are gradually mature. They have no longer blindly worship luxury logo and more brand awareness. (Table 5)

## Discussion

In previous studies, Chinese consumer purchased luxury goods to make them more attractive, pay more attention on



extrinsic self, that is the image of himself in the eyes of others (Smith, 1983), Chinese young people prefer to use luxury brands to build their uniqueness (Roberts, 2007), but in this survey, the respondents' choice agreement level is neutral, and a quiet of disagree with them. Those respondents prefer disagree with bandwagon. And more and more people interested in their own thoughts and feelings, purchase luxury goods show good personal taste and seek delicate life. Now young people are the main power of Chinese luxury consumer, they focus on the independent preference; their consumption concept is changing that close to western country concept and become mature in the future.

Expensive gift is necessary for build important relationship. In this survey, luxury goods bring consumer "face" and used for gifting, the agreement level is neutral. And the main reason of consumer purchased luxury goods only 14.35% for face and 10.09% for gifting.

In the previous study, most Chinese consumers do not know the behind story of brand, usually they focus on the luxury brand logo and blindly follow the trend and fashion. In this survey, the main reason of the respondents purchased luxury goods, because of brand culture is 5.16%, design is 11.88%, good quality and service is 15.7%, personal taste is 14.8%, follow the trend only is 2.02%. Chinese wealthy consumers have exceptionally limited knowledge about luxury brands compared to their counterparts in other countries. A McKinsey and Company report indicates that over half of Chinese consumers who own luxury fashion goods started purchasing them in the past four years, and most of them can only name one or

two luxury brands in a category. The mean of brand awareness is 3.4798 and agreement level is Agree. It means Chinese consumer increased brand awareness on luxury goods.

## Implication for business

From a practical point of view, this study has certain inspiration for businesses and consumers. Luxury companies need to improve luxury the brand equity and individuality characteristic of cognition, which can change consumer attitude when they buy luxury goods. It can be achieved by raising consumer's perception of luxury in conspicuity and scarcity which is important to consumers' face and gifting. It can affect consumer behavior. Luxury brand marketing is no longer just to sell product, but to guide consumers agree with luxury brand craft and the concept of brand value, and willing to pay for it. Thus provide emotional satisfaction and experience for consumers, it seems to be luxury brand marketing comes in. Luxury companies can from the following several aspects to improve consumer behavior.

First, enhance the brand value of luxury goods, cultivate consumer brand loyalty. Base on the result of this study, there are only 5.16% respondents who purchased luxury goods because of brand culture. That means most Chinese consumers do not know the behind story of luxury goods, and just match luxuries to fortune. Luxury brand sales staff can deliver brand story even brand benefit to consumers when they make purchasing decision. Also luxury brand companies



should create a good corporate image, so that consumers understand the brand positioning is consistent with their social status. Luxury brand companies should develop a reasonable price. High price will reduce consumer desire to purchase luxury goods. According to the result of this study, one-third of Chinese consumers prefer to go abroad to purchase luxury goods. One of the most important factors is the price of a same product in mainland China much higher than overseas. This study found that 15.7% respondents purchased luxury goods because of good quality and service. Product quality is the basis of consumer brand loyalty. The consumers are loyal to brand because of the high quality of the products. The basic way to improve brand loyalty and win the consumers' favor and trust is to meet consumers' demand for service.

Second, this research found that social symbol is the second large reason prompted Chinese to purchase luxury goods. With consumer spending that conveys some meaning and expression and information, including the status of consumers, identity, personality, taste, and identity. Consumption process is not only to meet people's basic needs, but also social performance and social exchange process. The marketer should manage brand as a key point, make the brand concept is deeply rooted in the people's heart, set up the brand of distinct character and the symbolism of the full performance product, which match consumers' characteristics towards their behaviors. For example, Louis Vuitton over the past 150 years has been to advocate refined, quality, and comfortable "travel philosophy", as the starting basis for the design, each product have become irreplaceable classic. It will

not only apply the product to their ideas, but his ideas into a culture, to meet the aristocratic in the past, now the upper class pursuit of ornaments. The first flat trunk lid production is changing the way people symbolizing the pain of travel, perhaps people see a few simple pieces of cloth or leather mixed bag, but because of this simplicity, it is consistent with the pursuit of simple people, simple symbols of life.

Third, only one third Chinese consumer purchase luxury goods in mainland China because of limited styles, retailers are supposed to keep step with Europe in product style. The marketer should attach great importance to Chinese who has become the largest group of luxury consumers in the world, and accounted for a quarter of the total amount of world luxury consumption. Furthermore, luxury goods design should be more humanization, can be combined with Chinese cultural elements, from the perspective of target customers to develop products, in order to meet the different needs of different consumers, yet subtle enough to suit the moderate and balanced life style associated with Chinese.

Forth, to consider different levels on the pricing consumer psychological motivation, in order to achieve consumers, only one third consumers purchased luxury goods in mainland China, an important reason is the price higher than abroad. For example, a part of Chinese purchase luxury goods by motivation of bandwagon or hedonic even they couldn't afford it. They are not often proud to tell others if they have bought a luxury item in a sale. Finding also showed, a part of Chinese consumers focus more good quality and service while Chinese consumers place





higher importance on social symbol, gifting and face reason in luxury purchasing. The marketers should try and create innovation promotional strategies to successfully market their goods, retailers could provide gift samples or VIP treatment gift vouchers when purchases have been made.

## Limitations

Time constraint is a limitation of this study. The respondents did not spend enough time on completing the questionnaires, even did not pay attention to each question. The researcher conducted the survey only in first-line cities which include Shanghai, Beijing, Tianjing, Shenzhen and Guangzhou, these sent the hard copy questionnaire. The results cannot be generalized to second-line cities, especially those in less developed regions, because consumer behaviors differ greatly in those places.

## Further research

For next study, they should focus on customer satisfaction which is the emotional response that consumer feel after making a purchase. It will be a big contribution for luxury goods industry. Consumers' individual differences such as previous experiences in purchasing luxury goods might have a different effect on their attitude towards and purchase intent of luxury. Try to find deeper reason behind Chinese luxury consumer behavior, otherwise, should do comparing between Chinese consumers with western country, examine forces behind luxury consumption. From the cultural perspective, different cultural traditions and cultural characteristics of Chinese and western, lead to different consumer behavior. Finally, the future researchers should further explore the role of knowledge in understanding individual differences in luxury consumption.

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