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LUXURY CONSUMPTION MOTIVATIONS OF THE YOUNGER GENERATION IN WUHAN, CHINA

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With the extensive economic development in China, Chinese people demonstrated a strong desire and remarkable purchase power on the luxury products. This research aims to explore the underlying motives of young Chinese consumers aged between 20 and 40 in Wuhan and examine the relevancy between these motives and their consumption behaviour.

This study examined the eight different luxury consumption motives based on product, personal, and social dimensions. The research data were collected from luxury consumers aged between 20 and 40 living/studying in the secondary city of China, -Wuhan. By conducting a questionnaire including both quantitative and qualitative questions, this research collected data of 75 effective questionnaires out of 100. The data was analysed by a SPSS software. Descriptive statistics, Correlation analysis, and Independent-samples t-test were conducted to evaluate the extent of different motives and the correlation between them.

The research finds out that eight motivations (product quality, self-actualization, out of emotion, investment for future, social comparison, other's influence, gift, and special occasions) based on product, personal and social dimensions collectively consist of motivations of the Chinese younger generation to consume luxuries. Results showed that product quality, self-actualization were important factors of luxury consumption. On the other hand, social comparison, other's influence and gifting were not significant luxury consumption motivations for Chinese young people. Younger consumers who buy luxury commodities for social comparison or gifting reasons were more susceptible to other's influence and purchase product out of emotion. Also, consumers who were higher quality-conscious were less willing to pay for luxuries for social comparison.

Thesis findings provide more in-depth information about young Chinese luxuries consumers for luxury brands. Therefore, the research data can provide reference for luxury brands to accordingly adjust products and improve marketing communication strategies for the Chinese market.

KEYWORDS:

Luxury consumption, motivation, consumer behaviour, Chinese younger generation

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1 Introduction

1.1 Background

With the extensive economic development and increasing national income, Chinese people demonstrated a strong desire and remarkable purchase power on the Western luxury product brands in recently years (Frank, 2010). As a result, a considerable number of luxury brand companies develop branches into the Chinese market due to the large population and strong economic growth, it is reported that Chinese luxury consumption accounts for the largest proportion in the global purchase range - 31% of the global market share) and with 27 billion dollars of sales in 2015 (McKinsey, Bain&Company, 2015).

Based on my personal experience, most of luxury flagship stores all over the world have Chinese customers' footprints; and many western luxury brands have experienced escalating popularity among young Chinese people. I noticed that some young Chinese ladies are willing to spend a certain portion of household incomes on luxury products. During my stay in Paris, dozens of Chinese people queued in front of the Galleries Lafayette shop store to buy luxury products. These phenomena acted as a catalyst for me to study about the luxury product consumption of Chinese consumers.

According to Daxue Consulting (2013), show that the younger generation aged between 25 and 44 accounts for the majority of luxury goods consumers in China, whereas the age group 40 to 70 in many Western countries like Germany dominates luxury consumption. This is one distinct difference in luxury consumer structure between China and the Western world. Therefore, it is necessary to explore the motivations of these young Chinese consumers and analyse the underlying factors behind the strong purchasing power of Chinese people as well as the particular consumer age structure.

To date, researchers have devoted much effort into the study on motivation of Chinese luxury products consumers, the majority of which are targeted at the most economically developed cities, such as Beijing and Shanghai (Ngai & Cho, 2012; Zhan & He, 2012). Studies on people's luxury consumption motives in the second tier cities of China, however, is relatively insufficient. With the financial and policy support from the Chinese government, these cities have experienced rapid economic progress. For example, there are around

47 Louis Vuitton stores and 300 Armani stores in second and third tier cities in China (Olovier, 2014). Therefore, this study is designed to examine the luxury consumption in one of the second tier cities- Wuhan to fill the gaps of the luxury consumption motivation studies.

1.2 Objectives of the research

The primary objective of this research is to explore the underlying motives of young Chinese consumers aged between 20 and 40 in two-tier city when they purchase luxury products and, furthermore, to examine the relevancy between these motives and their luxury product purchase behaviours. Based on the theoretical model developed by Wang, Sun and Song (2010), motives for luxury goods consumption are divided into product, personal and social dimensions to analyse the relations between these motivations and their consumption behaviour.

In light of the objectives, the following research questions will be addressed:

1. What are the motivations for young Chinese consumers to purchase luxury products?
2. What are the relations between these motivations and the consumption behaviour?

1.3 Research structure

This research consists of five sections. The first section introduces the background of the topic with an overview of young Chinese people's luxury consumption situation, and the personal motivation of choosing this topic. Also the research objective and scope was included in this chapter. The second section provides the definition of luxury brands and the Chinese luxury market, along with the summary of previous theoretical analysis of luxury consumption motivation and Chinese luxury consumption. In addition, the third

section includes the deductive research method applied in this study. Both qualitative and quantitative methods was implemented in this research design for data collection. The survey result was discussed in the fourth section based on the theoretical model mentioned in the literature review section. As for the final part, conclusion and suggestions was proposed.

2 Background and theoretical review

2.1 Luxury brands and the Chinese market

Over a long period of time, the possession of luxury products is one major aspect in the field of consumer consumption research. The term “luxury brands” was defined by Vigneron and Johnson (2004) as the high levels of prestigious commodities that provide consumers with multiple types of both physical and psychological perceptions. Further, Tynan, Mckechine and Chhuon (2009) indicated that expensive products offered by luxury brand are nonessentially necessary for daily use but can provide services of high quality. Consumers attach a great extent of symbolic and emotional values to these brands as prestigious, original, rare, exclusive, etc.

As purchase of luxury brands is more prominent in the developed areas than in the less developed countries, the majority of past studies concentrates on the luxury consumption in economically advanced districts, namely, the western world. In recent years, with the trend of globalization and economic advancement of developing countries, luxury consumption in less developed areas has experienced the exponential popularity. Chinese market is the representative example. In 2009, the market shares of luxury brands declined by 16% in the US, 10% in Japan, and 8% in Europe, but increased by 12% in China (Li & Kambele, 2012). Statistics show that China is the fourth largest market for Louis Vuitton, the fifth for Gucci, the third for Mont Blanc (Lu, 2011). Compared with

research focusing on luxury consumption in the Western market, limited number of studies have inspected the motivation of Chinese luxury consumers.

2.2 Luxury product level

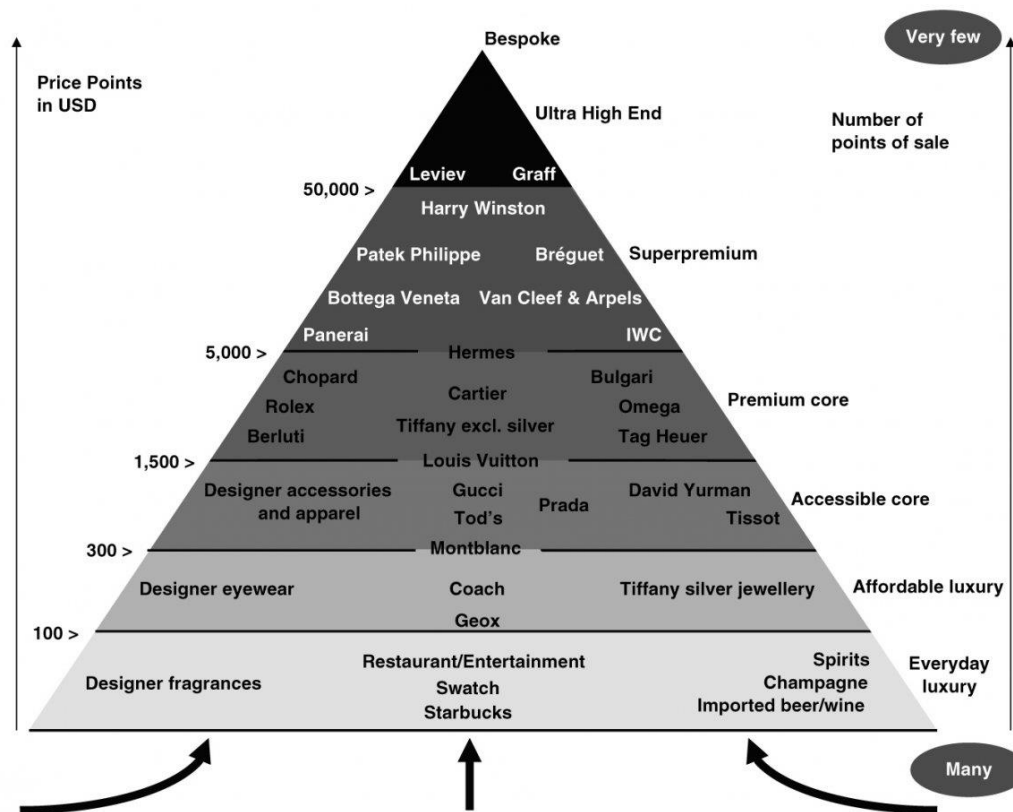
According to the research conducted by Heine (2011), luxury brands were divided into four levels (Figure 1), namely, entry-level, medium-level, top-level and elite level brands. Firstly, it illustrated that luxury brands like Hugo Boss and Mercedes is on the lowest level, belonging to the entry-level luxury brands. The medium-level luxury brands such as Dolce&Gabbana, Escada and Moschino are recognized by many consumers. Thirdly, brands on the top-level are leading luxury brands. For instance, Cartier, Bottega Veneta and Louise Vuitton. Fourthly, some niche brands that are recognized by limited number of consumers provide the best quality for the consumers. Examples include Puiforcat, Graff Diamonds (Heine, 2011).

Figure 1 Luxury pyramid by luxury level (Heine, 2011)



Meanwhile, based on the Rambourg pyramid of luxury goods (Willett 2015), luxury brands can be categorized into different price levels (Figure 2). From the table, the accessible core, premium core and super premium levels fall into the category of the medium-level and top-level luxury brands in Heine's study. Similarly, as it can be seen in the pyramid, the luxury brands like Louis Vuitton, Cartier and Bottega Veneta are on the accessible core while premium and super premium core level are coincided with in Heine's study.

Figure 2 Rambourg's luxury power ranking pyramid (Willett 2015)



Therefore, this study is targeted at the medium-level and top-level luxury brands which value between 300 dollars (282 euros) and 50,000 dollars (46,965 euros) as the luxury product price range. As in this range, many people recognized these brands and avoid brands of excessively higher or lower prices.

2.3 Motivation analysis for luxury consumption

The motivation of prestige-seeking consumption behaviour was comprehensively analysed by Vigneron and Johnson in 1999. They initiated the five dimensions of the motives for luxury goods purchase, namely, the Veblen, Snob, Bandwagon, Hedonic and Perfectionism effect.

To begin with, the Veblen effect refers to seek for social prestige by buying products with high price, generated by the desire to increase conspicuous value (Vigneron and Johnson, 1999). As consumers' aim to impress others and show off their wealth, much emphasis is given to the high price of luxury products. This idea was further strengthened by Schwartz (2004), who defined this motive as the individual's hierarchical value. The hierarchical personality refers to through purchasing luxury products, people tend to exhibit social dominance over others as luxury brands conferring higher social position (Schwartz, 2004; Wiedmann, Hennigs and Siebels, 2009).

Based on the idea of individuality, the second dimension, the Snob effect showcases the psychology for uniqueness. Schwartz (2004) explained that Snob consumers pay more attention to the exclusive identity of luxury brands and prefer to fulfil their personal need for being different from the majority. Normally, the exclusivity goes up alongside the increasing price (Vickers and Renand, 2003). The higher the price is, the less affordable the product would be.

In addition, compared with Snob customers, the Bandwagon customers focus less on price but attach more importance to the social effects of prestige products (Vickers and Renand, 2003; Wiedmann, Hennigs and Siebels, 2009). For them, luxury brands demonstrate the social value as they meet the consumer needs for group affiliation. Bandwagons purchase motivation is to conform to their ideal groups and differentiate from their undesired groups (Vigneron & Johnson 1999).

According to Wiedmann, Hennigs and Siebels (2009), although Snobs and Bandwagons chiefly concern the self-identity of consumers, their indications are apparently opposite. Early in 1950, Leibenstein examined the difference between these two dimensions. He indicated that the demand of Snobs consume luxury commodities will decrease if these luxury commodities are purchased by a mass of consumers. By contrast, the demand of Bandwagons will increase if mass people purchase the same products.

The social function of luxury goods consumption was proposed by Veblen (1899), who termed it as the symbolic motivation, the perception of luxury goods as symbols to convey the social status to others. This dimension also consists of the idea of collectivism, indicating the desire to demonstrate the ability to interact with people in social situations by making the luxury purchase decisions (Xiao & Kim, 2009). For example, it is common that people wearing luxury brands are treated more favourably than those who wear ordinary brands, as people tend to relate luxury products with wealth and higher social status (Nelissen & Meijers, 2011).

The fourth dimension is called the Hedonic effect, concerning the emotional values of consumers. Similar to the Bandwagons, Hedonic consumers pay less attention to the price or the indicator of reputation but emphasize their inner thoughts and feelings about the luxury commodities. Thus the purchase goal is to fulfil consumers' pleasure and excitement through the sensory benefits derived from the products, including texture, taste, visual impression, etc. (Cavender and H. Kincade, 2014). Vigneron and Johnson (1999) also explained that the hedonic motivation is influenced more by the inner preferences instead of interpersonal needs of consumers. Similarly, in the study conducted by Thomson, MacInnis and Park (2005), they developed this dimension into the materialist reasons for luxury commodities consumption. Materialism regards the possession of luxury products as the indicator of well-being, happiness and success of life, which is derived from the individual perception of the luxury products.

The last dimension is about the quality value of luxury brands, namely, the Perfectionism effect. In this dimension, the focus is on the product itself, mainly about the quality. Wong and Ahuvia (1998) defined this dimension as the instrumental motivation related with the intrinsic luxury quality. Perfectionist consumers is more consistent with their perception of the product practicability and longevity and have the tendency to rely on price as the reference for judgement (Husic and Cicic, 2009).

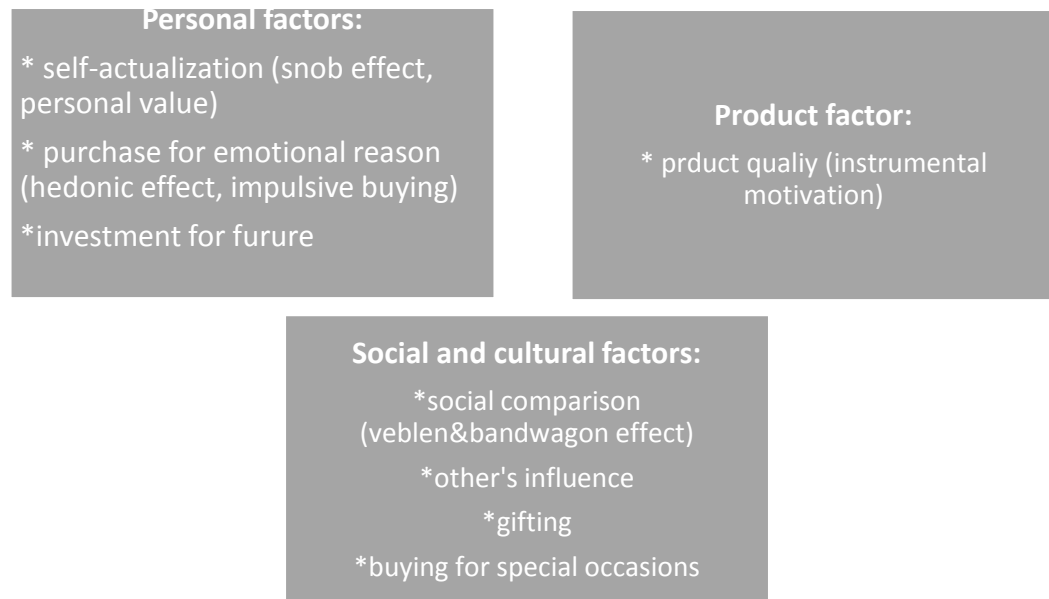
In general terms, the above five dimensions can be categorized into three scopes. The first scope concerns the luxury product itself, including the Perfectionism effect (the quality value of luxury brands). The second scope is about the psychology and personal preference for luxury commodities, which is made up of the Hedonic effect (the emotional values of consumers) and the Snob effect (the psychology for uniqueness). The last scope deals with the social and cultural functions of the luxury consumption, namely, the

Bandwagon effects (the social consequences of prestige products) and the Veblen effect (the seek for social prestige).

2.4 Motivation analysis targeted at Chinese luxury consumption

In general, consumer behaviour is collectively influenced by a wide range of economic, socio-cultural, personal and psychological factors (Solomon, 2014). While for China, Chinese consumers prefer to identify external social needs more than internal individual needs due to the considerable influence from Confucian collectivism (Wang, Sun & Song, 2010). In other words, in the collectivistic orientated culture, and social factors have significant influence on luxury consumption in China. In order to explore the interaction between different factors in the Chinese prestige-seeking consumption, Wang, Sun and Song (2010) conducted a comprehensive theoretical model to analyse the motives for luxury goods consumption (see figure 3). Based on the three scopes classification (i.e., product, personal and social), they carried out the study with more specific and detailed classification of factors in the five dimensions (i.e., Veblen, Snob, Bandwagon, Hedonic, Perfectionism) proposed by Vigneron and Johnson in 1999.

Figure 3 Luxury goods consumptions motives model (Wang, Sun and Song, 2010)



2.4.1 Product factors

The analysis of product influence on consumers' needs is mainly about the perception of quality and usefulness, which is also consistent with the Perfectionism effect (Hoffman, Kopalle and Novak, 2010). If consumers approve the luxury goods are of high quality and meet the needs for specific usage, they are more than likely to pay for the price. On the other hand, in another study, Wiedmann, Hennigs and Siebels (2007) measured the functional and financial aspects of luxury products, which is also directly related with the income of the consumers.

2.4.2 Personal factors

Wang, Sun and Song (2010) classified personal reasons into self-actualization, purchase out of emotion and investment for future. Firstly, self-actualization can demonstrate the motivation to realize the self-value. Originated from the Snob effect, self-actualization can reflect one's desire for individuality and uniqueness, being different from other people. Also, self-actualization reflects the personal functions, that people would like to reward themselves when they achieve some goals (Scholz, 2014). Secondly, buying due to emotional reasons such as irrational impulses is in response to the Hedonic effect (the emotional values of consumers). As consumers can gain emotional relief and satisfaction, this motivation is worth attention (Hoffman, Kopalle and Novak, 2010; Scholz, 2014). Furthermore, luxury consumption is the way for investment for some people. Due to the brand history and influence, the value of luxury products can increase with time going by. Therefore, a number of consumers regard the purchase of luxury goods as personal investment.

2.4.3 Social and cultural factors

As it has been mentioned above, cultural considerations are the most fundamental motivation for Chinese luxury consumption. Under this category, social comparison, the desire to compare oneself to others and manifest one's affiliation to the wealthy group or high social class, is rooted within the Veblen and Bandwagon effect. As the Veblen effect consumers seek the social prestige by buying products with high price (Vigneron & Johnson, 1999), and the Bandwagon effect people emphasize the reception of their desire group (Vickers and Renand, 2003; Wiedmann, Hennigs and Siebels, 2009). Besides, other people's influences or persuasion can also be prominent in social interaction. For instance, if the consumers work in the environment where the colleagues around use luxuries, there is the predictable possibility for them to buy prestige products. Similarly, people can buy products out of the persuasion from friends, family members, etc. At the same time, as Chinese society emphasizes the fellowship and engagement between people, gifting is a frequent behaviour to contract closer relationships (Wang, Sun and Song, 2010). As a result, buying luxury commodities as gifts for others is also a strong social motivation. Last but not the least, the purchase out of special occasions is as well

related with the social motivation, especially for a country as China with a variety of cultural customs. For example, Wang, Sun and Song (2010) suggested the significance of Chinese traditional holidays on luxury consumption. For example, the Chinese traditional spring festival to celebrate the New Year; the Mid-autumn festival to celebrate the family reunion. People tend to celebrate these festive occasions by giving gifts to their relatives and friends, of which luxury products of high price can indicate the motional value. On the other hand, their research (Wang, Sun, and Song, 2010) concluded that Chinese consumers preferred to buy themselves products of good quality and high value for holidays after intensive work for a period. Meanwhile, as one marketing strategy, luxury brands may offer special discounts during the celebration of festival, which further motivate consumers to purchase. These reasons collectively account for the social and cultural influences on the luxury consumption.

2.5 Self-concept

According to Solomon, et al. (2006), self-concept is one's evaluation about his or her own personality or attributes. In other words, it is the personal beliefs that reveal how individuals think of themselves. In the field of consumer behaviour, Heath and Scott (1998) claimed that self-concept should be critically analysed in terms of its influence on the purchase behaviour. The images that consumer have about themselves can fundamentally influence the choices of products as well as the amount of money they would spend (Heath & Scott, 1998).

Early in 1980, Epstein has defined that self-esteem and self-consistency are two major components of self-concept. Later in 1982, the self-congruity theory initiated by Sirgy, he proposed that customers are more likely to buy products that are in line with their self-concepts and in turn, their purchase behaviour of these products can consolidate their self-images. To put it differently, presumably consumers regards certain commodities and brands as the manifestation of their personality. Moreover, if these products ideally demonstrate the positive images which consumers aim to demonstrate to others, their consumer behaviours can improve their self-esteem and confidence in social setting (Sirgy, 1982).

In addition, Belk (1988) developed this idea for the consensus of a group on self-images based on the consumption of certain goods and services of the whole group. The symbolic value of goods and services is thus emphasized, especially for social groups that prefer to showcase their class. In this sense, luxury commodities serve as an example. The good quality and service, high price together with its social function to indicate exclusiveness are essential parts of symbolic value of luxury product, which are vital to present the self-concept of the buyers.

On the other hand, O'Cass and McEwen (2006) also illustrated that despite the self-concept of individuals have about themselves, they as well define others based on their consumer behaviours and the possessions they purchase. As Grubb and Grathwohl (1967) suggested, when people identify that other buy the same or similar products as they do, they are inclined to set up relations because they have same or similar interpretation about themselves. In some occasion, they tend to build up their group which gradually developed into their social class.

With the purpose of indicating wealth and social class, conspicuous consumption is considered as the act of intentionally purchasing visually conspicuous brands (Veblen, 1899; Souiden, M'Saad & Pons, 2001). Veblen (1899) firstly argued that conspicuous consumption was the excessive and unreasonable spending commodities or services as a way to display wealth. Furthermore, scholars added to Veblen's idea and claimed that despite wealth, consumer behaviour is an important way to improve self-concept and inform others of their self-image (Souiden, M'Saad & Pons, 2011).

3 Research Methodology

3.1 Research Approach

Using the right research method is crucial for researches because the appropriate method would eventually influence the accuracy of research results and help the researchers to analyse data effectively (Saunders , et al., 2009). There are three kinds of research

methods can be used when conducting research, namely, qualitative, quantitative and mixed qualitative and quantitative research.

Quantitative research is usually used for measuring and analysing factors-orientated studies, which is consequently related with the deductive method in general (Saunders , et al., 2009). This method is applied into processing questionnaires, graphs or statistics to provide mass data in order to prove or test some theories. By contrast, qualitative research data is usually in the usage of developing theories. This method required data collection technique or data analysis procedure to interpret non-numerical data obtained from in-depth interview or observation (Saunders , et al., 2009).

As it has been mentioned above, the purpose of this research is to find out the motives of young Chinses consumers of luxury products in Wuhan. Therefore, quantitative method of questionnaire including 28 questions was distributed randomly to 100 people who are currently living and/or studying in this city. Besides, in order to gain in-depth information about the reasons behind these motivations and avoid missing of potential motivations of their luxury buying behaviours, the qualitative method was applied, including open-end question in the survey.

3.2 Questionnaire design

The questionnaire is structured with logic. Considering the large volume of respondent samples required in the limited time frame, structured questionnaire proves the most efficient method for this study. Besides, closed ended questions can ensure that all the responses are within the expectation. The first part is the demographic information of responders, including gender, age, education level and average income per month, and whether they have purchased luxuries before. Some non-target subjects from the respondents will be automatically screened as this study has the age limitation of 20 to 40 in the chosen geographic scope Wuhan. However, there are some negative aspects of the closed end questions. For example, respondents are only allowed to choose alternatives rather than to give their true reflections (Saunders , et al., 2009). Therefore, the open-end question is as well included in this part, to complement the shortages of close-ended questions and acquire more in-depth and bias-free answers about respondents' luxury consumption motivations. Subsequently, Likert scale questions

developed within the three dimensions (product, personal, social factors) of the luxury consumption motivations theory developed by Wang, Sun and Song (2010) make up for the second section of the survey. Efforts were made to simplify and accurate the questions in order to make the respondents answer questions as much as possible. These questions are 5-point Likert-type scale statements that measure people's attitudes towards their buying motivations of luxury products, which are easy and time-saving for respondents to answer. Participants were expected to choose the corresponding numbers for their response to each question from 1 to 5, 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

Moreover, as the target respondents are Chinese, the original English version questionnaire questions are translated into Chinese in order to obtain the accurate and detailed feedback.

3.3 Questionnaire distribution and data collection

In order to improve the validity and reliability of the survey, a pilot study was conducted before the actual survey distribution. The purpose of the pilot test was to examine the survey design and modify the questionnaire to avoid any ambiguity of understanding the questions. Meanwhile, it also enabled the researchers to collect more valid data and ensure the reliability of the research analysis (Saunders , et al., 2009).

Pilot testing was conducted with five young Chinese luxury product consumers (randomly mixed genders) from the research limited geographical boundary. That is to say, their ages were all between 20 and 40 and lived or studies in Wuhan during the period of data collection. Respondents were expected to give opinions and feeling in terms of the survey questions. They tested whether these questions were easy to understand and follow, and the researcher revised the survey based on the feedback and suggestions from them. On the whole, responders replied that the survey was well-organized and the instructions were clear to follow. They could easily understand the questions and complete the task within the given time.

After the pilot test, the final questionnaire (see Appendix) was distributed over five working days from November 21 to November 25, 2016 through snowball sampling way on the Internet. An online survey tool "Tengxun Survey" assisted survey and URL link were

created. According to Dillman (2000), using online survey distributing is one of the quickest way to gather response data; and it also the most economical way especially for research relying on numerous data. For this study, the data was collected by sending and sharing the URL link through social network. The distribution was firstly conducted among friends and relatives and then reached a wider converge of people who met the sample selection criteria.

In total, 100 invitation links were distributed among the 5 working days period through the social network. There were 99 completed online survey returned, and the response rate was 99%. The high respondent rate might contribute from broad social network of the author. The final data processing was carried out through SPSS software for research analysis.

3.4 Limitations

The researcher's initial idea was to conduct a face-to-face interview with Wuhan International Plaza the well-branded CUCCI store manager Mr. Xiao Zhouyun to explore an in-depth qualitative analysis of the reasons behind the younger generation motivations of their luxury products purchase behaviour. The interviewee is the qualified responder of this research as he has rich luxury industry area experiences as a marketer and manager. Unfortunately, the potential interviewee declined the invitation. Presumably, the answer from the professional would be have beneficial to the result analysis and the complement of the survey. Because of the limitation of qualitative interview, one open-end question was then added to the survey in order to further investigate the original ideas of respondents beyond the close ended answers.

Moreover, due to the time constraint, the research was completed through online distribution. In fact, there can be the loss of data from luxury product consumers who do have not the habit of searching on the Internet. Besides, the number of one hundred sample limits, to some extent, the coverage of this survey, which may influence the reliability of the final result.

4 Data analysis and discussion

4.1 Data screening

The objective of this research was to explore the underlying motives of young Chinese consumers aged between 20 and 40 in two-tier city of China (Wuhan) when they purchase luxury products. Non-target subjects who did not belong to age group between 20 and 40 or live in other cities, were automatically screened from the final data result. Meanwhile, those who responded with little or even no interest in luxury consumption were excluded. Therefore, 24 respondent cases were deleted. There were 75 effective questionnaires in total.

4.2 Sample Characteristics

The demographic characteristics of the respondents were showed in Table 1. There were 77.3% female and 22.7% male respondents included in the sample, which indicated that female contributed a larger number of respondents in the survey. After the data screening process, all of respondents left were aged between 20 and 40 years old and live/study in Wuhan. And a majority of the respondents were holding a university degree or above (85%) which means they were well-educated. There were almost half (43%) of the respondents were company employees, 20% from the students group and 25.3% in others social roles. In terms of the monthly income, about 70.6% of the respondents have more than 7000 RMB (960 euros) monthly income which exceed the Wuhan average per capital income 3984 RMB (548 euros) (Wuhan General Labour Union, 2016). More significantly, 18.7% participants claimed to have more than 20,000 RMB (2743 euros) monthly income. Therefore, the respondents mostly represented the young generation with good educational background and high salary level, most of whom were from company employees.

Table 1 Demographic characteristics of the sample

Characteristics	Percentage
Gender	
Male	22.7
Female	77.3
Education	
High school	14.7
University	72
Postgraduate	13
Social role	
Student	20
Unemployed	1.3
Employee	42.7
Self-employed	8
Manager	2.7
Others	25.3
Monthly income (RMB)	
Under 3500	12
3501-7000	17.3
7001-11000	21.3
11001-15000	17.3
15001-20000	13.3
20000+	18.7

4.2.1 Motivation explanations in open-ended question

Question 8 was open-ended question: Why do you buy luxury goods? Please give your explanation.” was designed for collecting more information and individual thoughts about respondents’ luxury goods consumption. Also it gave freedom for respondents to state their own words without limited choice answers. In the questionnaire result, the most often mentioned explanations for their purchasing behaviour were:

- Rewarding myself (73%)
- High quality (17%)

Respondents gave answers as “I want to reward myself after I conquer some challenges”, “I would buy them to myself as a gift when I have enough money” and “I like them, they

will make me happy” which echoed the motivation of self-actualization and self-fulfilment proposed by Scholz in 2014. About 17% people answered “they are good quality, and they can last longer”, and “they make my life easier and comfortable.” Which belong to product functional factor. In addition, there were 6% of people who illustrated that they purchased luxury products as gifts to others as gifting is a frequent behaviour of maintaining close relationship in Chinese culture. Furthermore, there were 4% of respondents who replied from the social comparison motivation, explaining that they bought luxury products because they wanted to show their property so that other people would admire them when they had luxuries with them.

4.2.2 Analysis of motivations

According to the result presented in table 2, the majority of respondents agree or strong agree with the statements related with their motivations of luxuries purchase behaviour:

- “Q12 I purchase luxury products because they are high quality and worth the money”- M=3.67, 61.33% of people agree and strong agree
- “Q13 I think luxury products have precise handicraft and made of good materials”- M=3.80, 70.67% of people agree and strong agree
- “Q20 I am not willing to buy luxury brand product that mass quantities of people purchased”- M=3.45, 45.33% of people agree and strong agree
- “Q14 I think purchasing luxury goods can make me happy” – M=3.28, 42.67% of people agree and strong agree

The mean value are all over neutral level (3). The majority of respondents agreed that product quality, self-actualization and hedonic value elements are viewed as the most significant factors for young Chinese luxury product consumers in the secondary city of Wuhan.

Whereas, most of the respondents were disagree or strong disagree with the statements that:

- “Q28 I purchase many luxury products, but seldom use them myself”- M=1.93, 74.07% of people disagree and strong disagree

- “Q26 I often buy luxury goods as gifts for others”- M=2.10, 69.34% of people disagree and strong disagree
- “Q10 I purchase luxury products because I think the value of them will increase”- M=2.05, 66.68% of people disagree and strong disagree
- “Q23 I have to use luxury goods as my living and working environment”- M=2.12, 66.7% of people disagree and strong disagree
- “Q21 Sometimes I buy expensive products because I want to show my prosperity”- M=2.12, 69.33% of people disagree and strong disagree
- “Q27 I buy luxury goods for special occasions such as holidays or anniversaries”- M=2.61, 49.33% of people disagree and strong disagree

From these results, large proportion of young people disagree with the motivation statements they buying as gift, social comparison, other's influence, investment for future, buying on special occasion are the significant factors. It also indicated that the widely perceived stereotype that Chinese consumers are engaged in conspicuous consumption is not obvious among the younger generation.

The in-depth analysis of these significant and weak correlation motivations will be discussed in detail in section 4.5.

Table 2 Respondents assessment of various motivations

	N	Strong disagree 1	Disagree 2	Neutral 3	Agree 4	Strong agree 5	Mean
Q12 I purchase luxury products because they are high quality and worth the money.	75	2.67%	10.67%	25.33%	40%	21.33%	3,6667
Q13 I think luxury products have precise handicraft and made of good materials.	75	1.33%	6.67%	21.33%	52%	18.67%	3,8000
Q10 I purchase luxury products because I think the value of them will increase.	75	33.34%	33.34%	28%	5.33%	0	2,0533
Q11 I think investing on luxury products is also investing myself.	75	13.33%	16%	30.67%	32%	8%	3,0533
Q15 I often buy luxury products on impulse.	75	28%	32%	34.67%	2.67%	2.67%	2,2000

Q14 I think purchasing luxury goods can make me happy.	75	5.33%	2%	32%	26.67%	16%	3,2800
Q16 I think purchasing luxury goods makes me come out from depressed.	75	21.33%	33.33%	16%	22.67%	6.67%	2,6000
Q19 I think luxuries are special and wearing them makes me feel different from others.	75	14.67%	29.33%	30.67%	2%	5.33%	2,7200
Q17 Wearing luxury clothes makes me more confident.	75	8%	22.67%	41.33%	21.33%	6.67%	2,9600
Q18 I feel successful when buying luxury products.	75	17.33%	25.33%	33.33%	18.67%	5.33%	2,6933
Q20 I am not willing to buy luxury brand product that mass quantities of people purchased.	75	5.33%	13.33%	36%	21.33%	24%	3,4533
Q22 I actively using luxury products that are fashionable in my life circle.	75	14.67%	33.33%	37.33%	9.3%	5.3%	2,5733
Q21 Sometimes I buy expensive products because I want to show my prosperity.	75	29.33%	40%	21.33%	8%	1.33%	2,1200
Q9 I think others are impressed when I have expensive products.	75	14.67%	26.67%	38.67%	14.67%	5.33%	2,6933
Q23 I have to use luxury goods as my living and working environment	75	32%	34.67%	25.33%	5.33%	2.67%	2,1200
Q24 I cannot help buying luxuries when I see others do	75	24%	38.67%	24%	13.33%	0	2,2667
Q25 I always buy luxuries which someone else mentioned with me.	75	20%	42.67%	21.33%	14.67%	1.33%	2,3467
Q26 I often buy luxury goods as gifts for others.	75	34.67%	34.67%	20%	6.67%	4%	2,1067
Q28 I purchase many luxury products, but seldom use them myself.	75	36%	38.67%	21.33%	4%	0	1,9333
Q27 I buy luxury goods for special occasions such as holidays or anniversaries.	75	17.33%	32%	28%	17.33%	5.33%	2,6133
Valid N (listwise)	75	75					

4.3 Correlation analysis

As Crossman (2016) defined, correlation analysis is to test the strength of relationships between two or more variables based on available statistical data. A strong or high correlation showcases that different variables are strongly connected with each other. Generally, SPSS can be used to detect whether a relationship between variables exists, and how strong it might be, of which the result is called correlation coefficient.

In general terms, values of the correlation coefficient are always between -1 and +1 (Crossman, 2016). If the correlation coefficient of two variables is +1, they are perfectly related in a positive linear sense. On the contrary, a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense. A correlation coefficient of 0, however, means that there is no linear relationship between the two variables. In other words, it demonstrated that whether increases or decreases in one variable is related with increases or decreases in the second variable (Anon., 2008).

As for values of the “Sig (2-Tailed)”, they are to examine the statistically significant correlation between two variables. If the Sig value (p) is less or equal to 0.1/0.5, there is a statistically significant correlation between tested variables.

Another measurement, Pearson r correlation, is widely used in statistics to measure the degree of the relationship between linear related variables (Statistics Solutions, n.d.). Take the stock market as an example. In order to understand the relations between two commodities, Pearson r correlation is used to measure the degree of relationship between the two commodities.

Therefore, in order to find the relationships among eight motivations developed by Wang, Sun and Song (2010), the Pearson r correlation analysis was employed in this research. The correlation coefficients between these eight motives (quality, investment for future, out of emotion, self-actualization, social comparison, other’s influence, gift and purchase in special occasions) were shown in the Appendix 3.

According to the result shown in Appendix 3, the correlation coefficients of purchase motives of other’s influence between buying out of emotion and social comparison is 0.363 and 0.380 separately (positive correlation), and $P < 0.01$ indicates that the coefficient is significantly different from 0. This reveals, that people who are more susceptible to other’s

influence to purchase luxuries are more likely to purchase for the social comparison, out of emotion reasons.

In addition, the correlation coefficients of consumption motivations of buying for gifts between emotional purchasing and influence from other is 0.416 and 0.421 (positive correlation), $P < 0.01$ indicates there are statistically significant correlations. Consequently, those people who are more likely to buy luxuries as gifts to others are more susceptible to other's affects and purchase on impulse in some occasions.

Moreover, motivations correlation coefficients between buying on special occasions and as gift is 0.567, and $p < 0.01$ indicates that the coefficient is significantly different from 0. It means that those who buy luxuries on special occasions are more likely to buy expensive products as gifts to others.

Furthermore, the Pearson Correlation between social comparison factor and product quality is negative sense ($r = -0.025$), indicating that these two variables are negatively related. Therefore, it can be concluded that young people who tend to buy luxuries on account of quality value are less likely to buy for social comparison.

4.4 Independent test of gender and motive factors

According to Laerd statistics (2016), the independent-samples t-test (or independent t-test, for short) is applied to the comparison of means between two unrelated groups in the basis of the same continuous and dependent variable. Independent t-test builds up a model where variables in the analysis are divided into independent and dependent variables. Under the influences of the independent variable, this model suggests that there exists a difference in the mean score of the dependent variable. Therefore, the independent sample t-test is an analysis of dependence (Statistics Solutions, n.d.).

This research employs the independent t-test to measure whether these eight motives (dependent variable) differed based on gender (independent variable). That if to say, it concerns whether males have the same motivations as females, and to which extent the statistical significant value varies between the mean number of these motivations and the

male/female group. The Sig (2-Tailed) value show if the two condition Means are statistically different.

According to the result table 4, there are statistically major differences between the mean number of three motivations (social comparison, other's influence and gift) based on the gender dimension. The Sig. (2-tailed) value are 0.013, 0.029, and 0.039 separately ($P < 0.05$) in social comparison, other's influence and gift motives.

In table 3, the group statistics reveals that the mean value for the male is distinctly more significant than the mean for the female among the social comparison, other's influence, and gift motivation factors. It can also be inferred that males' luxury product consumption motivations of social comparison, other's influence and gift are stronger than those of females.

Table 3 Mean test of gender and motive factors

	gender	N	Mean	Std. Deviation
comparison	male	17	2,8235	,48759
	female	58	2,3563	,70879
otherinfluence	male	17	2,5882	,77754
	female	58	2,1437	,70673
gift	male	17	2,3824	,96062
	female	58	1,9138	,76168

Table 4 Independent test

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
comparison	Equal variances assumed	1,005	,320	2,541	73	,013	,46721	,18385	,10079	,83363
	Equal variances not assumed			3,105	37,879	,004	,46721	,15049	,16253	,77189
otherinfluence	Equal variances assumed	1,186	,280	2,230	73	,029	,44456	,19936	,04724	,84188
	Equal variances not assumed			2,115	24,287	,045	,44456	,21018	,01104	,87807
gift	Equal variances assumed	2,675	,106	2,099	73	,039	,46856	,22325	,02362	,91350
	Equal variances not assumed			1,848	22,228	,078	,46856	,25354	-,05695	,99407

4.5 Discussion

The goals of this research was to explore the underlying motivations of young Chinese consumers aged between 20 and 40 in secondary city of China when they purchase luxury products, and to find the relevancy between these underlying motivations and customers' luxury product purchase behaviours. The research questions are:

1. What are the motivations for young Chinese consumers to purchase luxury products?
2. What are the relations between these motivations and the consumption behaviour?

In the above data analysis section, the results show that product, personal, social reasons collectively account for the motives of young Chinese consumers' luxury consumption. Compared with previous studied that emphasize the importance of the social comparison and other's influence motivations in Chinese consumers' luxury consumption, the present study has identified that these factors have less effect on young people in the city of Wuhan in terms of their luxury consumption. Instead, respondents of the questionnaire put more focus on product high quality, self-actualization, and hedonic consumption as significant incentives for them to buy luxuries. These results are not consistent with Wang, Sun and Song (2010) findings that social comparison, gifting, and other's impact as the important motives in Chinese luxury consumption.

Based on results from open-end question and Likert scale questions, the majority of respondents mentioned that the main incentives to purchase luxury products were "rewarding myself" (73%), and "high quality" (17%). And the mean value of buying for high quality, hedonic ("I think purchasing luxury goods can make me happy") and self-actualization (which is performed at Snob effect "I am not willing to buy luxury brand product that mass quantities of people purchased") exceeded the neutral level. These results shows the luxuries consumption among young Chinese consumers has shifted from showing prosperity and pursuing high social status to personal fulfilment and reward (Zhou & Wu, 2006).

These trends can be explained by following reasons. Firstly, as the younger generation are well-educated, they have more knowledge about the luxury brands and they have the tendency to purchase luxuries based on rational comparison between different brands. By buying expensive products, they favour to encourage and reward themselves after a hard

working period. Secondly, the younger generation enjoy a higher margin of disposable income (70.6% of respondents with more than 7000 RMB monthly income). With the increasing economic advancement of China, they are able to afford to enjoy luxury consumption. Therefore, these people who pursue the high quality of life with quality-conscious mind have the ability to afford luxuries to improve the life standards. Thirdly, as people aged between 20 and 40 were born after the enactment of Chinese One-child policy since 1979 (Ngai & Cho, 2012), most of the respondents is the only child in the family with upbringing in globalization period. They have relevantly more exposure to the western culture. Therefore, this generation can be classified into high individualistic group (Snobs) that is seeking for uniqueness, self- expressive and paying attention for niche brands that less people knows (Ngai & Cho, 2012).

There were still some answers from responders that they purchased luxuries initially because of the social and cultural influences. For example, reasons can be showed the property and high social status to others, and buying as gifts to some important people especially in special occasions. In Hofstede's cultural dimension, China belongs to the collectivism and high power distance group (Hofstede, 2001). People in collectivistic culture are other-oriented, and more concerned of group relationships, and social circles. Therefore, the Chinese culture fundamentally affects those people who purchase luxury goods to fit in their relevant groups and maintain the group relationships through gifting luxuries or purchasing the same products as other would buy in the circle. Moreover, Hofstede, (1984) explained that in high-power-distance cultures, individuals have the motivation to keep and increase their power as a source of satisfaction, with the need to conform to their class or in classes to which they aspire. This conspicuous nature of luxury consumption directly determines that luxury consumption is connected with prestige and social status. In view of this, social and culture factors of the Chinese society have multifaceted influences on luxury consumption.

In terms of the relations between different motivations and the luxury consumption behaviour, the results show that Chinese young people tend to buy luxuries because of quality value instead of the social comparison. People who are concerned with high quality workmanship are more likely to buy luxuries to enhance their living environment and to satisfy their quality-conscious needs, which accommodates their instrumental motivation (Wong and Ahuvia, 1998). Therefore, they would take less consideration to buy luxuries to show off or make comparison with others.

Meanwhile, the results suggest that people who admitted social comparison reasons those were more susceptible to other's influence and might purchase impulsively. Vigneron and Johnson (1999) mentioned the "Bandwagons", describing people who attach more importance to the social effects that meet their group affiliation. Consumers who are more concerned about their ideal groups and seek for social acceptance from the affluent groups are more impressionable to interpersonal influence, and buy luxury commodities impulsively because of other's persuasions.

Results also reveal that people who buy luxuries on special occasions are more likely to buy luxuries as gifts to others. As it has been mentioned above, the collectivistic culture partly accounts for the results. People in collectivistic culture need to present gifts to others to establish and maintain their social ties. Asians perceive expensive goods as more appropriate gifts than normal price goods. Also, in special occasions such as anniversary, spring festival, and birthdays, to send gifts is a frequent social phenomenon in Chinese culture. Therefore, sending the appropriate luxuries as gifts to others in special occasions is the way to show respect for the recipient, which can improve the relationships effectively in the collectivistic culture. Moreover, in a Chinese society research, Warner & Lee (2006) found that males put more emphasis on social dignity than females because of the traditional superiority and status ascribed to them. In other words, it means the demand of the luxury products to socialize in the living and working environment for males is stronger than that of females in China. Therefore, it can prove the findings that social comparison, other's influence and gift motivations are more significant in males group than female.

4.6 Limitation and further study suggestions

There are some limitations of this research. Firstly, the scope of the respondents was limited to a certain age group and region and the classification of luxury products was only limited to material items. The incomes of the respondents were mostly at the high-level.

Therefore, this study excludes consumers with low and medium income. Further studies can increase the number of samples ranging from low to high income levels. The author also suggests more regions such as two or more secondary cities in China could be considered for studies in the Chinese luxury consumption. Secondly, there are other potential motivations behind the young Chinese luxury consumption consumers, such as idol influence, trendsetter, and sustainable consumption promoter are not included in the current research. Further studies can broaden the motivation range to explore diverse consumption motivations. Thirdly, the relationship analysis of individual factors among respondents was insufficient, which was only conducted within the gender dimension. It would be beneficial for further studies to analyse the connections of individual factors including education level, overseas traveling experiences, and extra income with different luxury consumption behaviour.

5 Conclusion and Recommendation

This study explores the eight different motives of young Chinese luxury product consumers in the secondary city of China- Wuhan, and compares the influences of main and subordinate factors. The product function, personal, and social reasons are all of the motives of young Chinese consumers. The product high quality, self-actualization and hedonic consumption are the main incentives of their purchasing behaviour, whereas the conspicuous consumption such as social comparison, other's influence become the subordinate motivations for them.

The results show the trend that Chinese consumers are transforming from the conspicuous consumption into inconspicuous consumption. Thanks to the national increasing economic development of China and One-child policy, the younger generation have the opportunity to receive higher education to broaden their horizon and to pursue their individual personality.

Meanwhile, the study also reveals internal correlations between these motivations and the luxury consumption behaviour. Results indicate that the higher quality-conscious

consumers are less concerned about the social comparison factors as the instrumental motivation is more important for them.

Motivations originated from the social influence factors are highly connected with the purchase out of emotion motivation in personal factors group. From the result, those people who buy for social comparison or gift reasons are more susceptible to other's influence and purchase out of emotion. Additionally, people who tend to buy luxury products on special occasions also tend to use luxuries as gifts to others. As Chinese social and culture are powerful factors that influence people luxuries consumption. The collectivistic cultural environment affects consumers' consciousness that they should obtain the social acceptance from their ideal group through showing the same taste and financial status. Sending expensive gifts on special occasions is one approach to fill the gaps in interpersonal communication in Chinese culture.

Findings in this research provide better understanding of young Chinese luxuries consumers. These findings can help luxury brand companies to comprehend why Chinese younger generation purchase luxuries and how they satisfy their needs and wants in terms of consuming luxuries. Obviously the high quality is the fundamental character of luxury products. Considering, the increasing motives of pursuing personalization and self-uniqueness among younger generation, the luxury brand marketers should make the brand concept with distinctive character and add more special items that can match different consumers' unique tastes. Also, launching the limited edition series products can satisfy the Snobs properly, it would enhance their brand loyalty as the products they purchase are only accessible to a small group of people.

As gifting, other's attention, buying on special occasion and social comparison reasons also contributed the young Chinese luxury consumption, the luxury brand companies may also need to position their products to satisfy the social need of consumers. For example, making the luxury products are perfectly suitable for gifts to others. For instance, promotional methods can include adding the blessing words on the products or product packages, or marketing special packages during special festival occasions in China. Moreover, as male group pays more attention to social comparison and gifting reasons on luxury consumption than females, the researcher suggests that luxury brand companies could increase their gifting package product series of males in order to fulfil males' consumers' luxury consumption needs.

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Appendices

Cover letter

Dear all,

My name is Yu Sirong. I am a business student at the Turku University of Applied Sciences in Turku, Finland. I am conducting a research to understand young Chinese consumers' motivations of purchasing luxury products. I would be appreciated if you would agree to participate in my research.

It would involve sharing some opinions on statement in a questionnaire. And information provided will be used for academic purposes only. Your participation is anonymous and voluntary.

Thank you very much.

Below is the link of my survey:

<https://wj.qq.com/s/903780/75d6>

Best Regards,

Yu Sirong

+358465716868

1. What is your gender?

Male

Female

2. What is your age group?

20under

20-30

31-40

41-50

50+

3. Are you living or studying in Wuhan?

Yes

No

4. Which of the following is the most appropriate to describe your social roles? 4

Student

Unemployed

Employee

Self-employed

Manager

Entrepreneur

Others

5. What is your highest education?

High school

College/university

Postgraduate

phD

6. What is your monthly income?(RMB)

Under3500

3501-7000

7001-11000

11001-15000

15001-20000

20000+

7. Did you buy luxury goods or do you have luxury products?

(Luxury goods in this study are: Clothing, bags, or accessory items between 2000 to 50000 rmb, or even above. Brands studied are for example Louis Vuitton, Chanel, Gucci, Hermès, Dior, Prada, Dolce&Gabbana, and Calvin Klein etc.)

YES

NO

8. Why do you buy luxury goods? Please give your explanation.

(For example, like it, for gift, reward myself etc.)

Likert scale questions

You are required to rate each of the following statement on a five-point scale ranging from 1-5, where 1 indicates “strong disagree” and 5 indicated “strongly agree” and 3 indicates that you either agree nor disagree.

9. I think others are impressed when I have expensive products.	Range 1-5
10. I purchase luxury products because I think the value of them will increase.	
11. I think investing on luxury products is also investing myself.	
12. I purchase luxury products because they are high quality and worth the money.	
13. I think luxury products have precise handicraft and made of good materials.	
14. I think purchasing luxury goods can make me happy.	
15. I often buy luxury products on impulse.	
16. I think purchasing luxury goods makes me come out from depressed.	
17. Wearing luxury clothes makes me more confident.	
18. I feel successful when buying luxury products.	
19. I think luxuries are special and wearing them makes me feel different from others.	
20. I am not willing to buy luxury brand product that mass quantities of people purchased.	

21. Sometimes I buy expensive products because I want to show my prosperity.	
22. I actively using luxury products that are fashionable in my life circle.	
23. I have to use luxury goods as my living and working environment	
24. I cannot help buying luxuries when I see others do	
25. I always buy luxuries which someone else mentioned with me.	
26. I often buy luxury goods as gifts for others.	
27. I buy luxury goods for special occasions such as holidays or anniversaries.	
28. I purchase many luxury products, but seldom use them myself.	

Pearson Correlation Coefficients for factors

Correlations

		quality	investm ent	emotio n	selfactu alization	compari son	otherinflue nce	gift	specialocca sion
quality	Pearson Correlati on	1							
	Sig. (2- tailed)								
	N	75							
investment	Pearson Correlati on	,293*	1						
	Sig. (2- tailed)	,011							
	N	75	75						
emotion	Pearson Correlati on	,335**	,392**	1					
	Sig. (2- tailed)	,003	,001						
	N	75	75	75					
selfactualiza tion	Pearson Correlati on	,165	,233*	,302**	1				
	Sig. (2- tailed)	,158	,044	,008					
	N	75	75	75	75				
comparison	Pearson Correlati on	-,025	,344**	,160	,425**	1			

	Sig. (2-tailed)	,831	,002	,171	,000				
	N	75	75	75	75	75			
otherinfluen ce	Pearson Correlati on	,051	,252*	,363**	,065	,380**	1		
	Sig. (2-tailed)	,662	,029	,001	,577	,001			
	N	75	75	75	75	75	75		
gift	Pearson Correlati on	,041	,209	,416**	,158	,275*	,421**	1	
	Sig. (2-tailed)	,724	,072	,000	,177	,017	,000		
	N	75	75	75	75	75	75	75	
specialocca sion	Pearson Correlati on	-,017	,109	,425**	,113	,158	,314**	,567*	1
	Sig. (2-tailed)	,882	,353	,000	,334	,177	,006	,000	
	N	75	75	75	75	75	75	75	75

*. Correlation is significant at the 0.05 level (2-tailed).

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