

Bachelor's thesis

Bachelor of Business Administration

International Business

2013

Zaichen Wang

INFLUENTIAL FACTORS OF CHINESE PURCHASER BEHAVIOR IN CLOTHING MARKET



Zaichen Wang

ABSTRACT

Clothing market is a competitive market. Enterprises strive to attract purchasers consumption, as the result more strategies are carried out on sale, goods and services. Purchasers are facing more options and different experiences. Hereby, purchaser behavior is changing by the influence of competitive market.

The thesis is aim to research the Chinese purchaser behavior in clothing market worldwide. The behaviors are different against the market from western countries to China, as the consumers' backgrounds and hierarchies are distinctive. The topic involved some conception such as the behavior differences, consumer types and influential factors of purchasing. I explain the behavior at detail in order to research the topic more comprehensive. Also clothing market connects purchaser behavior strongly, so the market is researched deeply.

Since the market is competitive. The relation between consumers and enterprises become significant factor to develop the market. While enterprises understand purchasers' behavior in the current market, they may analyze the reasons and satisfy the purchasers demands. That is the significant to keep the market moving forward.

KEYWORDS:

Consumer behavior, clothing market, brand image.

CONTENTS

1 INTRODUCTION

1.1 Background of this topic

1.2 Research questions

2 THE MARKETS

2.1 The consumer market

2.2 The industrial market

2.3 The clothing market

2.3.1 General clothing store

2.3.2 E-market

2.3.3 Luxury market

3 THE PURCHASERS

3.1 Purchasers buying behaviors

3.1.1 Consumers behaviors

3.1.2 Consumers demand and preferences

3.1.3 Enterprises behaviors

3.2 Type of buying decision behavior

3.3 Type of consumers

3.4 Chinese Consumers

3.4.1 Local Consumers

3.4.2 Oversea Consumers

4 RESEARCH METHODOLOGY

4.1 Introduction

4.2 Literature review

4.3 Method of data collection

5 Questionnaire and analysis

6 CONCLUSION

7 REFERENCES

APPENDIXES

1 INTRODUCTION

1.1 Background of this topic

Purchasing of clothing has a close connection with purchaser psychology. Purchasing behavior is affected by personal and external factors. Also, purchaser personality and culture are related to the purchasing decision making significantly. In the thesis, I endeavor to research the influential factors of purchasing in clothing market, also classify the clothing markets and consumer groups for expressing the topic more specifically. Basically, the thesis intends to analyze the purchaser psychology, behavior and the clothing market. I also plan to explain the topic by my personal experiences which happened in the daily life. The target people are Chinese purchaser, as china is an emerging country with large population and Chinese purchaser plays an important role in clothing market world widely.

1.1 Research questions

Question 1: What are the influential factors of Chinese purchasers' demand and preferences in the clothing market?

For this question, I am aim to discuss the consumers demand and preferences so that we can see the reasons stimulate them to purchase and they make purchasing decision. We also will see enterprises demand in different aspects.

Question 2: How does luxury brand affect Chinese consumer behavior?

China has become the largest luxury goods consuming country just beyond Japan by the end of 2011. Chinese consumers are distinctive in the luxury market. They mainly pursue personal dressing staff rather than luxury arts, vehicles and diet. Then, they are younger and spend larger percentage of their

wealth on the goods than other countries consumers. I will discuss more about the topic in the thesis.

2 THE MARKETS

Market is the place which is for exchanging goods and services between seller and buyer. It includes labor market, financial market, commodity market, traveling market etc. Every market has their own functions; those functions identify different markets and also embody different values for improving the society economy growth. No matter which market it is, the competitive factor exists undoubtedly. As sellers always desire higher profit margin, the markets structure and environment are changing quickly. We can see from the entity stores open to e-store blooming, from the commercials published frequently to marketing activities we experienced during the daily life, also from the simple market orientation to detail market segmentation. All the facts explain the markets are full of strong competition and challenges.

2.1 The consumer market

The consumer market is represented by all the individuals and households that purchase products, goods and services for their own consumption. The market comprises of the markets for different consumer products. It includes fast-moving consumer goods, consumer durables, soft goods, services. Soft goods contains many kind of living goods such as shoes, clothes, which have a shorter replacement cycle or wear out more quickly. Therefore, soft goods market is significant not only for improving economy growth, but also it is experiencing the changes and challenges. Consumers are facing complex markets which supply plenty of alternatives with different brands, especially clothing market. Companies are challenging for offering good products and

service, at the mean while, they also endeavor to keep the loyalty of consumers.

Consumer market consists of many characteristics:

1 Unprofessional

Most of consumers are a group of people without commodity and market knowledge. Their behaviors could be affected by promotion, commercials, service and so on. As the fact of that, sellers spend plenty time and money on it to attract more consumers to buy their products. Sometimes consumer did not plan to purchase goods display in the market, actually they just did because of a pretty package, on sale product, or a patient shopping guide.

2 Hierarchy

Since the income levels and society status are different, consumer demands are different as well. Basically, consumers pursue higher quality goods after they satisfying with necessities of life. In order to meet the high hierarchy consumers' demands, luxury market exists which is for the minority of consumers. As a result, the difference of consumers' demands leads to the market hierarchy.

3 Alternative

In consumer market, most of goods could be replaced. For example, mobile phone is a fast replaced product. Consumers are facing many brands of mobile phone. Every phone evolution will draw consumer's attention. Even under the same brand, Iphone makes the several generations to have competitive advantages in the market. When new functions, appearances, or

elements created, consumers experience increased as they enjoy the feeling with the products. Therefore, the features of goods are significant to avoid being replaced.

4 Universality

In consumer market, not only the consumer population is large, but also the geographical distribution is wide. The purchasing power and hierarchy of consumers are different between rural and urban, domestic and abroad. The markets are different as well in order to meet consumers' demands.

5 Popularity

Consuming demands affected by consumers behavior, but also related to the environments, fashion trend, values changes. All the products have their life cycles. Finally, they become old fashioned as the consumer demands changed.

2.2 Industrial market

An industrial market involves one business dealing goods or services to another business instead of a consumer base. Compared with consumer markets, industrial markets tend to be business to business transaction with marketing strategies and have less potential buyers than consumer markets.

Industrial market is different to consumer market. The demand of industrial market is extended from consumer market demand. For instance, consumer has demand to fridge so the fridge company figures out how to satisfy the consumer's demand. The manufacturer obtains the fridge company producing

requirements and starts to manufacture the products which meet consumer's needs. Therefore, the manufacturer not only needs to know the company needs, also have to understand the consumer's demand. Since the chain is more complicated than consumer market, industrial market is more fluctuating. When consumer market has slight change, industrial market is affected significantly.

And also the demand of industrial market is fluctuating as the economy environment changing. In recent years Chinese economy is growing fast, one of the reasons is inflation. As the result of that, the manufacture cost raised against the increasing raw material price. The finished products are offered to the market with a higher price. On the other hand, consumer market expects the same price as before or lower. All above, it is a paradox situation and the consumer market demand decreased. This phenomenon would be feedback to industrial market.

2.3 Clothing market

In this thesis I aim to research clothing market, which is every consumer familiar with. The market is changing both because of the unstable economy and irregular consumer behavior. We all purchase clothes during the daily life, but we hardly think about the market and how people behave in the market. Therefore, as one of the consumers, my interest draws me to discover deeper this topic.

Chinese consumers have stronger feeling to pursue fashion clothing in recent years. Clothing consumption becomes more popular both in domestic market and international market. In the domestic clothing market, the clothing style tend to be closer to international fashion trend and the market can offer various

well designed and brand clothing. Obviously, this changing is to meet local consumer needs and also to have competitive advantages. At the mean while, international clothing market is more attractive to richer Chinese consumers. The phenomenon has become very common that Chinese clothing consumers go abroad for shopping. The reason for that is consumers go abroad to purchase the newest goods that have not imported to the local market yet. They also could have more options when they are facing the goods which cannot be found in local market. Another reason is the goods are cheaper than local market, because the price includes the tax when it imported to local market. Therefore, part of Chinese consumers is willing to purchase abroad, even if it is a long trip.

2.3.1 General clothing store

The clothing entity store plays an important role in the society. The convenience it brings to consumers ensures we select our needs whenever we want, but also it keeps the market developing. It could be a large brand franchised store or a small normal clothing store, but the common things are consumers experience the shopping feeling inside them.

More advantages we can find in this kind of store are the emotion of consumer could be influenced by the decoration of store. When people enter a store, people may feel relax and joyful within the elaborate decoration. Furthermore, the layout of goods displayed may have positive effect for consumer buying decision making. Moreover, shopping guide also is a factor of increasing sales volume. The most important factor is customer experience feelings for a entity store. Over 90% of consumers have the experience that they bought clothes that they hesitating to buy after try it on. And almost every consumer has the experience that they bought clothes after looking around in a store, but they

did not plan to buy. All the facts explain the entity store is necessary in clothing market to serve goods and services to consumers.

However, the rental and labor cost of a entity store is increasing in china, so that the price of clothing increased. For this reason, less consumers purchase goods in the entity store, instead choosing e-market as the shopping place.

2.3.2 E-market

In 2003, shopping online became a new fashioned shopping manner in china. It leaves aside the customer shopping experience feeling; focuses on low price as the competitive advantage. Surely, E-market guarantees 7 days unconditional exchange or refund to make sure consumers no worries.

In 2008, the revenue achieved to 17.2 billion Chinese Yuan and the number is increasing in the following years(sina tech). As shopping online has become a trend, especially for young people. The main reason of success is E-market afford lower cost than entity store, so that it has price advantage. Price is one of the most factor influences consumer buying decision making. Therefore, it becomes popular and is blooming in the local market.

There are many features about online store:

- 1 convenience – online store consist of almost all kinds of clothing. Since the whole process is done through the internet, consumer does not need to spend time on the way to every shop.
- 2 fast – after confirming purchasing order, logistics company delivers goods to the consumer within 3 days.
- 3 inventory – less stress in the inventory compared with entity store

- 4 safety – all the online store applies third party platform for money transaction, consumer just confirm payment after receiving goods.

As more consumers accept online shopping, E-market is promising. On the other hand, entity store is necessary because customer experience feeling is part of purchasing. As above, entity store and online store are mutual independent on consumer buying manners , but they are also mutual supportive on clothing market developing.

2.3.3 Luxury market

Maslow's hierarchy of needs is a theory of human motivation. It explains that human needs can be divided into five hierarchies, which are physiological, safety, love/belonging, esteem, and self-actualization. It represented as a pyramid with the more basic needs at the bottom. At the physiological level, people meet the fundamental needs. When go upper the pyramid, people demands getting more than the basic needs. In clothing market, people after satisfying the clothing keeps body avoid coldness, and start to pursue pretty appearance. When people become richer and high status in the society, they may consider the better goods. The goods not only are top quality, but also satisfy the mental needs. Luxury goods come into the market to meet the certain people needs.

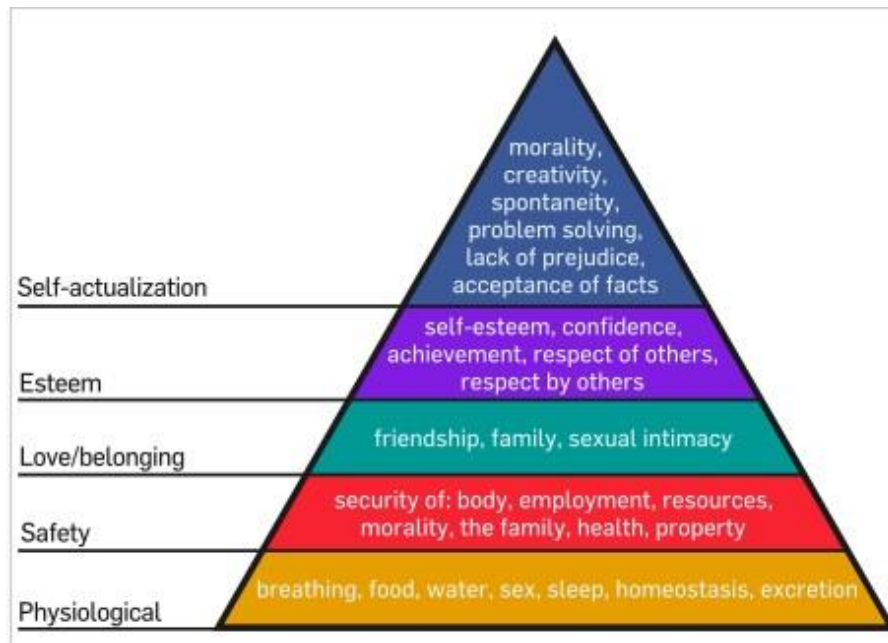


Figure 1. Maslow's hierarchy of needs(A theory of Human Motivation, Abraham Maslow, 1943)

The brand value is much higher than luxury goods itself. If we ask what brands do for customers and consumers, one answer is that they perform five main functions: identity, shorthand summary, security, differentiation, added value. (Geoffrey Randall.2000). When consumers purchase the luxury goods, they more like to pursue the functions that beyond the goods value such as quality, style.

In 2010, Chinese consumers consumed 10.7 billion USD in luxury goods; clothing was 1.83 billion USD. The number is equivalent to more than a quarter of the world's total global luxury consumer spending. In 2011, china has become the second largest luxury consuming country. The fact is that, since 2010 many international clothing brands enter Chinese market, such as BOSS PRADA, GUCCI. Totally, 160 stores opened during the year.(ChinaRetailNews.com, 2011)

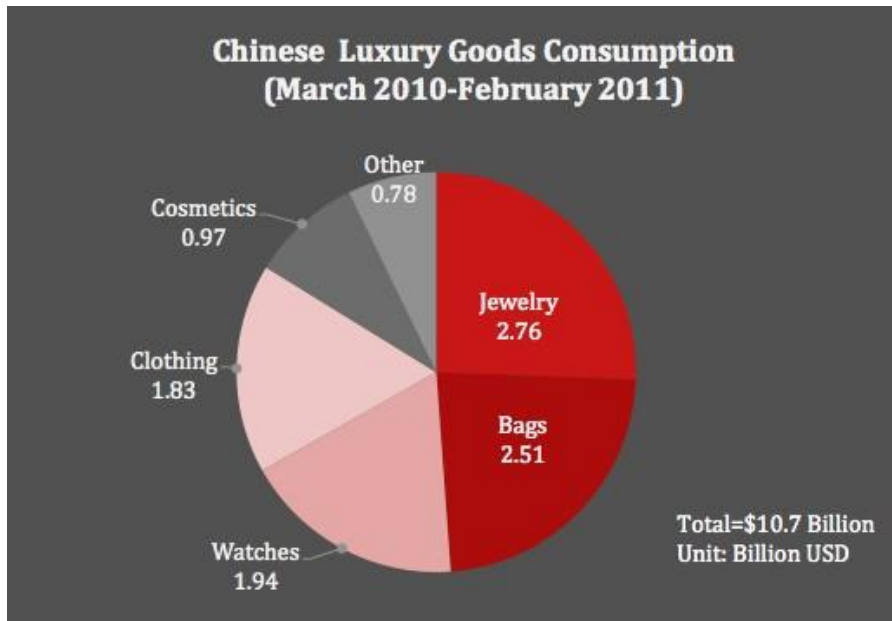


Figure 2 Chinese Luxury goods consumption (China's luxury consumption exceeds 1/4 of global total, Joel,2011)

The luxury goods price in mainland of china is highest on the world. Averagely, it is higher by 51% than USA 72% than France. The main reason is the import tax is extremely high. And also Chinese consumers psychologically accept the high price goods as they think imported goods should be better than local stuff and higher price means better products. For this reason, foreign commodities raised the prices.

3 THE PURCHASERS

In consumer market, a purchaser is a person or group of people who are the final users of products and or services generated within a social system. A consumer may be a person or group, such as a household.

In industrial market, a purchaser is an individual who organizes and operates a business or businesses, taking on financial risk to do so.

3.1 Purchasers buying behaviors

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. The intention for both consumer and entrepreneur to purchase is to satisfy their needs by exchanging the appropriate goods with reasonable low cost. Consumer behavior is a complex process, includes before buying, during buying and after buying. No matter in which situation, it has important impact to the whole process.

3.1.1 Consumers behaviors

The purchasing process is a psychological activity. The influence factors of purchasing making contents many aspects. When consumer purchasing goods, they are doing a decision making process which is cognition demand, collecting information, select and evaluating, buying decision making and feeling after buying.

The consumer behavior is always involves the psychological processes.

- 1 At the beginning, consumers have the cognition about demand; the demand could be occurred by internal or external factors. Consumers research market for preparing the following activities.
- 2 Then, consumer collects information to support the buying behavior. The information could be advertising, promotion, comments from other consumers and own experiences.

- 3 After that, consumers have basic idea about the market and the product according with information collecting. Among the plenty brands of products, consumers select the appropriate ones which match their needs.
- 4 At the selecting phase, consumer could select product because of the preference at some brands or select the brand because of the preference at the products. However, the two factors are mutual influential between purchasing intention and decision making.
- 5 Finally, the after buying feeling is vital as well. Consumers usually compare the product value with our expectation. This behavior also is a way to examine their buying decision making if is correct or not, and it would affect future purchasing behavior. When the product value over expectation, consumers feel strong satisfaction, vice verse. As consumers are satisfied with the purchased goods, probably they are loyal consumers under this brand and willing to try the news collections. Moreover, they intend to share the experience to friends and family, so that this is good for information colleting to other consumers. As the result, brand reputation promoted.

INFLUENCES ON AND OF CONSUMER BEHAVIOR



Figure 3. Influence on and of consumer behavior (Lars Perner, Ph.d)

3.1.2 Consumers demand and preferences

There are many reasons for consumer purchasing and influential factors to purchasing behaviors. The reasons and influential factors may come from internal or external environment.

The demands are different; it could be affected by products value and consumer hierarchy as mentioned in the previous paragraph. In clothing market, normally low value products have higher demand since replacement cycle is short. The majority of clothing consumers have demands on cheap clothes; the result can be found in the questionnaire that price is one of the most important factors to select products. On the other hand, society hierarchy differences lead to the personal value, interests, behavior manners are different. Society hierarchies are represented by profession, income, personal value. The hierarchies are the influential factors of consumer behavior, but also involved into the marketing segmentation.

Purchasing decision making process is complex. However, sometimes the process is not as complicated as we thought. The decision making may be done fast as consumers have certain preference.

1 Brand image is one of the factors we cannot ignore. Every brand has an intangible value. The difference of value depends on how well-known the brand is. The more famous the brand is, the more wealth it can create. Brand names save us time, effort and worry. It seems as if we spend rather too much of our lives either buying thing or deciding which things to buy, few of us actually have the time, patience or expertise to research all of the minute differences between dozens or hundreds of competing products.(Simon Anholt.2003).

Brand image can bring more benefit to a enterprise, it also represents the value of the products. Consumers may get familiar with brand during the daily life such as commercials, consuming, after selling service. Brand image is promoted by product selling in the market. At the beginning, brand just used for identify the certain products. As marketing development, brand meaning has upgraded to value element. Especially in luxury market, the brand value is much over the product itself value. The reason of consumer choosing the luxury clothing could be explained that they are more likely to pursue the brand image. For sure, a brand with high reputation means the quality of goods and services probably are better than non-brand goods.

However, brand image might not have influence to consumers' choices. For example, buyers choose the right thing and ignore the brand image. The right thing could be satisfied quality with low price, or items just are planned to be

used for a couple of times. In this situation, consumers have preference at lower price over brand image.

2 Emotions

Most of consumers have the feelings that when they used to wear a certain clothes such as socks, sportswear, they adapt the feeling of wearing it. At times consumers may choose to use a product only once and on other occasions they may decide to use it repeatedly. When products or brand are used repeatedly, it is a sign that customers are loyal to the brand or product. After a period, consumers emotionally accept this product.

The particular feeling to a certain product is important to purchasing decision making. It is also a reason of brand loyalty.

3 Benefit

Definitely, quality is also vital for decision making. According to a survey, over 90% of consumers think high quality is the first optional factor to select goods. As the clothing market develops fast, consumers have more strict requirements at the quality of clothing. In other word, the quality of clothing affects consumer satisfaction directly.

When consumers purchase clothing, they always come up with some requirements under their needs. It could be influenced by time, place, target people, society environment and market competition factors. When the factors changed, the requirements changed as well. For instance, consumers tend to buy colorful clothes in summer time and warm clothes in winter time. And also

consumers are like to follow the fashion trend to choose the most popular clothing elements in a certain period.

Furthermore, other additional benefit also could be attractive factor to result in purchasing decision making such as functions. For example, the two similar products, but clothes with rain proof material, a pair of Sport shoes with air cushions, could be competitive advantage. Although the price might be a little bit higher, some consumers are willing to purchase the one with extra function.

4 4P principles

We know the importance of quality for purchasing decision making now.

Likewise, the price factor is as significant as quality. Consumers pick up the better quality goods, at the meanwhile, they consider about the price. From the graph we can see, the price and quality form a curve, and it shows the two factors have close relations. It becomes a direct ratio which means when consumers want higher quality goods, they have to afford with higher price. In the fact, when the balance point between price and quality under consumers expectation, the purchasing decision made.

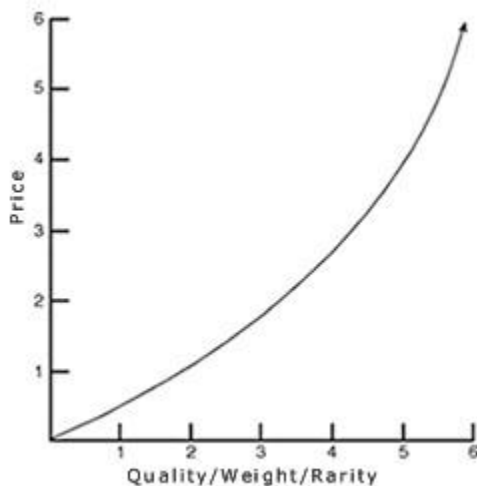


Figure 4. Quality and price curve (Sydney H.Ball,1935)

The clothing stores are getting equilibration in the clothing market, even some well known local brand cut down the quantity of stores. In 2012, one of the largest Chinese sport company Peak closed 320 retail stores from June to September. Other clothing companies are facing the same problem. Compared to 2011, the clothing retail stores closed by 1067. Of course unemployment phenomenon is serious. As the market is in the depression and full of competition, more and more e-shops are opened rapidly. Since the operating cost is much less than the entity store, the clothing price of e-shop is much lower and it is popular in the current century.

A successful promotion can bring huge benefit to an enterprise. Normally, we can find the promotion everywhere, such as the advertising in public, shopping center promotion activities, flyers on the streets. Promotion is a way of communication to consumers. The company sends the positive information to consumers. The manufacturers are impossible to know completely what goods are needed, when they are needed and what price is more acceptable. Also consumers do not understand totally what they actually needs. Therefore, promotion is the best way to connect sellers and buyers. Sellers express what they can offer to consumers in order to let the consumer understand what they can find in the market and if the values match the consumers' demands. At the same, sellers may understand what the consumer really need. After understanding the goods and services, consumers might make purchasing decision but they did not intend to buy at the first. Maybe it is because the products are on sale, gift given after purchasing, or the real value of product fascinating the consumers.



Figure 5. 4P principles (four principles of the marketing mix. McCarthy, Jerome E 1960)

5 Recommendations

When consumers purchased goods are over self expectation, they have strong satisfaction and joyful emotion. Possibly, the consumer likes to recommend the product to friends and family. Also when consumers find the product is using by people surrounding which match their preferences, they would like to know the details of the product. Recommendation is kind of promotion, just because the information delivered by consumers but not the sellers. And also it has positive effect to promote brand image.

3.1.3 Enterprise behavior

The main differences between consumer behavior and enterprise behavior can be explained to two aspects.

1 Consumers are the end users; they only care about the product and services itself. However, enterprises have to consider more about the industrial market

and consumers market. They not only need to know the consumer market demand, but also understand cooperating companies' demand. I worked in a shoes wholesale store in France as the shopping guide. The company cooperating with a manufacturer located in China, they import shoes to France then wholesale to local company and export to other Europe countries. The demands between the two groups are different. For local companies, they need a lower price to have competitive advantage. However, for other EU companies, they do not care the price that much instead pay attention to the diversity of shoes compare with their local market. I remembered clearly that a buyer told me "I would like to pay more for one pair of shoes even it is one euro, only if it is different and I never seen. "

2 Obviously, the risks come up into the process as there are many unsteady factors. For instance, when the raw material cost increases, they have to pay more to the manufacture and charge more to the market. However, the market reflects delayed and products cannot be sold as expectation. Therefore, inventory is stressful and additional cost comes. The risk also is represented in the society environment. Clothing is the goods which has short cycle. A typical popular element could bring a clothing shopping storm, but also when the storm passed the clothing become old fashioned and sale volume cutting down quickly.

3.2 Type of buying decision behavior

Consumers buying decision behavior can be divided into several types. Consumer buying behavior is broadly divided into four parts on the basis of the extent of buyer involvement and the extent of differences among brands. It can be explained on 4 types, which are complex, variety, dissonance and habitual consumers.

Complex– Consumers are highly involved have confusion of purchase and perceive among different brands. Consumer search for large amount of information and make purchase decision very carefully. For example, when consumer buys a computer, it is expensive and exist many differences among plenty of brands. If the people have not well know knowledge in computer features, they are facing a risky purchasing.

Variety–consumers have perception of brands and switch brands regularly. The reason is not because of the dissatisfaction, but they like to try other brands for variety experiences. For example, a consumer buys a pair of Nike sneakers this month, but buys a pair of Adidas running shoes in the next month. Companies should figure out keeping loyalty of consumers, such as by dominating the shelf space, promotional activities.

Dissonance - it presents the after-sale feeling of consumers, which their expectation is over the real products. The products might be expensive and the consumers seldom buy and perceive few brands. It is also risky purchasing, because consumer spends short time to make the decision of purchasing. For instance, consumer plans to purchase a coat. When the consumer finds one which almost matches his demand, he would buy it immediately. However, after wearing it, he realized the color or the style not really like. The consumer seeks some excuses to defuse the dissonance.

Habitual– consumers have few perception of brand. They prefer to purchase the low-cost products. In those kinds of products, the brand differences are tiny , such as socks and gloves. Consumers do not spend much time in considering the goods. Consumers do not need to experience the complex process either, such as information collecting. Visibility and availability are the vital elements in managing habitual buyers.

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

Figure 6. Consumer 4 types of behavior (Sabrina sharp, 2013)

3.3 Type of consumers

As the consumer's background, habit, income, personality are different. The consumers can be divided into five types.

1 Loyal customer– company has less than 20 percent customers for their customer base, but it makes up more than 50 percent of their sales. Loyal customer is one of the important factors to help the business running healthy. Companies are striving making strategies to keep loyal customers and attract more loyal customers coming. In clothing market which has large amount of shops, to keep the loyal customers is not so easy. Companies endeavor to retain loyal customers by sending coupon, getting them as membership, and holiday events invitation.

2 Discount Customer– They make purchase decision by discount of stores. Low cost goods are always attractive to customers, no matter the people are rich or poor. As the fact, we often find many consumers are queuing a long line for buying the goods on sale. This kind of customer is the majority of the consumer group. The behavior is good for company relive the inventory stress and cash flow.

3 Impulse Customer: They do not plan to buy anything, and just purchase the products at the good time. The decision making could be many reasons; such as the shopping guide patient introduction of goods, catching a promoting in a market, getting attracted by a new innovation features, enjoying the feeling with the products. This kind of consumers is more like perceptual and easy to be affected by the external environment.

4 Need-based Customer– they have a specific intention to buy a particular type of item. Opposite to the impulse consumers, this kind of consumers is more like rational. They know what exactly they want, their purchasing decision making affected by internal factors. Therefore, they are not easy to get convinced.

5 Wandering Customer – This kind of consumers have no specific need or desire in mind and they want a sense of experience and community. This group is mainly consist of female. Women like experiencing the shopping feelings, although they did not plan to buy anything. They go window shopping and try clothing on just for enjoying the store has. The population of the group consumers is large but the sale is small from them.

3.4 Chinese consumers

The amount of Chinese consumers spending is growing fast, and Chinese consumers have become the second largest consumption group. As the population of consumers is large and the hierarchy distinction is obvious, I would like to research Chinese consumers by two groups which consume in domestic and international markets.

3.4.1 Local Consumers

Domestic clothing market consists of local brand clothing, non-brand clothing, and international brand clothing. Actually, local brand and non-brand clothing dominate the market since they satisfy the majority of local consumers. Comparing the two kinds of clothing, international brand clothing only own a small percentage of total consumers, although the number is increasing every year. For the reasons of the fact, we can understand from the Chinese people income level, the same product with much higher price in Chinese market. The monthly average income was 656 USD which is much lower than developed countries. Therefore, it means a middle class person can buy a luxury bag by 3-4 months salary.



Figure 7 Salary compare among countries.

3.4.2 overseas consumers

Since the high tax included into the luxury goods price in Chinese market, consumers prefer to purchase abroad, such as shopping in France, USA, and HongKong. Another reason to support consumers purchase overseas is they

desire the distinction of goods, such as a limited edition bag which cannot be found in domestic market. Also there is a group of people travel abroad; incidentally, they purchase products which have preference to. As above, some Chinese consumers purchasing oversea have many reasons, they are the minority of the total Chinese consumers. However, a quarter of luxury goods are purchased by Chinese consumers globally. According to the phenomenon, more international clothing companies open stores in Chinese market.

4 Research methodology

4.1 Introduction

As the large population of China, the Chinese consumers behave very distinctively. The aim of the research is to analyze the Chinese consumer various behavior and get better understanding the purposes and the reasons they are doing. To research it at detail, I describe the current phenomenon in the society and analyze psychology activities behind the purchasing decision making.

Consumer behavior is not only affected by internal environment such as personality, demand, but also influenced by external environment which is the market. Researching the market is significant as well for understanding the relation between consumer behavior and market.

4.2 Literature review

The online sources used for reference, such as books, articles. The literature review makes have deeper understanding on the research both theoretically

and practically. The research is involved into several topics, such as consumer buying decision, types of consumer, consumer psychology and so on.

4.3 Method of data collection

Quantitative and qualitative methods are used for the data collection. Some topics may be explained more visually by figures, so that readers have better understanding to the fact. Moreover, for some reasons many contents need figures support to be more convincing, especially in consumption. In the theoretical parts, professional definitions and knowledge structure make the research more clearly and logically.

5 Questionnaire and analysis

5.1 Introduction of questionnaire

To know better about Chinese consumer behavior in clothing market and the importance of influential factors, I designed a questionnaire and did the survey on a few local shopping places which centralized consumers. The reason to choose different places to do the survey is market segmentations are distinctive, although all the places attract many consumers to shop. The reason to do the survey on the street instead of on the internet is this way represents more reliable information and it is closer to our daily life. Therefore, it could be more comprehensive. The respondents are included students, middle class, and rich consumers and totally are 50.

The questions designed at many aspects, such as consuming habit, average spending, shopping places, frequency etc. the questionnaire is shown in the appendix.

5.2 result analysis

From the questionnaire we can see, age between 24 to 40 consumers are the main group for shopping, I think those age group of people more care their appearance. Most of consumers like buying clothes 1-3 months once, this represents consumers purchase clothes not that often, and prefer to get the needs for a period. And also they more care the price and intend to buy cheaper clothes as long as the quality meet their expectation. Surprisingly, most consumers have no plan to before shopping. perhaps, they are looking for what they need during the shopping, so the preference is a very important factor for the buying decision making. Since the price factors cared most, many consumers often shopping online, although the amount of people is more in store shopping. As a result, consumer experience feeling cannot be ignored. Clearly, most of consumers are interested in shopping at goods promotion. Two third of respondents express the promotion has strong influential effect. Although there are many consumers have brands perceive, only a few consumers want luxury clothes and consider shopping abroad

6 Conclusion

As the clothing market is developing fast, consumers are facing more and more choices. Besides, the buying process is complex, consumers become mature in behavior both physically and psychologically. Consumer behavior is closely connected to the goods and services. In the current market economy situation, enterprises strive to research consumer behavior and establish the long term exchange relationship. Therefore, enterprises not only need to know how consumers gain goods and service, also have to understand how they consume. Since the after buying feelings could affect the following consumers, it impacts the long term exchange relation directly. For keeping the relation,

enterprises have to take the comments and feedbacks of consumers seriously. This activity is also helpful to the market develop.

At the meanwhile, consumer's psychology and behavior affected by enterprises marketing and services. Every tiny factor could result in the purchasing process change and making different decisions. The buying psychological activities influence the attitude to goods and services which have strong impact to decision making. As above, the series of activity form the complete purchasing process.

7 Reference:

http://www.ehow.com/facts_6012885_consumer-market_.html

<http://www.wisegeek.com/what-is-an-industrial-market.htm#>

http://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs

http://www.google.com.hk/imgres?imgurl=http://thechinaobserver.com/wp-content/uploads/2011/12/China-Luxury-Goods.png&imgrefurl=http://thechinaobserver.com/2011/12/13/chinas-luxury-consumption-exceeds-14-of-global-total/&usq=__auNrHcEhn9twqE60yzj5SnpYs0w=&h=415&w=521&sz=49&hl=zh-CN&start=1&zoom=1&tbnid=eA63ppIOJJZ4MM:&tbnh=104&tbnw=131&ei=zuS0UYOhHs3ikgXpwoCABw&prev=/search%3Fq%3Dluxury%2Bgoods%2Bconsumption%26um%3D1%26newwindow%3D1%26safe%3Dstrict%26client%3Daff-360daohang%26affdom%3D360.cn%26sa%3DN%26hl%3Dzh-CN%26gbv%3D2%26source%3Dog%26tbm%3Disch&um=1&itbs=1&sa=X&ved=0CC0QrQMwAA

http://en.wikipedia.org/wiki/Consumer_behaviour

<http://www.chinaretailnews.com/2011/06/14/5015-chinese-luxury-goods-consumption-reached-usd10-7-billion/>

<http://finance.qq.com/a/20121107/002345.htm>

<http://tech.sina.com.cn/i/2009-03-31/09392957888.shtml>

<http://mba-lectures.com/marketing/principles-of-marketing/650/types-of-buying-decision-behavior.html>

<http://sbinfocanada.about.com/od/customerservice/a/customertypesmh.htm>

consumer psychology, Jansson-Boyd, Cathrine V. McGraw-Hill professional publishing 2010.

Brand new justice, Simon Anholt. 2003

Branding. Geoffrey Randall. 2000

Appendix

Questionnaire

1 Gender

Male 21

Female 29

2 Age

18-23 5

24-30 26

30-40 13

40-50 6

3 income monthly(1 USD= 6.2 Chinese Yuan)

0-2000RMB 13

2000-4000RMB 27

4000-8000RMB 10

More

4 frequency buying clothes

monthly a few times 8

1-2 month once 24

2-3months once 14

3-6month once 4

5 what price is more acceptable per shirt/coat

50-100/100-300 13

100-300/300-500 29

300-500/500-800 5

500-1000/800-1500 3

6 Average spending every time

50-200 16

200-500 19

500-1000 13

more 2

7 have plan before shopping

yes 19

no 31

8 shopping on store or online more often

store 27

online 23

9 the most important factors to make buying decision

price 21

quality 18

brand 8

service 3

10 get convinced by shopping guide

often 12

sometimes 20

hardly 18

11 attracted by promotion

often 32

sometimes 15

hardly 3

12 brands perceive

well know 12

know a few 25

few 13

13 attitude to luxury clothes

buy 1-2 items per month 0

buy 1-2 items half year 0

buy 1-2 items per year 3

never 47

14 have experience or considered to go shopping abroad

yes 5

no 45