The Little Emperor

An exploratory study on consumer behaviour regarding luxury goods in China

Master’s thesis within Business Administration

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Abstract

The purpose of this thesis is to investigate the behaviour of young Chinese girls toward luxury goods and to provide suggestions for the marketer when marketing products on the Chinese market.

The goal of this study was to see the differences in behaviour between the area of Hong Kong, Taiwan and China (Mainland), but also to identify toward which categories of luxury goods (perfume, leather goods, clothing) people were more favourable.

In order to get information for our thesis we used a qualitative approach (by doing a focus group) and a quantitative approach (by using questionnaire). Our sample can be described as girls aged from 20 to 25 and living in the area of Honk Kong, Taiwan and China (Mainland).

To retrieve information we focused on different variables intervening in the consumer behaviour such as perception, learning and memorisation, motivation and attitude. We investigate perception through, knowledge, symbolism and risks perceived, the learning and memorisation process were evaluate through information , the motivation and attitude were measured through the intention to buy.

As a result of this study we find out some similarities in behaviour in the different geographic areas investigated. These findings can lead to the globalization of some specific points of the marketing mix. However great differences between the regions also appeared and they should be taken in consideration in the marketing strategy in order to be successful.
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1 Introduction

In this Chapter we will give a background of the subject to the reader. In order to narrow down the discussion, a more specific problem will be identified and discussed. The chapter will be ended by a disposition of the thesis.

1.1 Background

As a Chinese dictum says “everyone has the desire of looking good.”

Over the past centuries, luxury brands have flourished and established their reputation worldwide (Sicard, 2003). Most of the luxury companies’ international strategy is designed to follow and expand in developed countries as well as to precede the trend in developing countries. This allows companies to have large portfolios of different markets in order to avoid risks, especially in case of economic recession, which negatively affects the demands for luxury products (Ferragamo, 2004). In 1990, during a perpetual process of seeking for new markets, many international Luxury brands start establishing themselves in China. The communication manager of Chanel in China estimates that over eighty percent of the world’s international luxury brands have jumped into the Chinese market over the last decades (Mo, 2004). In fact, in the early 90s China entered the WTO which increases the opportunity for the outside world to access to the Chinese market. China presents a great potential. When one thinks globally in terms of market expansion, it is the market that no business should ignore. One simple reason could be that China presents the largest single market that has yet to be developed. In terms of the population size, increasing consumer affluence and a strong momentum economic growth China is an extremely attractive marketplace. Indeed, making business in China means a new source of profit and additional gains in terms of market share (Yong & Baocheng, 2003).

A Study conducted in 2003 by Ipsos estimated that 0.8% of the global Chinese population could be potential consumers for imported luxury goods based on their revenues and personal wealth. 0.8% of the total population is quite weak, but taking into consideration the Chinese scale this means a potential of 10 millions consumers for luxury brands. In 2003 the market value of luxury items in China was estimated at 2 billion US dollars, the biggest growth rate for this sector worldwide (China Daily, 2004). Moreover, Franck Dossin, analyst with the Goldman Sachs Group Inc claims that China will be the world's fastest growing luxury market over the coming 10 years and will become the world second largest luxury market by that time (China Daily, 2004).

However, today it’s rare that luxury brands make large profit in China (Le Monde, 2003). “On a weekday afternoon, Plaza 66, the current Mecca for luxury goods shoppers in Shanghai, is depressing empty,” says Helen Jiang, chief fashion editor at Biba (The Economist, 2004).

Companies often tend to think of China in terms of a simplistic, arithmetic calculation. For example, if each of the 1.3 billion people will use a product once in a year that will bring enormous sales to companies. In fact, no one should be so naive to think of the market in these terms. However, many marketers have overestimated the market in China. There is a real need to understand market prospects as well as complexity of the Chinese market (Yong & Baocheng, 2003). An analyst from le Monde (2003) underlined that entrepreneurs have to
stop dreaming at the Chinese Eldorado, China is a complex market which demands a lot of energy as the Chinese are loyal consumers but hard to satisfy.

Different theories about marketing states that a marketer must first identify and define the benefits consumers seek in the marketplace and gear a marketing strategy accordingly. The acceptance of these theories has provided the input for studying consumer behaviour in marketing context (Assael, 1992).

Consumers determine the sales and profit of a firm by their purchasing decisions. As such, their motives and actions determine the economic viability of the firm (Assael, 1992). Business managers must gain an understanding of consumers to build successful marketing strategies. Moreover, when companies are going abroad, marketing programmes must be adapted to the needs and preferences of customers that have different languages and cultures. The primary function of global marketing is to make and sell what international buyers want rather than simply selling whatever can be most easily made (Hollensen, 2004). One expects the luxury market to be regularly surveyed and analysed, yet this is not the case. Panels of consumers and retailers, or even image barometers, which are frequently used in many other sectors of consumer products, hardly exist in the luxury goods market. Very few companies are equipped with information systems which allow them to measure and anticipate the continuing development occurring in the market place (Dubois & Duquesne, 1993). Moreover, as China is a recent and rapidly growing market, few studies are available on Chinese consumer behaviour.

### 1.2 Problem statement

The author finds it interesting to investigate the consumer behaviour of Chinese regarding luxury goods for various reasons.

First, the process by which consumer makes purchasing decisions must be understood by companies in order to develop relevant strategies (Assael, 1992). This study presents a great interest for luxury companies that wish to establish themselves in China, as well as companies that are already established in the Chinese market.

Secondly, consumer behaviour in China toward luxury goods has hardly been investigated by previous researchers. Two main reasons are: firstly China has just recently been targeted by luxury brands and secondly it is a constantly changing market, especially over the last few years. Our study presents an interest for companies that want to acquire a new and updated vision of the market. We are conscious that similar studies may have been done internally in some companies (when financial resources where sufficient), however, they are specific to a brand and not publicly available.

Trough this thesis we identified and investigated the variables that affect consumer behaviour regarding luxury goods. We decided to focus our study on young educated Chinese girls as they can be actual consumers of luxury goods and represent potential consumers for luxury goods in the near future. Anticipating the trends in customer behaviour can give companies a key strategic advantage. As companies that will survive and thrive in the market place tomorrow are those in which managers spend more time worrying about how to position their firm among current competitors and trying to envision a new competitive space. These spaces are defined by tomorrow’s customer needs and wants (Sheth, Mittal & Newmann, 1999). A better understanding of future trends will allow companies to build an effective
marketing strategy whereas awareness of the market will help to improve and adjust their marketing strategy.

1.3 Purpose

The purpose of our thesis is to investigate the consumer behaviour of young Chinese girls 20 – 25 years old toward luxury goods.

1.4 Delimitations

Concept delimitation

The market of luxury goods is difficult to evaluate, due to relatively flexible boundaries, the Colbert Committee, reports a worldwide turnover of $4.5 billion in 1999 (Alléres, 2003).

We decide to investigate the luxury market through the 3 branches of activity that are dominant in the luxury industry considering their turnover in 1999.

1: Perfumes and beauty products (Perfume, beauty product, washing product) with a turnover of $1,463 million (Alléres, 2003).

2: Leather goods (hand bags, wallet, travelling bags, watch bracelet) with a turnover of $680 million.

3: Fashion (haute couture, and designer fashion) with a turnover of $8.5 million (Alléres, 2003).

Throughout the thesis we will interchangeably use the term “luxury goods” and “luxury brands”. As luxury goods can be considered for example such as a normal perfume but our aim is to study the luxury perfume brands. The thesis aims at drawing conclusions for any luxury brand, thus the term “brand” may be too specific. Further explanation on the meaning of how we define “luxury” will be provided in the following section.

Geographic delimitation

In our thesis we aimed at investigating Chinese consumer behaviour. However China is a complex country composed of 23 provinces (Anhui, Fujian, Gansu, Guangdong, Guizhou, Hainan, Hebei, Heilongjiang, Henan, Hubei, Hunan, Jiangsu, Jiangxi, Jilin, Liaoning, Qinghai, Shaanxi, Shandong, Shanxi, Sichuan, Yunnan, Zhejiang) 5 autonomous regions (Guangxi, Nei Mongol, Ningxia, Xinjiang, Xizang) and 4 municipalities (Beijing, Chongqing, Shanghai, Tianjin). Also we should mention that China considers Taiwan as its 23rd province, and Hong Kong and Macau are its special administrative regions (CIA, 2005).

Thus we delimitate our investigation to the urban areas of China: Beijing and Shanghai, as it has been shown in previous studies that urban people are more concerned about luxury goods (Yong, & Baocheng, 2003). We also include the region of Taiwan and Hong Kong as they have similar culture background with China Mainland (Appendix 1). Along this thesis we will use the generic term of Chinese or China to designate these different population and locations, however a precise distinction will be made in the analysis of the results.
1.5 Disposition of the thesis

The chapter in the thesis will be organized as below.

**Chapter two:** Frame of reference- in this chapter, we present definition and theories on luxury and consumer behaviour.

**Chapter three:** Methodology- in this chapter, we motivate our chosen methodology and present our method and analysis.

**Chapter four:** Result and analysis from the focus group-we present the results and analysis of the thesis and answer each research questions.

**Chapter five:** Result and analysis from the questionnaire-we present the results and analysis of the thesis and answer each research questions.

**Chapter six:** Marketing implication-we present suggestions for the marketer when marketing products on the Chinese market.

**Chapter seven:** Conclusion-in this chapter we conclude our paper by answering our purpose based on our results and analysis. We also recommend possible topic for further study.
2 Frame of Reference

In this chapter we provide the reader with a view on the meaning and specificity of luxury and then a summary and an analysis of different theories and research available on consumer behaviour. Our findings from this discussion lead to the research questions, which will help us to fulfil the purpose.

2.1 Luxury

A luxury good is generally defined as a good at the highest end of the market in terms of quality and price (Wordiq, 2004). A luxury good is expensive in relative and absolute terms. Moreover, it is identified as such by the market and even more so when one considers it to be a "trivial" product, without any clear functional advantage over its "non-luxury" counterparts (Dubois & Duquesne, 1993). Classic luxury goods include haute couture items such as clothing, luggage and perfume. Such items are often regarded as status symbols as they tend to signify that the purchaser has significant wealth (Wordiq, 2004).

2.1.1 Characteristics of Luxury goods

Marketers often use the concepts of luxury and prestige interchangeably. Confusion seems to reign in the economic and marketing literature, too. Although adjectives such as "status" (Grossma & Shapiro 1988), (Mason,1996), "Hedonic" (Dhar & Wertenbroch, 2000), "top of the range" (Laurent & Dubois 1993), or "signature" (Jolson, Anderson & Leber, 1981) have sometimes been used in the literature, "luxury" and "prestige" are by far the most widely used words to refer to brands that possess substantial intangible value. Most of the time, "luxury" and "prestige" are used as synonyms.

Luxury, Prestige and Haute Gamme

Luxury comes from the Latin word « luxus » and means “sumptuous, ostentation, riche” (Le petit Larousse, 2004). Prestige on the other hand means illusion, it is the “seduction, attraction exercise by one person or one thing” (Le petit Larousse 2004). Prestige is based on unique human accomplishment inherent to the brand whereas luxury refers to benefits stemming from refinement, aesthetics and a sumptuous lifestyle. Prestige can be achieved independently of luxury in many categories (Dubois & Duquesne, 1993). Finally “Top of the range” means place on the top and inaccessible product due to its price or scarcity.

Thus the definition of luxury includes the specificity of “prestigious” goods as well as the one of “top of the range” products (Allérès, 2004).
The characteristics and consumption of luxury goods is different from the one of mass product or rare and precious product (Sicard, 2003). A luxury good is defined as the special qualities, features and attributes intrinsic to a product. In most categories, whether fashion or cosmetic, specific product features constitute luxury. Here the product expresses or incorporates features that confer the “best of the best”. A luxury good represents perfection, at each level, from manufacturing to the selling point (Unitymarketingonline, 2004).

According to a study conducted by Marie Claude Sicard (2003) a luxury good, can be characterized by different variables.

**VARIABLES CHARACTERIZING LUXURY GOODS**

**Physical:** The elaboration of a luxury product requires rare or expensive materials (silk, gold…); moreover, the manufacturing process is organized as such that the final product is from high quality.

**Time:** Luxury goods are timeless; they last forever, and are rarely outdated.

**Distribution:** The selling point is symbolic. It is a demonstration place rather than contact place.

**Norms:** The norms of technique during the manufacturing process guarantee a high level of quality. The norms of ostentation, guarantee that luxury is visible. The norms of prestige provide success to its consumer.

**Position:** The positioning of luxury goods is aimed at superiority.

**Project:** The products are high quality in term of techniques and creation. The design is highly esthetical, and translates a dream.

**Relation:** The relation between the consumer and the product is emotional and inaccessible, ritual.
To be sure that these variables are defining a luxury product and brand we can test them on a mass consumption brand such as Gap

**VERIFICATION OF THE VARIABLES**

**Physical**: The manufacturing process of the product is not highly valued.

**Time**: The brand is fashionable and in the present time, for example in Gap’s advertising the models are actors, singers…

**Distribution**: The gap shops are not demonstration space rather selling points. They are numerous and easy to find, and located in the inner city. We can enter and leave easily. The products are reachable by the consumer. The sales persons are chosen to resemble as much as possible to the target consumer, and thus ease the contact.

**Norms**: There is nothing special about the techniques used by Gap. The quality is in the average. The product are minimalist and without ostentation. The purchases of Gap’s products do not give any feeling of prestige to the consumer. There is no magic implicit behind the brand.

**Position**: The positioning of Gap is not superior, rather symmetric: the brand provide product that everyone can wear in their everyday life. Gap products reflect the consumer in the real life. They do not give him a special status or make him dreaming.

**Project**: Gap is functional. It provides a simple and comfortable wardrobe for every one. It does not try to impress and neither try to create an utopia, nor to be perfect.

**Relation**: Gap has direct relation with its consumer. The brand is accessible, by its price, product, and selling point. It does not try to create emotion through the purchase experience.

If this variable characterized general luxury goods compared to ordinary goods, luxury environment is more complicated. Luxury products can be divided in two subsections inaccessible luxury goods and more accessible luxury goods (Allérès, 2004).

**INACCESSIBLE VERSUS ACCESSIBLE LUXURY PRODUCT**

**Physical/Time/Project**: Depending on the level of goods’ luxury, different precious material are used, research of harmony in the colours are made, new ideas are selected, and are gathered in the realisation of the final product. The maximisation of all these conditions of conceptions and their realisations in the product leads to a unique and timeless product. A perfect product or inaccessible product has all the characteristics mentioned above and responds to a high esthetical standing. It is a precious product, sophisticated, and corresponds to an esthetical research or snobbism for its attributes. It also provides a social distinction to its consumer. These products are rare, inaccessible, and for the wealthiest elite. For example haute couture (Allérès, 2004).

An accessible luxury product is either less perfect or made of less noble raw materials than inaccessible luxury products. An accessible luxury product might also be the multiplication of a rare product of high luxury. Less rare and less expensive than inaccessible luxury goods, an accessible luxury product is addressed to a larger clientele. The more a luxury product is accessible, the less it is exceptional, the more the manufacturing is eased and the more it is distributed. Accessible luxury products are addressed to consumer with middle revenues,
Distribution: The distribution is selective, chosen in accordance with the image of the product and the brand. **Inaccessible luxury products** are hard to find and their distribution is selective. This can be explained by the fewer number of sales and a willingness to remain rare. Inaccessible luxury goods have discreet communication (Allérès, 2004). **Accessible luxury goods** on the other hand are highly available and widely distributed. Accessible products such as perfume and cosmetics are largely promoted through media (Allérès, 2004).

Price: Inaccessible luxury products are made of noble material, and manufactured in small quantity with superior packaging, thus it often reaches high prices, which are not competitive. Accessible luxury goods which are less elaborated are more distributed and they also have a middle price, as the cost of production is relatively low (Allérès, 2004).

Sometimes an expensive product does not mean it is a luxury product; however a luxury product is often expensive (Allérès, 2004).

**2.1.2 Symbolic of Luxury goods**

Products hold an important quality that goes beyond their utilitarian attributes or commercial value. In fact they have the ability to carry and communicate meanings. Basically the consumption of Luxury branded goods not only create and sustain our identity but also locate us in society (Wattanasuwan, 2005).

**ACQUISITION OF LUXURY GOODS IS BUYING AN IDENTITY**

"The purchases of Luxury goods tell stories about who we are” (Wattanasuwan, 2005).

Each object has a symbolic meaning for the buyer: having is being and communicating to others who we are. The brand name and our style of clothing for example is a code, a signal that we spread around us. Through the possession of luxury goods we can express our social values, sexuality, age, hobbies, and a myriad of other aspects of identity. Material objects embody a system of meanings, through which we express ourselves and communicate with others (McCracken, 1988). By changing clothing we can change our attitude and we can spread different meaning (Dittmar, 1992).” *A businessman can magically be another person by wearing a leather outfit instead of his business suit and riding a Harley Davidson instead of driving a BMW*” (Wattanasuwan, 2005).

Symbolism attached to an object signifies an owner’s image and vice versa. However “A *Rolex watch, real or fake, worn by a taxi driver, carried the meaning of being fake*”. Thus although there is relative symbolic meaning carried by luxury goods, each object alone may not be able to tell a meaningful life story, rather it communicates with other objects and express an integral story of the individual (Wattanasuwan, 2005).

Acquiring luxury goods expresses not only our individual identity but also our sense of belonging to a group and a group identity.

**ACQUISITION OF LUXURY GOODS IS TO BELONG TO A SOCIAL STATUS**

"The purchases of luxury goods tell stories about with whom we identify” (Wattanasuwan, 2005).
One’s position in society is mainly determined by economic advancement, the display of wealth is an important social marker. The affluent classes of a society express their economic superiority over the rest by the purchase, and especially the possession of luxury goods which serve as status symbols (Dubois & Duquesne, 1993). By purchasing luxury goods people may tend to get recognition from a social group, differentiate themselves from other social classes, or try to belong to a social class and imitate other social groups. If formerly luxury goods were reserved to restricted elite, today they are more democratized, now a large public even occasionally can access to them (Allérès, 2004). Thus two consumption patterns linked with the symbolism of luxury goods can be identified: snobbism and Bandwagon (Dubois & Duquesne, 1993).

In **Snobbish behaviour**, people tend to buy less of the product if others are buying it as well (Dubois & Duquesne, 1993). Snobbish people belong to the elite and aimed at emphasizing their social distinction. They buy really new or rare expensive goods as identified before as “inaccessible luxury goods”. The consumption of these categories of luxury goods is a way to escape and differentiate themselves from the democratization of luxury product (Allérès, 2004).

In **Bandwagon behaviour**, people tend to buy products because other people are also purchasing them (Dubois & Duquesne, 1993). Bandwagon people belong to the middle class and tend to copy the elite. They buy accessible luxury goods manufactured in series. The acquisition of perfume, accessories gives them the opportunity to access the territory of luxury brand. The consumption of these categories of luxury goods is a way to catch up with the upper class (Allérès, 2004).

Now that we have clarified the meaning of luxury as well as its intrinsic attribute and its symbolism we will focus on the consumer behaviour.

### 2.2 Consumer Behaviour

The term consumer behaviour can be defined as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products, services and ideas which they expect will satisfied their needs. The study of consumer behaviour is the study of how individuals make decisions to spend their available resources (money, time, effort) on consumption. It includes the study of what they buy, why they buy it, how they buy it, when they buy it, where they buy it, and how often they buy it (Schiffman & Lazar Kanuk, 1987).

Leonidou (2004) and **Wells and Prensky (1996)** proposed the following model that explains consumer behaviour.
In the following section we will study each of these elements.

2.2.1 Stimuli

The first component of consumer behaviour is the stimuli. Stimuli are inputs from an object that are perceived by senses, vision, hearing, smell, taste, touch (Wells & Prensky, 1996). The stimulus is the convergence between a need and something capable of satisfying this need. The perception of the consumer that something can correspond to its need can come from three different factors (Lernoud, 2002).

The first factor is the product and its characteristic, this corresponds to the physical attributes and symbolic attributes. The second factor is the communication between people, which corresponds to contacts an individual has with others, or observations of behaviour that have been made by the individual. The third factor is the commercial communication, which regroups advertising, mass media communication and argumentation of the sales persons (Lernoud, 2002).

An Individual uses his or her perceptual processes to select stimuli and to draw a coherent picture of what is happening around him, or her (Lernoud, 2002).

The stimuli used in the luxury industry are similar independently of the geographic area selected in our study. Thus, not much attention will be paid to them in our thesis. Four different types of stimuli have been identified as:

The product physical characteristics: the packaging, the design, the positioning, the quality, the brand name, the distribution.

The product symbolism: the social status, expression of ones identity, the dream, the pleasure.

The communication between people: friends, family, reference group or brand endorsement

The commercial communication: the advertising in magazines, internet, or TV as well as the argumentation of the sales persons (Mo, 2004).

2.2.2 Variables intervening in the decision process

The second component of consumer behaviour comprises the processes of decision in which the consumers try to find ways to satisfy their needs. During this process people identify their thought and feelings, and search out how to implement them in actions. These thoughts, feelings, and actions (attitude) are generated by the social and psychological processes of motivation, perception, memorization and learning (Wells & Prensky, 1996).
2.2.2.1 Motivation

According to Schiffman and Lazar Kanuk (1987) motivation can be described as the driving force within individuals that leads to their actions. This force is generated by a state of tension, which exists as the result of an unfulfilled need. All individuals have needs, wants, and desires. A need is the gap between an individual’s current state and the ideal state he or she desires to reach. A product is a tool that provides the benefits consumers will use to satisfy their desire (Wells & Prensky, 1996).

**NEEDS THAT MOTIVATE CONSUMER TO BEGIN THE PURCHASE PROCESS**

Two types of needs were identified by Kantona (1953).

**Innate needs** are those the individual is born with. They are primary physiological. They include all the factors required to sustain physical life (e.g., food, water, clothing, shelter, sex).

**Acquired needs** are those that an individual develops after birth. They are primarily social and physiological. They arise from a person’s psychological state and social interaction with others and include esteem, autonomy, prestige, recognition and acceptance. Acquired needs, are also called secondary or psychogenetic needs because they can remain unsatisfied with no immediate danger to life (Katona, 1953).

As needs become satisfied, new higher-order needs emerge which must be fulfilled. Failures to achieve a state of satisfaction often result in a feeling of frustration. Individuals often react to frustration in two ways. One way can be that they may cope by finding a way around the obstacle that prohibits them to achieve their goal; another way may be to adopt a defence mechanism that enables them to protect their self esteem. According to Schiffman and Lazar Kanuk (1987), defence mechanism includes aggression, regression, rationalization, withdrawal, projection, identification and repression.

On one hand critics of advertising claim that marketers try to create needs for consumers. On the other hand marketers defend themselves by arguing that their advertising reflects the needs consumers have already recognized. According to Wells and Prensky (1996) it is very unlikely that marketers can create needs, one can say that they would rather try to understand consumer’s needs and create and market products that will offer the benefits consumers seek. When consumers are exposed to advertising for products that offer the benefits they seek, they will adopt the products as goals for needs that have already been recognized (Hollbrook, 1987).
Based on the previous frame work we decided that the variable of motivation will be investigated through the benefits that luxury goods provide.

2.2.2.2 Perception

According to Schiffman and Lazar Kanuk (1987) perception can be described as “How we see the world around us”. Two individuals may be subject to the same stimuli under the same conditions, but the way people recognize, organize and interpret stimuli is different. Perception is an individual process based on each person’s needs, values, expectations and likes (Schiffman & Lazar Kanuk, 1987). Perception is also defined as the process by which individuals select stimuli from their environment, organize information about those stimuli, and interpret the information in a coherent, meaningful view of the world. A stimulus is any unit of input to the senses (Alba & Hasher, 1983). Examples of stimuli or sensory inputs include products, packages, brand names, advertising, and commercials. Sensory receptors that receive sensory inputs are the human organs such as the eyes, ears, nose, mouth, and skin. The corresponding sensory functions are to see, to hear, to smell, to taste, and to feel. All of these functions can be stimulated either singly or in combination. The study of perception is largely the study of what we subconsciously add to or subtract from raw sensory input to produce our own picture of the world (Smith & Houston, 1985).

How do consumers select and organize stimuli?

Individuals act and react mainly on the basis of their perceptions and not on the basis of objective reality. Thus, for marketers consumer's perceptions are more important than their knowledge of objective reality. In other words, what affects consumer’s actions and buying habits is not the reality, but what consumers think is the reality. Individuals make decisions and take actions based on what they perceive to be reality, thus marketers should understand the whole notion of perception and its related concepts so they can more readily determine what influences consumers to buy (Kelley, 1950).

Consumer’s selection of stimuli from the environment is based on the interaction of their expectations and motives. The principle of selective perception includes the following concepts: selective exposure, selective attention, perceptual defence, and perceptual blocking. People usually perceive things they need or want, and block the perception of unneeded or unfavourable stimuli (Hornik, 1980).

The interpretation of stimuli is highly subjective and is based on what the consumer expects to see in light of its previous experience, its motives and interests at the time of perception. The clarity and originality of the stimulus itself plays an important role in that interpretation. The distortion of an objective interpretation is mainly due to the physical appearance, the first impression and stereotypes (Kelley, 1950).

How do consumers interpret a product's position?

Each individual has a perceived self image, which means a certain kind of person, with certain traits and habits has certain types of goods and behaves in specific ways. The consumer attempts to preserve or enhance that self image by buying certain types of products or by going shopping in certain stores that he or she believes to be consistent with his or her self image. In the opposite he or she will avoid products and stores that are not consistent with this self image (Schiffman & Lazar Kanuk, 1987).
Products also have images or symbolic meaning for the consumer. The way the product is perceived or positioned is probably more important to its ultimate success than are its actual characteristics. Products that are favourably perceived by consumers have a better chance of being purchased. The brand in a particular product category that a consumer considers while making a purchase choice is known as the evoked set (Schiffman & Lazar Kanuk, 1987).

Marketers attempt to influence the consumer interpretations by stressing distinctive attributes that will provide differentiated stimuli from their competitors (Wells & Prensky, 1996).

**THE ROLE OF PERCEPTION IN RISKS REDUCTION**

Consumers often feel uncertainty and perceive risks about whether a product will offer the benefits they seek. The most frequent type of risk that consumers perceive are functional risk (the risk that a product will not provide the expected benefits), physical risk (the risk that the product will be physically harmful to the consumer), financial risk (the risk that the product will not be worth the money the consumer paid for it), social risk (the risk that positive reference groups will not approve of the product choice), psychological risk (the risk that the product will not be consistent with the consumer's self conception or will not satisfy self esteem needs) and time risk (Schiffman & Lazar Kanuk, 1987).

People develop their own strategies for reducing or handling risk. Some of these strategies include seeking added information from marketers, interpersonal communication sources, word of mouth and media, being loyal to brands with which they have previously been satisfied, buying products that carry major brand names, buying from stores that have a favourable image, buying the most expensive model, and seeking reassurance in the form of money back guarantees, warranties, and repurchase trials (Currim & Sarin, 1983). In absence of direct experiences with product consumers develop similar strategies as the ones used to avoid risks (Szybillo & Jacoby 1974).

When consumers perceive that a product will offer the benefit they need, they begin the behavioural processes of learning, attitude formation, and decision making that result in the purchase of the product or not (Wells & Prensky, 1996).

Based on the previous framework we decide to investigate perception through the knowledge that respondents have of luxury goods, the symbolism that luxury provides and the risks perceived by the respondents while buying luxury goods.

**2.2.2.3 Memorization and learning process**

Learning enables consumers to keep track of all of their past experiences and to integrate that previous knowledge with all new information they received from marketers, interpersonal relationships with their reference groups. Consumers have elaborate storage facilities to incorporate new information as well as to retrieve existing knowledge (Wells & Prensky, 1996).

Learning is a process that evolved over time and by which consumers organize their knowledge. The learning process continuously influences the consumer’s behaviour and their future purchasing activities. Consumers use their perceptual processes to gather information from the stimuli in their environment and use their learning processes to create a useful framework to guide their behaviour. In one word, learning and perception are closely linked, perception provides the raw material for learning and consumers use the knowledge they
have learned from past experiences to organize and interpret their perceptions of new stimuli (Wells & Prensky, 1996). There are widely diverging theories about how individuals learn: behavioural theories, cognitive theories and involvement theories. All of them contribute to understand consumer behaviour.

**Behavioural theories on learning processes**

Traditional behavioural theories define learning as the association between a stimulus, an object that an individual perceives and a response. These theories focus on the individual’s observable responses and not really on the internal cognitive processes. Individuals learn to associate a stimulus with a certain response, thus when a certain stimulus occurs they always answer with the same specific response. The behavioural theories include classical conditioning and instrumental conditioning (Schiffman & Lazar Kanuk, 1987).

Three principles of classical conditioning provide the theoretical underpinnings for many marketing applications: repetition, stimulus generalization, and stimulus discrimination (Schiffman & Lazar Kanuk, 1987).

“Classical conditioning occurs when a consumer learns to associate an unrelated stimulus with a particular behavioural response that has previously been elicited by a related stimulus” (Schiffman & Lazar Kanuk, 1987). In other words, after a series of repetitions, the unrelated response leads to the same behaviour as the related one. Consumers associate product’s shapes, logos, symbols and brand names with the benefits they received from a product and generalize those benefits to other products with similar attributes. Marketers widely use this method in advertising when they associate their products with the positive feeling consumers experience. For example, when an ads show a common man satisfying its needs by purchasing a specific product (Wells & Prensky, 1996).

Instrumental conditioning theorists believe that individuals will learn to associate a stimulus with a response if they are rewarded for doing so. Learning occurs through a trial and error process that associates a reward with certain behaviour. Both positive and negative reinforcement can be used to affect the likelihood of eliciting the desired response (behaviour) (Schiffman & Lazar Kanuk, 1987). Positive reinforcements are rewards for exhibiting a particular response, whereas negative reinforcements teach consumers to take actions that will avoid penalties. Punishments are penalties that basically teach the consumer to avoid exhibiting a particular behaviour (Wells & Prensky, 1996).

**Cognitive theories on learning processes**

Cognitive theorists are concerned with how information is processed by the human mind. Some theories which have been developed draw an analogy with information processing by computers. A model of structure and operation of memory suggests the existence of three separate storage units: a sensory store, a short term store, and the long term store (Wells & Prensky, 1996).

The processes of memory include rehearsal, encoding, storage, and retrieval. The sensory store or sensory memory keeps temporarily information received from the senses during the perceptual process. If the consumer pays attention to the information, it moves from sensory memory into the short term memory. If the individual starts evaluating the information with an elaborative rehearsal it moves into his long term memory. To integrate this new information into his existing knowledge, the consumer uses the activation process. At the
same time similar information are linked together with an associative network. Factors that influence how efficiently and effectively the consumer can retrieve knowledge include, familiarity, relevance, and form of the information as well as how often the information is repeated during storage (Lynch & Srull, 1982).

**INVOLVEMENT THEORY ON LEARNING PROCESS**

The involvement theory suggests that consumers will acquire more information about a product if they are highly involved in its purchase, see the risk in purchasing it, have little product knowledge, and can see the difference between the different products proposed. Information acquisition is limited by the amount of information consumers can reasonably process. Studies have shown that consumers sometimes are subjected to information overload. This means that too much information results in the confusion of consumer’s opinions (Assael, 1992).

This theory also suggests that TV is a low involvement medium which entails information processing by the right side of the brain, and print media is a high involvement medium which requires left brain processing (Schiffman & Lazar Kanuk, 1987). Thus printing materials like ads has more chance of being memorized than TV ads. Once information is acquired, it must be processed. In order to process information, consumers must be able to retain it and retrieve it from their memory (Assael, 1992).

**MARKETING APPLICATIONS OF CONSUMER LEARNING**

The behavioural and cognitive approaches help to understand how consumers learn about product attributes, brands, and benefits and offer complementary insights into how consumers use information provided by marketers and interpersonal communication. According to Schiffman and Lazar Kanuk (1987) rewards increase the likelihood that a consumer will repeat a particular purchase activity; thus marketers work to guarantee that a consumer is satisfied with the benefits a product offers as well as other aspects of the buying experience. For example, sales during different time periods of the year are a type of reward. Marketers also attempt to repeat the messages they send to consumers. Repetition increases the likelihood that a consumer will pay attention to an ad and learn the desired association among the brand, its attributes and its benefits, thus marketers design packaging and advertising to present stimuli that consumers can perceive. Signs and symbols are used in advertising to help consumers generalize their learning and then transfer positive feelings to related products or a product line, and to discriminate copycat products (Park, Lessig & Lee, 1991). A basic issue among researchers is whether to define brand loyalty in terms of consumers’ behaviour or consumers’ attitudes toward the brand. For marketers understanding how consumers learn about a product, provides an insight on how to teach them that their brand is best and consequently develop successful brand loyalty strategies (Schiffman & Lazar Kanuk, 1987).

The learning and memorization process is quite complicated to investigate. In fact this process is deeply rooted in the human brain and involves different elements such as knowledge, experience and perception. Thus, in order to investigate this process we decide to focus on how consumers retrieved information provided by marketers and interpersonal communication.
2.2.2.4 Attitude

According to Wells and Prensky (1996), attitude can be defined as the feelings and opinions that consumers have about alternative products. It is the evaluation of the individual towards their surrounding but also its proper personality. Attitudes exert an influence on behaviour aiming at satisfy a motivation. A consumer’s attitude toward a product is composed of knowledge learned from his or her own experiences as well as knowledge gathered from people around him or her. Moreover a consumer’s attitude is based on an evaluation of the product, and his or her predisposition to act regarding a product category, a brand, a service, an advertisement, or a retail distribution. Attitude formation helps consumers to make decisions by providing a way for them to evaluate alternatives based on the attributes and benefits of each product (Wells & Prensky, 1996). According to Schiffman and Lazar Kanuk (1987) it is important for marketers to understand the structure and the composition of consumer’s attitudes as a consumer with a positive attitude toward a product is more likely to buy it. One way to discover a person’s attitude is to ask him or her about its intention to buy a specific product. Thus marketers used techniques such as interviews, and surveys to understand consumer’s attitudes. Schiffman and Lazar Kanuk (1987) mentioned two broad categories of attitude models that have received attention: the tricomponent attitude model, single component attitude models, and the multi attribute attitude models. These two types of attitude models offer different perspectives on the components of an attitude.

THE TRICOMPONENT ATTITUDE MODEL

The tricomponent attitude model recognizes that behaviour encompasses knowledge, feeling, and action (Wells & Prensky, 1996). The tricomponent model of attitudes consists of three parts: a cognitive component, an affective component, and a conative component. The cognitive component captures a consumer’s knowledge and perceptions about products, brands and marketers. The knowledge often is a belief about an object’s attributes and benefits. In contrast, the affective component focuses on a consumer’s emotions or feelings regarding a specific product or brand in a particular context. The affective component is a product’s evaluation in terms of rating its favourableness. Finally, the conative component is concerned with the likelihood or tendency that a consumer will act in a specific way regarding a product. In marketing and consumer behaviour, the conative component is frequently measured in terms of consumer’s intention to buy (Schiffman & Lazar Kanuk, 1987).

THE MULTIATTRIBUTE MODELS

The multattribute models suggests that a consumer’s attitude toward the purchase of a product is the result of aggregation of his or her evaluations of the relevant attributes such as product, brand features or benefits, the specific circumstances of the purchase and the subjective evaluations of the members of the consumer’s reference groups. Moreover the attitudes toward a product formed by consumers toward a product can result of an exposure to advertising messages as well as the individual’s assessment of the product as it appears in the ad (Day, 1973). Attitude is one of the most important variable through consumer behaviour. In a marketing context, attitudes are predispositions toward specific brands, products or companies that cause consumer to respond favourably or unfavourably toward them (Assael, 1996).

Based on the previous framework we decided to evaluate the attitude of the respondents by investigating their last purchase and their willingness to buy luxury goods in the near future.
2.2.3 Explicable variables of the decision process (Consumer background characteristics)

According to Wells and Prensky (1996) background characteristics are the unchangeable or stable aspects of person’s life. They describe the traits and attributes individuals possess and the place they occupy in their social structure and environment. These characteristics fall into four main categories: 1 culture and values, 2 demographic characteristics, 3 personality lifestyle and psychographics and 4 reference groups. However, if some characteristics such as gender, or race, are stable; others such as geographical residence, lifestyle, or reference group, require a complete reorientation of a person’s life to change them; whereas age and stage in the life cycle, evolve gradually as the individual matures (Wells & Prensky, 1996).

![Figure 4 Variables influencing the decision process (Schiffman and Lazar Kanuk, 1987)](image)

### Consumer Background Characteristics

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<tr>
<th>Culture and Values</th>
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2.2.3.1 Culture and Values

According to Schiffman and Lazar Kanuk (1987) the study of culture is the study of all aspects of a society, language, knowledge, laws and customs, which give that society its distinctive character and personality. In the context of consumer behaviour, culture is defined as the sum of learned belief, values, and customs which serve to regulate the consumer behaviour of members of a particular society. Beliefs and values are guides for consumer behaviour and they dictate appropriate ways to live. Customs are routinized ways of acting in specific situations (Wells & Prensky, 1996). The impact of culture on society is natural so that its influence on consumer behaviour is rarely noticed by the consumer itself. Culture offers order, direction, and guidance to members of society in their daily life and thus in all phases of problem solving. Culture is dynamic, gradually and continually changing to meet the needs of society (Schiffman & Lazar Kanuk, 1987). Culture also determines the way how consumers search for information about products, buy and use items and how they evaluate their product experience.

According to Schiffman and Lazar Kanuk (1987) culture is learned as part of social experience. Culture is acquired through formal learning, informal learning, and technical learning. The elements of culture are transmitted by three institutions which are family, church, and school. However, mass media (editorial content and advertising) play more and more an important role in the transmission of culture. Advertising is a way that enhances formal learning by reinforcing desired modes of behaviour and expectations. Advertising also enhances informal learning by providing models for behaviour for example in Burberry’s ads the model represents the statement of personal success (Schiffman & Lazar Kanuk, 1987).
Culture is communicated to members of society through a common language and through commonly shared symbols. The human mind has the ability to integrate and to process symbolic communication. Marketers can successfully promote tangible and intangible products as well as a product’s concept to consumers through mass media. For example DeBeers has taken a ring and turned it into a meaningful way of proving affection by popularizing the custom of diamond engagement rings. All the elements in the marketing mix can serve to communicate symbols to the target audience. Product images, promotion, price and distribution can symbolically convey images concerning the product (Schiffman & Lazar Kanuk, 1987).

Culture and values are relatively similar in the geographic area selected for our study, their main characteristics can be found in appendix 1. Thus, these variables will be investigated through the research questions.

### 2.2.3.2 Demographic

According to Wells and Prensky (1996) demographic characteristics are the physical, geographical, social, and economical attributes of individuals. Demographic characteristics offer a quick way to place an individual in an environment. Individuals are expected to act in particular ways because of their demographic characteristics, and one expects people who share a certain demographic background to act similarly. Demographic play a prominent role in all the consumer’s purchasing activities. For example, a person’s search for alternatives often involves asking friends about their opinions.

Demographic characteristics of the respondents can be found in appendix 2. In our study, this variable will be investigated through the research questions as for our study we try to select individual with similar demographic characteristics.

### 2.2.3.3 Personality, Lifestyle and Psychographics

According to Wells and Prensky, 1996 “personality, lifestyle and Psychographics represent an attempt to describe the essential psychological characteristics that affect a person’s behaviour”. Personality is a consumer’s psychological predisposition to behave in a particular way when he or she interacts with the environment surrounding (Wells & Prensky, 1996). Personality classifications measure a person’s traits or psychological characteristics, and determine how the individual responds to his or her environment. It is difficult to measure these innate, deeply rooted traits and to distinguish people who have them from those who do not. Whereas personality affects many consumer activities, it is not easy to detect a person’s psychological characteristics and how these characteristics affect the everyday life of consumers (Hall & Lindzey, 1987).

To address these psychological characteristics, psychologists and sociologists have developed ways of classifying consumers. These methods identify the day to day expression of consumer’s traits instead of trying to measure their psychological characteristics. Lifestyle and psychographic classifications are based on the identification of an individual’s current activities, interests, and opinions as indicators of his or her underlying characteristics (Wells & Prensky, 1996). In fact, Consumers express themselves through the activities and interests and to some extend they express their culture and values, demographics, and personality through the allocation of their resources of time and money. These can include activities such as work, hobbies, sports or other arts as well as their opinion about themselves and appropriate behaviour for others. (Wells & Prensky, 1996). In one word, a psychographic study is a list of statements designed to capture the relevant aspects of a consumer’s personality.
such as buying motives, interest attitudes, belief and values. In contrast, a psychographic product specific study gathered consumer response to selective statements about products, services, brands, or specific consumption situations. Both types of psychographic statements are useful because they tap different dimensions of a consumer’s psychological and social nature (Schiffman & Lazar Kanuk, 1987).

Psychographic profiles are complementary to demographic profiles. On one hand demographic variables help marketers “locate” their target marketer and on the other hand psychographic variables help marketers to acquire a picture of the “inner consumer” (Wells & Prensky, 1996).

Personality, Lifestyle and Psychographics of respondents can be found in appendix 2. In our study we decide that this variable will be investigated throughout the research questions as they are specific to each respondent and impact the decision process over time.

2.2.3.4 Reference group

A reference group is an individual or group of people that serves as the standard for the consumer. It helps the individual to compare one’s values, attitudes or behaviour. A person’s reference group has a significant impact on his or her beliefs, evaluation, and actions. An individual may have many reference groups at the same time and use these different groups as models for different kinds of behaviour depending on the situation. The group that a consumer employs as a reference for a particular product has an influence on her or his behavioural processes (Shibutani, 1955). People often communicate and interact with each other, which directly or indirectly influences their purchase decisions. Thus the study of groups and their impact on the individual is of great importance to marketers (Schiffman & Lazar Kanuk, 1987).

Groups can be classified according to regularity of contact (primary or secondary groups), by structure and hierarchy (formal and informal groups), by size or complexity (large or small groups), by the influences they exert (disclaiming and avoidance groups). Groups can also be classified in terms of a person’s membership or aspiration: family, friendship groups, formal social groups, shopping groups, consumer action groups, and work groups (Schiffman and Lazar Kanuk, 1987).

At different times, people may decide to make the group to which they already belong their reference group, or they may make a conscious effort to behave differently than the member of a certain group that they do not like, or they may adopt the standards of a group to which they want to belong. Consumer reference groups serve as a frame of reference for individuals in their purchase decisions, it can be composed by any or all of the types of groups listed above. Reference groups that have a great influence on general values or behaviour are called normative reference groups and reference groups that have a great influence on specific attitudes are called comparative reference groups. The concept of consumer reference groups has recently been broadened to include groups with which consumers have no direct contact, such as celebrities, political figures, person from different social classes, and individual from different cultures (Schiffman & Lazar Kanuk, 1987).

The credibility, power and attractiveness of the reference group affect the degree of influence it has on the consumer. In some cases and for particular products, reference groups may influence either the product categories or brand choice purchase decisions, or both at the same time. Thus, reference groups are often used by advertisers in promoting their
product and services. Reference groups induce that the prospective consumer identifies himself with the pictured user of the product. For example, clothing and cosmetics are frequently advertised within the context of business success and prestige.

The three types of reference groups most commonly used in marketing are celebrities, referent spokespersons, and the common man. Celebrities are used to give testimonials or endorsement. The referent spokesperson is used in ads for products associated with self expression such as clothing. The common man approach is designed to show that individuals “just like the prospect” are satisfied with the advertised product (Shibutani, 1955). Reference group appeals are often effective promotional strategies as they are aimed at increasing brand awareness and reduce perceived risk among prospective consumers (Schiffman & Lazar Kanuk, 1987).

Reference groups provide models and there are several reasons that explain why consumers may allow other people to guide their choice toward a product. First, consumer might need information to help them in the search for an alternative, evaluate them, and reach a purchase decision. Secondly, consumers recognize the power and resources that other possesses that might help them to buy and use the products they want. Finally, consumer can use their purchases to make a statement about the image they want to project. By following the model of a particular group for their purchase, individuals identify themselves as belonging to the group. Consumers select groups that provide them information, resources, power and an image. They can use all these specific attributes of a reference group to satisfy their needs (Wells & Prensky, 1996).

In our study, the reference group of respondents will be investigated through the research questions as this variable impacts the consumer behaviour along its decision process.

2.2.4 Responses

Responses reflect the choice of the consumer. There are two levels of response: the consumption of a product or brand and the non-consumption of this product and brand (Lernidou, 2004).

In our study not much attention will be paid on the responses given, they will be investigated through the present attitude toward luxury goods.
3 Research questions

In this Chapter we will describe the structure of the empirical part and the analysis chapter. It will provide research concepts that have been adapted to this thesis.

We have chosen to focus our research on the variables intervening in the decision process. The main questions we aiming to answer with this thesis are summed up here:

- How do Chinese from the Mainland, Taiwan and Hong Kong perceived luxury branded goods? (section 2.1.1 characteristic of luxury goods, 2.1.2 Symbolic of Luxury goods and 2.2.2.2 Perception)

- How do Chinese from the Mainland, Taiwan and Hong Kong obtain information about the different categories of branded goods? (section 2.2.23 Memorization and Learning process)

- What is the attitude and motives of Chinese from the Mainland, Taiwan and Hong Kong towards luxury product today and in the near future? (section 2.2.2.4 Attitude and 2.2.2.1 Motives)

The Explicative variables mentioned in the frame of reference such as culture value, demographic, personality life style and references group will be investigate through the research questions.
4 Methodology

The aim of this chapter is to create an understanding of how we will use the methodology in this thesis. The chapter will begin with a brief description of methodologies, which will be followed by modes and procedure. This chapter will end with our choice of method, our choice of interview techniques and procedures with the questionnaire.

4.1 Research method

There are two types of methodological approaches, the quantitative and the qualitative approach. The chosen method influences the way data is collected and analysed and depends on the problem and the purpose of the study.

4.1.1 Quantitative

According to Patel and Davidson (1994) a quantitative approach involves a statistical analysis of the collected data. Data used in this approach is based on numbers and variables and as a result it is easier to communicate the results (Winter, 1992). In a quantitative method personal interpretations are avoided and, consequently, it is easier to be objective (Alvesson & Sköldberg, 1994). The quantitative method is structured, based on predetermined research questions and conceptual frameworks. In this approach researchers are generally concerned with deductive testing of the theories and hypothesis.

4.1.2 Qualitative

According to Patel and Davidson (1994) a qualitative approach is used to find a deeper understanding of the area studied. A qualitative method’s purpose is to create a holistic view of the problem. This usually involves applying a large number of variables to a small number of cases (Gustavsson, 1998). Data used in this approach is unstructured and research questions and methods are typically general in the beginning of the research and become more focused as the study progresses. Since the qualitative research is unstructured, it is more open to interpretation, in contrast with quantitative study. In qualitative study the researcher focuses on a limited number of samples and tries to generate theories and hypothesis about the research issue. Qualitative research is therefore more concerned on exploring issues and generating theories and hypotheses.

4.1.3 Triangulation

In exploratory studies a combination of several different techniques is often used to gather the relevant information. The problem area needs to be observed from different angles to cover possible gaps and to obtain new knowledge (Bryman, 1995).

Triangulation refers to the use of different data collection methods within one study in order to ensure that the data are telling the researcher what he thinks they are telling him. In short, results are affected by the method used and it is impossible to ascertain the nature of that effect. Since all different methods will have different effects, it makes sense to use different
methods to cancel out the ‘method effect’. This approach will lead to greater confidence being placed in conclusions (Saunders, Lewis & Thornhill, 2003).

In order to optimise our study we decided to combine the quantitative and the qualitative methods. In our research we study purchase behaviour and motivation toward luxury goods. A qualitative research is suitable to understand which variables affect consumer behaviour and why this is the case. A quantitative research is suitable to support the qualitative research and give the major characteristics and patterns of a population. The qualitative research will serve as a preparation for the quantitative research. In this strategy the qualitative part will be the pre-comprehension stage in order to gain more understanding and create a better study. The quantitative element will help to support implicit/explicit claims to generalization. We consider that qualitative and quantitative methods are in accordance with our project and therefore we have chosen to use both methods through a triangulation approach.

### 4.2 Data collection

The quantitative research emphasises statistical analysis whereas the qualitative research, points out the uniqueness in different situations and events and is built upon individual interpretation of results (Olsson & Sörensen, 2001). Hence, these two different approaches need different research methods.

The first part of our study is qualitative and is based on a focus group as it permits a deep understanding of the consumer behaviour. The alternative would have been telephone interviews or face to face interviews but this was considered too time consuming, too expensive, and too difficult considering the language barrier.

The second part of our study is quantitative. It has been conducted through a self administered questionnaire which permits the collection large amounts of data even from far away locations. The alternative would have been a mail questionnaire or a face to face questionnaire but this was impossible due to the limited budget allocated to the research.

### 4.3 Sample selection

We defined our sample for the quantitative as well as for the qualitative approach to be young Chinese girls aged between 20 to 25, highly educated with at least 3 years of university, living in urban areas such as Hong Kong, Taiwan, Shanghai, or Beijing.

This sample has been chosen according to a quite similar study made in France by Danielle Allérès in 2003 on the perception of young educated French toward luxury goods in urban area.

### 4.4 Qualitative study

#### 4.4.1 Focus groups

According to Morgan (1998) focus groups are a form of qualitative research. This method is basically a group interviews which relies on interaction within the focus group members, based on topics supplied by the researchers.
Focus groups are a particularly useful method of data collection in Asia due to the strong oral tradition (Rod Davies, 2002). It provides access to data such as how and why people think and act the way they do (Morgan, 1998). The principal utility of a focus group research is to “explore” the customer behaviour about which the marketer did not know much to begin with (Krueger & King, 1998).

In this thesis a focus group is used as a primary source of data collection in order to explore consumer behaviour of young Chinese girls.

4.4.2 Strength and weakness

The main benefit of a focus group is that it allows for group interaction among participants, thus, the researcher can learn about patterns of interpersonal influence regarding a specific subject. The hallmark of a focus group is its explicit use of group interaction to produce data and insights that would be less accessible without the interaction found in a group (Morgan, 1998). Evidence from group interviews suggests that people do influence each other with their comments, and in the course of discussion the opinions of an individual might change (Krueger, 1994). The researcher can thereby discover more about that shift and the influencing factors. For example, if group participants who are positively disposed toward a new product concept turn negative as a result of the opinions of a single sceptic in the group, thus this pattern may be replicated in the market place. According to Krueger (1994), focus groups work because they tap into human tendencies, giving individual license to divulge emotions that often do not emerge in the other forms of questioning. Attitudes and perceptions relating to concepts or products are developed in part by interaction with other people. Because of the presence of several participants, focus groups allow a variety of points of view to emerge thus helping the researcher to explain or explore concepts. The researcher is also likely to benefit from the opportunity that this method provides in terms of allowing participants to discuss points between themselves and to challenge one another’s views. In one to one interviews, discussion is of course limited to the interviewer and interviewee.

Other advantages of the focus groups are that peer pressure in the group help to support honest disclosure. Participants may be less likely to falsify their attitudes if they perceived themselves to be among similar types of people. Finally, the use of focus groups provides an efficient way to interview a large number of individuals than would be possible through the use of one to one interviews (Rod Davies, 2002).

The main disadvantage of using a focus group is that group influences may bias participant’s responses. In fact peer pressure within the group can suppress unpopular attitudes. Some participants may feel reluctant to express an unpopular opinion and the moderator in this situation has to facilitate diverse opinions .In this situation the researcher has to try to encourage involvement by all the group members and maintaining the interview’s exploratory purpose. Finally, this type of interaction is likely to lead to a rich flow of data that the researchers seek to record (Rod Davies, 2002).

4.4.3 Sample selection

The group members can range in number from 6 to 15 and are generally chosen by convenience sampling (a method in which respondents are recruited based on convenience availability) but are pre screened to represent the target market. Since focus groups are not statistical samples of the target population, the findings of focus groups are not generalizable to the entire population of target consumers. Rather focus groups offer a window into the con-
sumer’s mind, bringing to the surface things the researcher may not have known about the consumer and his or her view of the subject (Saunders, Lewis & Thornhill, 2003).

As the purpose of the thesis is to investigate consumer behaviour, the empirical part of the study will consist of one focus group consisting of 6 participants: 2 from China, 2 from Hong Kong, 2 from Taiwan. The profile of each participant can be found in appendix 2. A small group will enable the researchers to explore topics related to emotional involvement.

In this research the target population is defined as girl from China, with a high education level. High education level is defined as people who have 3 or more years of studying after their high school (Danielle Alléres, 2003). From this population a convenience sample is drawn which is composed of Chinese exchange student in the Högskolan in Jönköping. This group was selected because it represents a variety of high educated people with different backgrounds, such as geographic location in China, independent of their previous social class. English language will be used during the focus group, as the Chinese students accepted in the Högskolan in Jönköping have a good level of English. For selecting the individual participants in the groups, we used a snowball sampling method, which means that a few participants in the group were asked to bring along other acquaintances known to belong to the same group. This is considered to be more appropriate for the research than a random selection, due to the access to each of group members, and the familiarity achieved within the group. Achieving a high degree of familiarity among the focus group members is an important factor in our study as Chinese people have been conditioned to keep their opinions to themselves in order to avoid unintentionally insults to others, or to cause others to “lose face”. Thus, researchers while dealing with Chinese interviewees are conscious that they should encourage participation by making the participants feel comfortable, and helping out the quieter ones (Rod Davies, 2002). Moreover, since this study aims to examine consumer behaviour, there is no right or wrong opinion, which is why the focus groups participants “expertise” is valued.

4.4.4 Process

With focus group, a small group of consumers is assembled in a room and the in interview lasts between 45 min and one hour. The Western style focus group involves sitting around a circular table.

However in our study we should take into consideration the Asian Style. Thus, according to Rod Davies (2002), researchers should provide desks or tables for participants. Part of this is due to culture since in China a barrier in front is a welcome physical defence. Without this many interviewees may feel uncomfortable and it would reduce their openness rather than increase it. The focus group organized by the researcher took place in Jönköping Business School the 16th April 2005 and lasted 2 hours as interviews were really enthusiastic to talk about their shopping experiences.

A focus group is fundamentally a way of listening to people and learning from them. It is a three part process:

1 The researchers decide what information is needed from the participants. In our study the information needed from the participants is predetermined by the thesis purpose. Based on our research questions and inspired by previous questionnaires on consumer behaviour and
luxury goods, such as the one developed by um.com, Dubois, Allérès, we designed a discussion guideline (Appendix 3).

2 The researchers create a conversation among the participants around these chosen topics. We decided to use a non directive group interviews with open ended questions, as it allows participants to respond without setting boundaries and allow the subject to comment and explain shared experiences and attitudes (Krueger, 1994).

The interview guide was designed according to a progressive approach, starting from the presentation of the respondent to the knowledge of the luxury universe and finally to their purchase behaviour.

Respondents were first invited to describe a hypothetical luxury goods purchase for a friend's present. Secondly, interviewees were invited to brainstorm on the brands they know, the luxury product they possess, their views about luxury products in general, and on various product categories.

3 The researchers summarize what has been learned from the participants (Morgan, 1998).

4.4.5 Interpretation
Patel and Davidsson (2003) state that the process of gathering qualitative data is subjective and influence the researcher, who interprets the data, which is why the key issue in the process of creating knowledge is to distinguish between facts and the assumptions and values of the researcher.

Whereas the presentation of raw data usually involves including all responses, the descriptive style seeks to simplify the task by providing typical illuminating quotes (Morgan, 1998). According to Krueger (1994), interpretation is the most complex part of the researcher. The interpretation is based on the descriptive process by presenting the meaning of data as opposed to summary data, thereby providing understanding Krueger (1994).

In this thesis raw data were collected by using a tape recorder and notes taking to capture the discussion during the focus group interviews. The entire discussions are typed into transcripts classified according to the geographic location. From these transcripts, the summarized descriptive statements of the respondents are separated from the less relevant information, such as discussions that got sidetracked, not relating to the research issues. Hence highly relevant information and recoccurring quotes are illuminated, all of which is subject to further intensive analysis. In order to acquire the fairest possible transcripts, the researchers type the exact information provided on the recorded tapes, including the pauses, emphases, and emotional expressions.

4.4.6 Validity and generalisability
According to Saunder, Lewis and Thornhill (2003) a number of data quality issues can be identified in relation to the use of focus group related to:

- Reliability
- Form of bias
- Validity and generalisability

**Reliability**
The lack of standardisation in the focus group leads to concerns about the reliability. In relation to qualitative research, reliability is concerned with whether alternative researchers would reveal similar information (Saander, Lewis and Thornhill 2003). One response to the issue of reliability is that findings derived from using non standardised research methods are not necessarily intended to be repeatable since they reflect reality at the time they were collected in a situation which may be subject to change (Marshall & Rossman, 1999). The assumption behind this type of research is that circumstances explored are complex and dynamic. Therefore an attempt to ensure that qualitative, non standardised research could be replicated by other researchers would not be realistic (Saander, Lewis & Thornhill 2003).

**INTERVIEWER AND INTERVIEWEE BIAS**

Interviewer’s bias: This is where the comments, tone or non verbal behaviour of the interviewer creates bias in the way interviewees respond to the question being asked. This may be when the researcher attempts to impose his own beliefs and frame of reference through the questions that she or he asks. It is also possible to demonstrate bias in the way responses are interpreted. In order to attempt to avoid the sources of bias the researchers followed the following steps (Saunders, Lewis & Thornhill, 2003).

1) We prepared the interview  
2) We avoided opening comments  
3) We used an approach of questioning as neutral as possible

Interviewee bias: We are conscious that our samples from which data are collected are biased, as we used a convenient sampling method.

**VALIDITY AND GENERALISABILITY**

We are conscious that our results from the focus group could not be used to make generalisation about the entire population as the sample selection is too small.

However, Kruger (1994) argues that focus groups are valid if they are used carefully for a problem that is suitable for focus group inquiry. In our thesis focus groups have been identified as the more adapted method as we had no deep knowledge on how Chinese girls proceed when deciding whether or not to buy luxury goods.

As a conclusion we can say that the first part of our study based on a focus group is not generalizable, however, it is valid.

In order to support our results found with the focus group techniques we use a quantitative study.

**4.5 Quantitative study**

**4.5.1 Questionnaire**

A questionnaire is a structured sequence of questions designed to drawing facts and opinion and which provides a vehicle for recording data.
Questionnaires fulfil four purposes. Their first and primary role is to draw accurate information from respondents. Secondly, they provide structured interviews. In any survey of more than just a few people it is important that all respondents are asked the same questions in the same way. Without this structure, it would be impossible to build an overall picture. The third purpose of questionnaire is to provide a standard on which facts, comments, and attitudes can be written down. Finally, questionnaires facilitated data processing. Answers are recorded in a common place for each questionnaire so that responses are simple to count. They are three different types of interview situations which in turn required three different types of questionnaire (Saunders, Lewis and Thornhill 2003).

- **Structured questionnaires**: These are used in large interview program (typically over 200 interviews) and used where it is possible to anticipate the response closely. The administration of the questionnaire can be made by telephone, face to face or e-mail.
- **Semi structured questionnaires**: These are used widely in business to business market research where there is a need to accommodate widely different responses from companies. This technique is also used where the response cannot be anticipated. The administration of the questionnaire can be made by telephone or face to face interview.
- **Unstructured questionnaire**: These are the basis of many studies into technical or narrow markets and used for in depth interviewing and group discussion. They allow probing and searching where the researcher is not fully sure of the responses before the interview. The administration of the questionnaire can be made through group discussion, face to face interview or in depth telephone interviews.

Moreover, in each type of questionnaire questions can either be open or closed. A closed question is when the respondent cannot add anything to the answer himself, while the open questions do not force the respondent to choose between alternatives (Saunders, Lewis & Thornhill, 2003).

In our thesis, we decided to conduct a structured questionnaire with closed questions that will be administered by e-mail. In self administered questionnaires, responses are in the answers themselves. This method is useful to elicit customer's beliefs, opinions, attitudes, perceptions and so on.

### 4.5.2 Strength and weakness

**Benefits of a Structured and Self Administered Questionnaire**

Structured questionnaires with closed questions are usually easier to analyse. First, questions are much more likely to fall into fixed categories generated in advance so recording data for analysis is easier compared to open questions where categories often have to be generated after the questionnaire has been administered. Secondly, answers to structured questions are easily assigned by numerical value and are analysed quickly with a computer package such as SPSS (Curran & Blackburn, 2001).

Self administrated questionnaire delivered by e-mail offer the benefit that researchers can have a high confidence that the right person has responded to the questionnaire and allow the researcher to reach a large sample even if it is geographically dispersed (Saunders, Lewis & Thornhill, 2003).
**Problem associated with questionnaire**

A widespread criticism of closed questions is that structured questionnaires force people to choose among offered alternatives instead of answering in their own words. When not enough is known to develop appropriate response categories, open questions are to be preferred (Saunders, Lewis & Thornhill, 2003). However, this problem does not occur as we get primary knowledge on consumer behaviour through the focus group organized previously.

Another limitation of this method is that self-administered questionnaires by e-mail narrow the research only amongst people connected to the internet (Saunders, Lewis & Thornhill, 2003). However, this problem does not itself lessen the validity of the technique moreover the response rate is higher than mailed questionnaire.

### 4.5.3 Sample selection

In order to be able to conduct a questionnaire, a target population for the research needs to be defined and also the sample size and procedure should be determined.

The sampling procedures can be classified into probability sampling and non-probability sampling. When using a probability procedure, each element of the population has a known chance of being selected for the sample. The selection procedures include simple random sample, stratified sample, and cluster sample (Saunders, Lewis & Thornhill, 2003).

The non-probability sampling gives the researcher some discretion in selecting the population the target population and the sample is known. Non-probability procedures can be classified into convenience sample, judgement sample and quota sample (et al. 2003). In this research we opt for a non-probability sampling. A convenience sample is used under consideration of the limited contact in China available for the research project.

In this research the target population is defined as Chinese girls with a high level of education age between 20 to 25. We sent the questionnaire to 20 Chinese students and we collected 150 answers as we used snowball techniques (50 from China mainland, 50 from Hong Kong, and 50 from Taiwan). This group was selected and reached through the personal student database of JIBS, and through the personal network of the researchers and the personal network of participants of the focus group. We stopped collecting questionnaires after we got 50 valid answers per geographic area. 50 was the number of answers set up considering the challenge of our investigation and the number of responses we collected a few weeks after we sent our mails.

We are aware of the fact that our findings were not statistically reliable but they indicate a certain trend in consumer behaviour toward luxury goods in China.

The questionnaire is first designed in English and then translated in simplified Chinese for the respondents of China Mainland and traditional Chinese for the respondents of Hong Kong and Taiwan. This allows the respondents to fully understand the questions in our questionnaire.

### 4.5.4 Process

The questionnaire should directly be developed from the information needed in order to ensure that the aggregate answers to the questions contribute to the solution of the problems.
This self administered questionnaire represents the link between the information needed and the data to be collected (Saunders, Lewis & Thornhill, 2003).

In our thesis in order to collect the information needed, the research question constituted the ground pillars of our questionnaire. Moreover, we based the choices of responses on the results obtain during the focus group to complete and confirmed the trend and behaviour that emerged during the session.

The appearance of the questionnaire is according to Curran and Blackburn (2001) is very important. The introductory questions should be simple to answer and at the same time relevant for the study. “Difficult” questions should come later. The questions should not be too complex, and be interesting for the respondent. The overall length of the questionnaire should be rather short. All these elements should give a positive impression and present the questionnaire as easy to fill out.

In our thesis, the first questions are really easy and related to the respondent personal characteristics. Then we try to investigate the knowledge and perception of the respondent toward the luxury universe and finally its purchase behaviour (Appendix 4). In order to ease the filling out of the questionnaire, respondents had the choice whether to answer on a Word document attached to the mail and send it back to us or to go on our web page and fill the questionnaire online.

To encourage a high response rate, we used various techniques such as providing a clear statement of the research objectives, providing an opportunity for anonymity and assuring confidentiality. Three weeks after the questionnaires were sent out, reminding mail with new questionnaires were sent by email.

Olsson and Sörensen (2001) suggest investigating whether equivalent question areas have been investigated before, that is, whether there are already valid questionnaires. Thus we combined various questions designed by Danielle Allérès who is the director and creator of a master specialized in Luxury at the University of Paris III.

4.5.5 Interpretation
Youngman (1986 cited in Bell, 1999) identifies five types of closed questions.  
- **List**: where the respondent is offered a list of items, any of which may be selected  
- **Category**: where only one response can be selected from a given set of categories  
- **Scale or rating**: Where a rating device is used to record responses  
- **Grid**: where responses to two or more questions can be recorded using the same matrix.

In our thesis we used closed list questions, each respondent had the opportunity to give one answer per question.

4.5.6 Validity reliability
The validity and reliability of the data collected and the response rate achieved depends, to a large extent, on the design of the questions and the structure of the questionnaire. A valid questionnaire which enables accurate data to be collected means that these data are collected consistently (Saun-der, Lewis & Thornhill, 2003). Foddy (1994) cited in Saund-er, Lewis and Thornhill (2003), discusses this in terms of the questions and answers making sense. He particularly emphasis that the questions must be understood by the respondent in the way in-
tended by the researchers and the answers given by the respondents must be understood by the researchers in the way intended by the respondents. In order to design a valid and reliable questionnaire, we process to the following stages:

1) The researcher is clear about the information required and designs questions
2) Respondent decodes the question in the way the researcher intended
3) Respondent answers the question
4) Researcher decodes the answers in the way the respondent intended.

In order to increase the validity and reliability of our results, we gave the questionnaire to some Chinese students and asked them to tell us how they interpret the questions and if they find the questionnaire interesting or too long. We therefore aim at increasing the validity and reliability of our study.
5 Result and analysis of the focus group

The aim of this chapter is to create a general understanding of the consumer behaviour. The result and analysis will be organized according to our research question.

5.1 How do Chinese from the Mainland, Taiwan and Hong Kong perceived luxury branded goods?

5.1.1 Perception of the characteristics of luxury goods

5.1.1.1 Luxury brands

SPONTANEOUS AWARENESS OF LUXURY BRANDS

The students questioned were indistinctively aware of the most prestigious Western brands on the world market: Gucci, Dior, Chanel, Vuitton and Hugo Boss. Their spontaneous mention of Hermes, Burberrys’, and Tiffany although very important were much less frequent than the other main five. Their instinctive awareness of the more emerging brands (Agnese B, Jean Paul Gauthier, Donna Karan New York) is good, in accordance to the history of these houses and their international frame.

The first responses to the open questions shows that interviewees have a good spontaneous knowledge of the luxury market (jewelleries, perfume, cosmetics, leather goods). These spontaneous responses translate an interest, a need, a fantasy for various product categories in Luxury. The respondents know the most famous brands on the world market as well as the new emergent ones. The brands mentioned above are worldwide not only French.

Luxury brands are perceived through

- The name of the brand: among others where mentioned Gucci, Valentino, Versace
- The name of specific products: for example Deep Red for Hugo Boss
- The bottle shapes:” do you know this bottle shape in the form of a women body” for Jean Paul Gauthier perfume.
  The brand logo:” it is a black flower” for a Japanese brand, “CD” for Christian Dior. Sometimes the pronunciation of the western brands seems to be difficult for the respondents and therefore they usually use the initial of the brand LV for Louis Vuitton and CD for Christian Dior.
- The brand endorsement:” you know in Sex and the City, Cary always wears a shoes brand…. “.

However we noticed that the majority of the student spontaneous responses refer to perfume. Moreover, large number of brand of cosmetics was also mentioned: Biotherme, Bobby Brown, Shiseido, Lancôme, and some Japanese and Chinese brands. These translate a specific desire or need for products categories such as cosmetic and perfumes as the principle of selective perception relates that people perceive things they need or want (Hornik, 1980).

AIRED AWARENESS OF LUXURY BRANDS
Aided awareness of luxury brands comprised student recognitions of brands from a list of brands belonging to the different luxury sectors studies. The brand known by all respondents are Givenchy, Lancel, Dior, Calvin Klein, Lancôme, Louis Vuitton, Chanel and Hermes. These responses are related to the spontaneous awareness. The young know the most prestigious brands often really diversified (fashion, perfume, accessories…) as well as the new and booming brands such as Louis Vuitton which advertise massively.

5.1.1.2 Luxury and Luxury goods

Evocation spontaneous of Luxury and Luxury goods

Along the focus group similar criteria emerged for the 3 regions investigates.

- Luxury is expensive and symbolized wealth. Respondents considered that only few people (the elite) can have access to luxury. ”Luxury goods are really expensive” “someone who has luxury goods is rich” or “has a wealthy family”.
- Luxury goods have good quality. : “I prefer to buy luxury brands, because the quality is good. Clothes can be used for a long time”. “Luxury perfumes are quality products with good fragrance”. “Brand means quality”.
- Luxury is esthetical “Tiffany jewelleries are the prettiest thing in the world”.

Aided awareness of ”Luxury” and Luxury goods

The aided questions reinforced the spontaneous answers and once again similar criteria emerged for the 3 regions investigated:

- Luxury is expensive and means good quality Luxury means beautiful, esthetical, fashionable, distinguished and refined.
- Luxury means good taste, it is defined as elegant, stylish and smart.
- Luxury goods are represented by well known brands, that have quality communication.
- Luxury goods have nice packaging and are distributed through selective selling points.

However some differences also are appeared .Luxury goods are seen as original goods with apparent logo and apparent brand name for Taiwanese but not Chinese and Hong Kongers. Generally speaking, we can conclude that the intrinsic characteristics of Luxury goods are well perceived by all the respondents. In one word luxury goods are expensive and represent quality, esthetical and refinement.

5.1.2 Perception of the Symbolism of luxury goods

As mentioned previously by acquisition of luxury goods one is buying an identity or a social status.

All the respondents from China, Taiwan and Hong Kong agree to say that having luxury goods, makes you fell special and unique. Luxury goods can also bring happiness, and help you to create an identity.
“I think I will be very happy and satisfied. I’ll treasure luxury goods, because I spent much more on that one.”

“A luxury goods is something special for the special events.”

“I think it express my style.”

All the respondents from China, Taiwan and Hong Kong agree to say that a girl having luxury goods around the age of 25 reflect the status of her family but not her individual status.

“If you are too young you can have only a rich background or your boyfriend is rich.”

“We would think that she is rich or her boyfriend is rich or her father but not herself.”

“It’s considered that luxury products, usually when you are aged from 22 to 30, come from your relatives. At this age people don’t think that a girl can make enough money to afford luxury goods.”

However when we investigate if showing the status of your family is good or not large discussions take place and the perception of a person wearing luxury goods leads to different meaning and assumptions about status and identity.

5.1.2.1 Luxury goods for a girl around 25 years old

China

For Chinese (Mainland) the symbolism of luxury goods can be quite negative.

The first impression that gives a girl of 25 years old wearing luxury goods is that she is wealthy or as we saw before she has a wealthy family. However wearing lots of luxury goods for a young girl will leads to some conclusion as being not hard working, having a bad personality, having too many desires and do not know the value of money. People in China are not encouraged to buy luxury and expansive things, saving money is valued as wised and being mature. It would be better to look like everyone and not vivid. In this country people might judge you by your appearance and linked it with your insight.

“I have to say that there are not so many people who would know the brand. So sometimes even though they see the girl wearing luxury product but they might not recognize the luxury brand, they don’t have any knowledge about it. They would think that the girl is very fashionable. That’s what normal people over 30 and 40 would think. But some teenagers (20-25) might have some knowledge about the brands. First they will imagine that she is rich, fashionable as well, and not so hard-working. People might connect it to the personality of this person.”

“When you see this person for the first time you think she is just splendid and beautiful. But you will be confused about insights. You might think that person doesn’t have a very good personality.”

“In China you can wear luxury goods, but you should not be too vivid from the rest of the people, you should look rather standard. Thus wearing luxury goods is ok. It’s kind of appreciated. But if you wear too much of Versace or CD people will have a bad image of you. They will think a girl that wears lots of luxury products has lots of desires.”

Taiwan

In Taiwan the symbolism of luxury goods is quite negative. The first impression that gives a girl of 25 years old wearing luxury items is wealth. Then thing that comes in mind of people when seeing that young girl is to know if these goods are real of fake. However fake or real the conclusion about this girl who is wearing lots of luxury goods is the same she is fancy, showing off and artificial.

“In Taiwan we will think the girl is rich. I don’t know about the rest of the people but for me, I would think is the brand real or not?”

“I think people in Taiwan people will really concern first about if it’s real brand or fake”. “Always fancy girls wear luxury goods...in Taiwan if you are only 25 years old or between 20 and 25 you could not be that rich. It would be somebody who helps you “. “Because the young generation is having luxury at least one luxury is me.
But at the same time it’s showing off. When you have luxury items and you have money, people see you as a party girl. Sometimes people do not wear only one luxury they put all luxury, her clothes and her bag is from luxury brands. People think that they are showing off, she has a rich background, or has many loans. “(5)

**Hong Kong**

In Hong Kong the symbolism of luxury goods is rather positive. Showing the status of your family is something well accepted. A young girl wearing lots luxury goods is respectable, and symbolises the success of her family. Even if she might showing off it is not a big issue.

“The people won’t care what’s their work or job. They just focus on who is your boyfriend or husband. I think in HK people accept luxury and their fancy about that. So if somebody carries some luxury, the rest of the people will respect it They think you are so fashionable and elegant. In HK there is no bad image if you wear some luxury. The image is quite positive.”. (3)

“The people don’t mind to show off. They think it’s a kind of honour because everybody will look at them and they will be the focus of the perfect. “(4)

First we can conclude that a young girl wearing luxury goods is not really well perceived in China as she is wasting money. In Taiwan she is showing off. However in Hong Kong she is rather seen positively as she embodied the status of her family. Secondly, it seems that every where having luxury goods are more or less accepted but in China and Taiwan a girl wearing luxury goods should keep low profile, that is to say she should not wear all her luxury goods at once and have a non provocative clothing style( no really bright or godly colours).

**5.1.2.2 Luxury goods for a girl around 30 years old**

For China, Taiwan and Hong Kong, everyone agrees to say that a woman having luxury goods around 30 reflects her individual status and her success in business life.

**China**

In China if you are a women older than 30 the perceptions change and you can enjoy the materialistic pleasure of luxury as you are mature and have saved enough money for the well being of your family.

“If you are over 30 when you are a little bit mature then people might think money comes from you job and thus if you want to spend it on luxury goods you can, you deserved it. The more mature and the older you become, the more you deserve to have luxury goods. However if you are too young around 24-25, people will think that you cannot spend so much money on these type of items.”(1)

“Our philosophy is to be humble. And you should save the money. You should consider the family”.(2)

**Taiwan**

In Taiwan the perception becomes more positive with the age as well, but the question weather the product you possess is real of fake is still dominant. If the brand is real then you have a high status.

“Around 22 having luxury goods have a negative image and over 30 it is to be successful”.(6)

” If you are above 30 people might think that you can be a successful business woman”. “It could be a woman 50 years old wearing CD, depending on how she wears it. I can also think it’s fake one independently of her age. “(5)

We can conclude that the symbolism of luxury goods is highly related with wealth. In the same line the symbolism of luxury goods is related with the status of your family when you are 25 and of your personal status when you are over 30.

For Chinese pretending to have a high status when you are young is not well perceived as you are still dependent on your family. The high price of luxury goods is not decent. You
should not waste money on non necessary goods that are luxury goods. It is perceived as morally wrong to spend that much money for unnecessary items but also as provocative and inappropriate. However once you over 30 you are mature and you can have access to a high status with luxury.

For Taiwanese pretending to have a high status when you are young is not well perceived. It often raised the question how can you afford these luxury goods, where do you find the money for it and in the same vein is it real or not. If luxury goods become too showy its symbolic meaning becomes artificial. When you get older you can be successful in business and then legitimately pretend to buy luxury goods to express you status. However the luxury product is one step to access to a high status but it is not enough as it can be fake. Thus your clothing style is important and your attitude should express luxury as well. In order to give a good impression, good taste in the coordination of the luxury items is necessary.

Respondents spontaneously referred to the moral and explain that in China and Taiwan the philosophy is to be humble thus even if you wear luxury products they should not be too visible.

For Hong Kongers pretending to have a high status young or old is perceived as a sign of wealth which is positive.

### 5.1.3 Risk perceived in purchasing luxury goods

The risk perceived buy buying luxury goods are more evident in the case of China and Taiwan. We identified two major risks.

**Social risk:** as we mention before having luxury goods can reflect a bad personality in China. It can influence negatively the perception of a group toward you.

**Financial risk:** Chinese may see buying luxury goods as a financial risk as one respondent mention “I can buy Only branded for example it is less expensive than luxury goods and has good quality ”. Price of luxury goods are perceived as excessive considering the lack of decisive advantage they provide. Moreover luxury goods can be confused with fake ones. “For example the Louis Vuitton hand bag, brown and beige. Thus people in China do not really see the difference between a real luxury brand hand bag and a fake hang bag. If I spend 10 000 SEK to buy a L.V hand Bag, people may think maybe it is fake”. In the same vein Taiwanese saw having luxury goods as a constrain as it involves not only financial expenses but also psychic and energy cost. In fact having luxury goods leads to many expenses as all your wardrobe needs to be fitted with this luxury attitude in order to assert your status and avoid the fake effect. “It is sometimes bad to have a luxury hand bag because you need to match your clothing style with the hand bag, and it is hard to do.”

The main risks perceived are related to the categories of leather goods and clothing. This risk can be summarized as giving a negative image of oneself as well as not enough value for the money spends.

### 5.2 How do Chinese from the Mainland, Taiwan and Hong Kong obtain information about the different categories of branded goods?

Buying luxury goods is a high involvement purchase as they are really expensive. The information process thus is really important for our respondents.
5.2.1 Perfume

CHINA

Chinese girls look for information in magazines such as Elle and Vogue, they look at advertising and free samples. Thus the marketers have an important role to play in promoting their product through the press media and create a need for their product. Otherwise if a Chinese girl has decide to buy a perfume she goes in the perfume shop and ask for it or if she doesn’t know which one to pick she will ask for advice to the salesperson.

“Sometimes, if I look at magazines, they will have some new brands, and this new brands will proposed new smell, or new perfume. Thus I will try the new one”.(1) Some time you can have trial in magazines, and smell the perfume. For example Deep Red of Hugo Boss, had tried the trial, I liked it, thus my friend gave it to me as a gift.”(1)

“Sometime if you know the new smell, you can just go to the shop and say ok I’ll by it”.(2)

“In Peking, we have special perfume shops, with different brands, but it is with perfume only”.” You can also just ask the sales person and tell her the kind of flavour you like, and try”(1)

TAIWAN

Taiwanese girls look for information in local and Japanese magazines. They bring a specific attention at the representative of the brand. Thus the marketers have an important role to play in promoting their product through the press media and finding representatives that fit with their image and the target they wish to reach. Going into the shop asking the salesperson and trying the perfume is also really important, as the fragrance changes over time. The influence of friends has some importance in the decision process even if they are not the first stimuli while choosing a perfume

“Sometimes I will see who the representative of that perfume is; if it fit with my style thus I will try that perfume.” (6)

“Of course the brand is important as well as the design of the bottle. But I’ll also ask the seller, because different perfumes are for different age. So it is not good if you are just 20 to have one perfume that is for someone who is 40. It is very strange”. “I’ll go to the shop and try and then ask my friends, I will pick some perfume and then ask my friends, not just ask my friends”. ”It is really important to test perfume, as one perfume change over time on your skin; you have the first smell, then the middle and the last smell.”(5)

HONG KONG

Hong Konger girls look for information in magazines such as Nono and other Japanese magazines. They will look at recommendations of the professionals. Thus the marketers should focus on reaching the redactor of magazines to try their products. Mass advertising is also important as the most famous brands are the one Hong Kongers chose first.

“For me I’ll look for some recommendation from magazines, and then I’ll go to the shop to try”.(3)

“First I’ll go to the shop and look for some famous brand, such as Gucci or C.D. ”(4)

Different process emerged from the focus group. However, we can say that Chinese look for information focus on the fragrance of the product. Whereas, Hong Kongers are more focused on the brand. It seems to be somewhere in between for one respondent the fragrance is really important for another the brand endorsement is more important. Different people might be involved in the decision process such as friends or the salesperson.

5.2.2 Leather goods

On this subject the respondent are less talkative.
For Chinese girls the main barrier to buy leather goods is the price. The characteristics taken in consideration to make their choice will be the brand and the design.

"Ok, so we are a rich person, only for luxury product". "I think for hand bag, I forgot the name, it looks like L.V, this style. If I have enough money I'll just buy L.V. I look at the brand, and then they have different models, then I just buy a small bag".(1)

For Taiwanese girls buying leather goods seems to be a difficult choice, as it needs to be in accordance with a specific occasion. The clothing style and the bag need to be coordinate. The method used is benchmarking the different brands. Moreover the question of price rose.

"Hand bags, what kind of hand bags? There are many types of design and style of hand bags. A hand bag for which occasion? It should be luxury? We are under the condition we have money?" "I will buy many hand bags for different occasions. I look for the design. I just choose myself."(5)

"I'll go where all the bags shops are, and I will try to find a bag that I can keep for a long time and that I can take to School or everywhere. It is much easier."(6)

For Hong Konger girls will go in a shopping mall and benchmark the different brand.

"I will just go in a big shopping mall, they have different shops for brands, for example one L.V, One Gucci…"(3)

"I just go to each shops and I'll go for the best hand bag. It is convenient everything is at the same place."(4)

Conclusion different process emerged from the respondents. However we can say that most of the time in order to get information about leather goods going in shopping malls to compare the different brand is the method used. None of the respondents seemed to be influences by their friends, family or the sales person while proceeding to their choice.

5.2.3 Fashion clothes

The respondent once again were not really talkative about this subject

For Chinese girl the first source of information for clothing is magazines as they give all the latest trends in fashion.

"I read luxury magazines, and I have the latest one according to the seasons, and then if I think that clothe is ok, I'll go to the shop and try it, and see if it fit". "I won't ask the sales person, I'll just do my own staff".(1)

For Taiwanese the first sources of information are magazines as they provide information on how to match clothing.

"I'll also look for magazines first. Because they have clothes for each seasons. I also look which clothes are for this seasons and which one match each others. Then make my own style".(5)

For Hong Konger the first source of information is artists in magazines as they are the representative of most fashionable trend.
“I’ll do as (1), maybe I’ll read some magazines like Cosmopolitan, and I think this one is quite good. I’ll see some artists, maybe I’ll see that this artist is wearing something quite good, thus I’ll look for it, and try it on and if it is really good, I’ll buy it.”(3)

For clothing we can conclude that the magazines are the main source of information, but for different reasons. However we noticed that no one mention the involvement of friends, family or the sales person in the decision process.

Conclusion For perfumes and designer clothing the marketer can influence the choice of our respondents through magazines ads. However even if the media used is the same, the way on how to communicate through this media is different depending on the geographic area. Most respondents describe their consumption of luxury as a hedonic experience, which involve all their senses. Before acquiring a luxury product they not only look at it but also try, touch and smell it.

5.3 What is the attitude and motives of Chinese from the Mainland, Taiwan and Hong Kong towards the different categories of luxury product today and in the near future?

5.3.1 Attitude today

Today young people from the Mainland, Hong Kong and Taiwan possess few luxury goods as they are really expensive1. Although these goods are mainly acquired through presents.

“I have a Tiffany bracelet that I received for my 20 years birthday from my dad.”(6)
“I have Deep Red perfume that I get for my birthday from a friend.”(1)

We noticed however that they are great consumers of perfume. All the participants of the focus group buy at least one perfume from a luxury brand.

5.3.2 Attitude in the near Future

Taiwanese and Chinese have quite similar attitudes towards luxury goods whereas Hong Kongers have a different approach.

Hong Kongers are positive toward perfume, leather goods and fashion clothes. Thus in the near future we might expect them to be consumers of this various categories.

“If I have money, I’ll buy luxury attributes. If I like a brand, I’ll buy series of that brand: Clothes, perfume, hand bag and shoes. Because I want to have a collection, coordination, I think it is really good”.(4)

“It is the same for me; I’ll buy lots of different luxury goods if I have money” (5)

5.3.2.1 Perfume

Chinese and Taiwanese agree to say that perfume is important, and are favourable to buy this luxury product as they perceived the direct benefit of it. A good fragrance is important.

1 High tariffs are imposed on luxury item coming into China. Price tag in China are 15% higher than in Hong Kong (Mo,2004)
“Even if you do not have too much money, you will buy a luxury perfume per sure”. (1)
“Luxury perfumes have good scent a good smell. If you use an unbranded perfume it might smell bad. As perfume is on your body it is really important to have a good smell”. (2)
“When you come the person smells the perfume around you. The smell is important. The perfume you have is really important to establish a good contact”. (6)

**REQUIREMENT FOR CHOOSING A PERFUME**

Choosing a perfume is based on the fragrance and depends on the seasons as well as your style.

"Some people I think like very strong smell like the C.D (Christian Dior), when you smell it you are sure it is a female perfume, it is very strong, very sweet. Some people might just need a little bite of flavour so it depends on your style. I like light smell, not really strong. Then it depends also on seasons, when it is winter I think Deep Red (Hugo Boss) is good because you wear a lot of clothes thus you need a stronger perfume. In summer you need perfume like Golden; you have flavour from the sea. “(2)
“Choosing a perfume depends on your style and season” (6)

5.3.2.2 Leather goods

Under the assumption that they have money in the near future, China and Taiwan will probably not really buy leather goods as they do not see any benefit to possess such a luxury goods. Different negative aspects of buying a luxury hand bag have been underlined during the discussion. First, luxury leather goods are expensive, thus it reduces the variety of hand bags you can have. Second, leather goods have a strong relation to fashion and trends, which can change all the time, therefore they are ephemeral. Finally, leather goods are often subject of piracy which leads to the confusion on what is real or fake.

“If we have money, actually I have enough money to buy a hand bag from a luxury brand, it is not that important to have a hand bag from a luxury brand”. I don’t care if the hand bag has a brand, if I just choose hand bags for their style.” I prefer to buy bags that are not so expensive, but to have different bags” .(1)

” Change in trend is one problem but there is another problem, in China we have lot of fake luxury brand hand bag, thus it can be confusing”. (2)

“The trend for hand bag change, thus if you buy one this year you may have to buy another one next year.”(5)

**REQUIREMENTS FOR LEATHER GOODS**

Choosing leather goods in China and Taiwan depends on the design and the brand. However the logo and a visible brand are important role in luxury to satisfy your ego. These are the main difference between a luxury bag and a normal bag. However too big logos are perceived as poor taste, showing off and are linked with piracy goods.

“I don’t really like when people think its very luxury I just care about how it’s designed. I don’t like when people are asking me about how much it is, is it a real one or it’s fake.”(6)

“The brand or logo appearance is the reason why people want to buy hand bag”.(1)

“If the brand if hide inside we can but the normal one.”(5)

”.I think if the brand name is too big it’s about showing off.”(6)

“At least the brand should appear in small tiny letters, just to satisfy your ego. “(2)

5.3.2.3 Clothing

China and Taiwan have the same attitude toward clothing. In the near future they will probably buy some luxury clothes but in small quantities. Their choice for a luxury brand is motivated, for clothing for special occasions, or for unfashionable design that can be used
for a long time. The respondents often indicate that they will not buy luxury products to impress others rather they would buy then for their intrinsic qualities.

“I’ll buy, one or two products. I prefer to have different styles. For one brand, usually their style is always the same, and I do not like that too much”. (1)
“I prefer to buy luxury brands, because the quality is good. But not fashion style, I will buy style that will last for 10 years, or clothes that I can use for a long time”. (6)
“I look for the design in clothes, I’m not really interested in brand, maybe just one cloth for party or special occasions”. (5)
“Of course luxury brand have good quality but the most important is that they are unique. This is a luxury brand, thus the name of the brand cost more money”. (2)

No specific requirements have been mentioned for clothing

In conclusion, we can say that the attitude of the respondent toward luxury goods follow a multiattribute models different aggregate are used to draw a favourable or unfavourable attitude. The negative attitude toward certain goods may be seen as a defence mechanism as our respondent rationalized their motivation for not buying a luxury product

5.3.3 Attitude toward piracy

As the main barriers today for young Chinese, Hong Kongers and Taiwanese to access to luxury goods are the excessive price, we find it interesting to investigate their relation to fake luxury goods.

WILLINGNESS TO BUY PIRACY PRODUCT

All the respondents agree to say that they will never buy piracy goods as they symbolize that you are fake and pretend to access a status that you do not have.

“No never, I’ll never buy a fake hand bag.” (4)
“I prefer to buy a real one, and if I do not have money I just don’t buy it.”(6)
“I think I’ll be laugh by others if I buy a fake one.”(1)
“It is quite stupid. It is just for the brand! Actually, it is not the real brand and it can not make myself satisfied or pleased at all”. (2)
“It is for your own representation” (5)
“What about people who asks me is it L.V? NO. And then I fell ashamed, I think at that time.”(1)
“Reputation”, “it is your status”, “If somebody knows it is fake product, your reputation will break”. If you just buy a fake hand bag, people might think all your stuff is fake, thus it is even worst”. (3)
“I think the person who used fake branded product is very stupid.”(2)

RECOGNITION OF PIRACY

All the respondents possess a good knowledge of luxury branded products and are able to make distinctions between fake products and a real ones, however it seems that people who can not make distinctions is due to a lack of information.

China

In China the level of awareness of piracy is quite good

“People don’t have enough information. I don’t think too many people will know that a product is fake or real”. (2)
“Some people might hear about CD, but they never touched too much these luxury goods. So maybe they see CD and they think that person is rich. And when they see the fake one the other people know the brand and the latest design. In this case they know for sure it’s fake one. I think 90% are stupid they pretend that they are rich but actually they are not.”(2)
“For me it’s obvious it’s a fake one or similar. Obviously the logo is fake one.”(1)
Taiwan
In Taiwan the level of awareness of piracy is high
“There will be always people who will buy fake one but not from our age. At our age we pursue the real one. Because it represents ourselves. If you know it’s fake you won’t fell good. If somebody knows its fake one my reputation will be destroyed.” (5)
“Right now we have different level of piracy product. The A class is really similar to the real one and it’s difficult to find out which one is real” I think a fake product from A class it’s one tenth of the real one. I think it’s much expensive than the other fake one from class B or C”. (6)

Hong Kong
In Hong Kong the level of awareness of piracy is really high
“It can be the same shape but you know how the real one looks like; some special CD more tag, it’s very special and very cute. And this is really real one. Another person has the same size bag but the CD is very big on the cover. ” (4)
“I think most of the people can recognize which one is fake and which one is not. For the elder people … they are lack of information thus it’s more difficult for them to differentiate what is real from what is fake.” (3)
“It’s quite common to have luxury goods in Hong Kong. Actually, most of HK people at least have one luxury product. So everybody has some basic knowledge to recognize which one is fake one. And there are not so many fake products in HK compared to China.” (3)
## 5.4 Main findings

The main findings from the focus group are summarized in the following table:

<table>
<thead>
<tr>
<th>How respondents perceived luxury branded goods?</th>
<th>China (Mainland)</th>
<th>Taiwan</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge</td>
<td>Good knowledge of luxury brands</td>
<td>Good knowledge of luxury brands</td>
<td>Good knowledge of luxury brands</td>
</tr>
<tr>
<td>Luxury and luxury goods general perception</td>
<td>Quality, Expensive, Esthetical, Good taste, Nice packaging</td>
<td>Quality, Expensive, Esthetical, Good taste, Nice packaging, Original, Apparent logo</td>
<td>Quality, Expensive, Esthetical, Good taste, Nice packaging</td>
</tr>
<tr>
<td>Symbolism identity/status</td>
<td>Identity: fell special</td>
<td>Identity: fell unique, create identity and bring happiness</td>
<td>Identity: fell special and create identity</td>
</tr>
<tr>
<td>At 25 years old: family status</td>
<td>Luxury not well perceived</td>
<td>First impression is linked with wealthy but the second impression is that the girl has a bad insight, a provocative and inappropriate behaviour.</td>
<td>Status: At 25 years old: family status</td>
</tr>
<tr>
<td>Reasons: waste money of your family, be humble</td>
<td>Reason: where does the money come from, be humble</td>
<td>Reasons: Success of your family</td>
<td></td>
</tr>
<tr>
<td>At 30 years old: personal status</td>
<td>Luxury well perceived</td>
<td>Luxury well perceived</td>
<td>At 30 years old: personal status</td>
</tr>
<tr>
<td>Risks</td>
<td>Social and Financial risk</td>
<td>Financial risk</td>
<td>No risks</td>
</tr>
</tbody>
</table>

**Risks**

- Social and Financial risk
<table>
<thead>
<tr>
<th></th>
<th>China (Mainland)</th>
<th>Taiwan</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do respondents obtain information about the different categories of branded goods?</td>
<td>Perfume • Magazines: free sample • Specialized shops/ Sales person</td>
<td>Perfume • Magazines: brand endorsement (reference group) • Specialized shops/ Sales person • friends (reference group)</td>
<td>Perfume • Magazines: professionals recommendations (reference group) • Brand</td>
</tr>
<tr>
<td>Leather goods</td>
<td>Brand</td>
<td>Leather goods: Shops / benchmarking the different brands</td>
<td>Leather goods: Shops / benchmarking the different brands</td>
</tr>
<tr>
<td>Clothing</td>
<td>Magazines (clothing for the new seasons)</td>
<td>Clothing: Magazines: brand endorsement (style match)</td>
<td>Clothing: Magazines: brand endorsement (fashion trends)</td>
</tr>
<tr>
<td>What is the attitude and motives of the respondents towards luxury product today and in the near future?</td>
<td>Attitude today Luxury goods acquired as gift Buy perfume</td>
<td>Attitude today Luxury goods acquired as gift Buy perfume</td>
<td>Attitude today Luxury goods acquired as gift Buy perfume</td>
</tr>
<tr>
<td></td>
<td>Attitude in the near future Positive toward perfume Benefit: good fragrance</td>
<td>Attitude in the near future Positive toward perfume Benefit: good fragrance</td>
<td>Attitude in the near future Positive toward every luxury product</td>
</tr>
<tr>
<td></td>
<td>Relatively negative toward leather goods No real benefit perceived</td>
<td>Relatively negative toward leather goods No real benefit perceived</td>
<td>Relatively negative toward leather goods No real benefit perceived</td>
</tr>
<tr>
<td></td>
<td>Quite positive toward clothing Benefit: quality, style</td>
<td>Quite positive toward clothing Benefit: quality, style</td>
<td>Quite positive toward clothing Benefit: quality, style</td>
</tr>
<tr>
<td></td>
<td>Attitude toward piracy Negative Knowledge and recognition of fake product is quite good</td>
<td>Attitude toward piracy Negative Knowledge and recognition of fake product is quite good</td>
<td>Attitude toward piracy Negative Knowledge and recognition of fake product is excellent</td>
</tr>
</tbody>
</table>

Based on these findings we create a questionnaire and conduct a quantitative study.
6 Result and analysis of the questionnaire

In this chapter we will present the results of the questionnaire that we have distributed among educated girls aged from 20-25 years. Findings will be designed and summarized according to the theories, which will help us to analyse all the collected materials. All data and results will be divided into three categories according to the countries respondents (China, Taiwan and Hong Kong).

The following results from the questionnaires will be presented according to the empirical part answering the questions:

1. How do Chinese from mainland, Taiwan and Hong Kong perceive luxury in general? (Perception is expressed through questions: Q5, Q6, Q10, Q11, Q12 and Q14).

2. How do Chinese from mainland, Taiwan and Hong Kong obtain information about the different categories of branded goods? (Information is expressed through question Q7, Q8, and Q13.)

3. What is the attitude and motivation of Chinese from mainland, Taiwan and Hong Kong towards luxury products today in the nearest future? (Attitude is expressed through question Q9, Q15, Q16, Q17, Q18 and Q19)

Questions Q1, Q2, Q3 and Q4 from the questionnaire give demographic and psychographic information about our respondents.

The questionnaire is designed in a way to limit respondents to one answer. It somehow brings some boundaries but makes our study more precise and accurate.
6.1 How do Chinese from the Mainland, Taiwan and Hong Kong perceive luxury branded goods?

6.1.1 China

6.1.1.1 Perception of the characteristics of luxury goods

Figure 5 presents the definition of luxury for young Chinese. For 38% the respondents’ luxury is elegant, stylish and smart. Moreover, luxury is “rare” and “fashionable” with 24% and 26% respectively. The answers presented in figure 6 express the meaning of luxury. For 55% of the respondent luxury means “high prices”. With a lower ranking of 23% and 18% “quality and distribution/ packaging” are the second characteristics of luxury for young Chinese girls. These results correspond with our findings from the focus group.

Figure 7 first, thought while thinking about a luxury items is….

Figure 7 presents the way people might remember a luxury product. Luxury goods are perceived first through “brand name” and then “brand logo” and “product name”. A very small percentage responded that the first thought would come about advertisement or celebrity presenting luxury brand. These results help us to narrow the findings from the focus group.
However the responses do not clearly indicate a dominant way by which young Chinese girls identified and perceived luxury goods.

6.1.1.2 Perception of the Symbolism of luxury goods

Figure 8 and 9 present the perception of the respondents towards a girl aged 25 having luxury goods and a woman of 45 having luxury goods.

A girl of 25 years old having luxury goods is perceived by 46% of respondents as “showing off” and by 36% as belonging to a “high social class”. These responses correspond to our previous findings and can be explained by the results of our focus group. In fact having luxury goods at a young age is perceived as inappropriate by the society and the first impression that people have in China when seeing a young girl wearing luxury goods is that she has a rich background.

A woman of 45 years old having luxury goods is perceived by 45% of the respondents as “respectable” and by 43% as having a “good job”. This corresponds to our previous findings. Having luxury goods at a mature age is well perceived.

6.1.1.3 Risk perceived in purchasing luxury goods

Figure 10 main risk perceived
The figure 10 represents the main risk that young Chinese girls perceived while purchasing luxury goods. Nearly 50% of the respondents mentioned the “negative perception” from the others as the main risk associated with purchasing luxury goods. However, 23% of the respondents mentioned also the “fake risk”. These results are in accordance with the findings in the focus group.

### 6.1.2 Taiwan

#### 6.1.2.1 Perception of the characteristics of luxury goods

![Figure 11: Luxury is...](image1)

![Figure 12: Luxury means...](image2)

The figure 11 presents the definition of luxury for young Taiwanese. For 43% of the respondents, luxury is elegant, stylish and smart. Moreover, luxury is “fashionable” with 31%. The answers presented in figure 12 express the meaning of luxury. For 64% of the respondent, luxury means “high prices”. With lower rankings, quality, distribution, and communication are not the primary characteristics of luxury in Taiwan. These results correspond with our findings from the focus group.

![Figure 13: First thought that comes to consumers mind thinking of luxury](image3)

Figure 13 presents the way people might remember a luxury product. Luxury goods are perceived first through “brand name” for 74% of the respondents. A very small percentage responded that their first thought would come about brand logo, product names, advertisement or celebrity presenting luxury brand. These clear results help us to narrow the findings from the focus group. These results concurred with our findings in the focus group.
6.1.2.2 Perception of the Symbolism of luxury goods

Figure 14 perception of a girl aged 25. Figure 15 perception of a woman aged 45.

Figure 14 and 15 present the perception of the respondents towards a girl aged 25 having luxury goods and a woman of 45 having luxury goods.

A girl of 25 years old having luxury goods is perceived by 45% of respondents as belonging to a “high social class” and by 33% as “showing off”. These responses correspond to our previous findings and can be explained by the results of our focus group. In fact the first impression that people have in Taiwan when seeing a young girl wearing luxury goods is that she has a rich background and having luxury goods at a young age is perceived as being fancy, showing off and artificial.

A woman of 45 years old having luxury goods is perceived by 54% of the respondents as “respectable” and by 33% as having a “good job”. This corresponds to our previous findings. Having luxury goods at a mature age is well perceived.

6.1.2.3 Risk perceived in purchasing luxury goods

Figure 16 main risk perceived

Figure 16 represents the main risk that young Taiwanese girls perceived while purchasing luxury goods. 45% of the respondents mentioned the “No value for money spent” as the main risk associate with purchasing luxury goods. Moreover 28% of the respondents mention as a risk the problem of “style match” and 21% the “fake” risk. These results can be summarized as financial risks and are in line with the findings in the focus group.
6.1.3 Hong Kong

6.1.3.1 Perception of the characteristics of luxury goods

The figure 17 presents the definition of luxury for young Hong Kongers. For 47% the respondents’ luxury is elegant, stylish and smart. Moreover luxury is “fashionable” with 26%. The answers presented in figure 18 express the meaning of luxury. For 42% of the respondents luxury means “high prices”. With respectively 28% and 23% distribution and quality also express to some extent the meaning of luxury. These results correspond with our findings from the focus group.

Figure 19 first thought while thinking about a luxury items is…

Figure 7 presents the way people might remember a luxury product. Luxury goods are perceived first through “advertisement and celebrities” with 38%, and then “product name” with 32%. These results help us to narrow our findings from the focus group. However the responses quite clearly indicate a dominant way by which young Hong Konger girls identified and perceived luxury goods.
6.1.3.2 Perception of the Symbolism of luxury goods

![Graph of perception of a girl aged 25](image1.png)

![Graph of perception of a woman aged 45](image2.png)

Figures 20 and 21 present the perception of the respondents towards a girl aged 25 having luxury goods and a woman of 45 having luxury goods.

A girl of 25 years old having luxury goods is perceived by 43% of respondents as belonging to a “high social class” and by 37% as “showing off”. These responses correspond to our previous findings and can be explained by the results of our focus group. In fact the first impression that people have in Hong Kong when seeing a young girl wearing luxury goods is that she has a rich background and having luxury goods at a young age might be perceived as being showing off but it does not have a bad connotation.

A woman of 45 years old having luxury goods is perceived by 50% of the respondents as having a “good job” and by 37% as being “respectable”. This correspond to our previous findings.

6.1.3.3 Risk perceived in purchasing luxury goods

![Graph of main risk perceived](image3.png)

The figure 22 represents the main risk that young Hong Konger girls perceived while purchasing luxury goods. 43% of the respondents mentioned the “style match” as the main risk associate with purchasing luxury goods. Moreover 26% of the respondents mentioned the “fake” risk. These results bring a new dimension in our study, as no risks were identified during the focus group.
6.2 How do Chinese from the Mainland, Taiwan and Hong Kong obtain information about the different categories of branded goods?

6.2.1 China

Figure 23 represents the main source of information of young Chinese girls while looking to some advice for luxury brands.

28% of the respondents mention “magazines” as the main source of information and 23% mentioned friends and relatives. This corresponds partially to the results of our focus group. Young Chinese girls look for different sources of information at the same time and privilege more certain sources depending on the product categories they wish to buy.

Figure 24 represents the preferences of young Chinese girls towards the models used in advertising. 38% of the respondents preferred to see “Asian models” and 32% “do not care”. This bring a new dimension in our study Chinese girls have a tendency to prefer Asian model.
Figure 25 presents the main source of influence on Chinese girls before the purchase of luxury items.

33% of the respondents mentioned that they rely on their “own choice” while deciding whether or not to buy a luxury product. 29% of the respondents mentioned the intervention of “friends”. These results correspond to the one find in the focus group. Chinese girls relied on their own choice, sellers and friends intervened more at the end of the decision process to confirm the choice made previously.

6.2.2 Taiwan

Figure 26 represents the main source of information of young Taiwanese girls while looking to some advice for luxury brands.

Nearly 43% of the respondents mention “magazines” as the main source of information and nearly 24% of the respondent mentioned the influence of “TV” this can be through the celebrities or through advertising. This corresponds partially to the results of our focus group. Young Taiwanese girls look mainly in magazines to get information.

Figures 27 represent the preferences of young Taiwanese girls towards the models used in advertising. 35% of the respondents “do not care” on the origin of the model.

Figure 28 presents the main source of influence on Taiwanese girls before the purchase of luxury items. 45% of the respondents mentioned the intervention of “friends” while decid-
ing whether or not to buy a luxury product. 42% of the respondents mentioned that they rely on their “own choice”. These results correspond to the one find in the focus group.

6.2.3 Hong Kong

Figure 29 source of information

Figure 29 represents the main source of information of young Hong Konger girls while looking to some advice for luxury brands.

Nearly 36% of the respondents mention “magazines” as the main source of information and nearly 25% of the respondent mentioned the influence of “friends” and 23% mentioned “windows” of shops. This corresponds to the results of our focus group. Deciding to buy a luxury product involves different sources of information at the same time. Moreover depending on the product category they wish to buy certain sources are privileged more than others.

Figures 30 represent the preferences of young Hong Konger girls towards the models used in advertising. 35% of the respondents “do not care” on the origin of the model. 39% of respondents prefer “Asian models” in advertising and 32 % of the respondent “do not care” about the origin of the models.

Figure 30 advertising requirement

Tight relations with friends in Hong Kong show the greatest influence on the purchasing decision However 28% of young girls would like to make the purchase relying on their own choice. In some cases family can give support on the purchase decision but it is not strong
15.7%. In the case of external sources of information such as brand representatives 9.7% and sellers at stores 7.5%, young consumers tend not to refer to them for help. The dimension of friends was not explicitly mentioned during the focus group.

Figure 31 presents the main source of influence on Hong Konger girls before the purchase of luxury items.

38% of the respondents mentioned the intervention of “friends” while deciding whether or not buying a luxury product. 28% of the respondents mentioned that they rely on their “own choice”. These results are practically in accordance to our previous finding. Deciding to buy a luxury product involves different sources of information at the same time. Moreover depending of the product category they wish to buy, certain sources are privileged more than others.
6.3 What is the attitude and motives of Chinese from the Mainland, Taiwan and Hong Kong towards the different categories of luxury product today and in the near future?

6.3.1 China

6.3.1.1 Attitude today

<table>
<thead>
<tr>
<th>Latest Luxury goods purchase</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfume</td>
<td>27.72%</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>14.49%</td>
</tr>
<tr>
<td>Leather goods (hand bags)</td>
<td>21.90%</td>
</tr>
<tr>
<td>Fashion clothes</td>
<td>6.87%</td>
</tr>
<tr>
<td>Jewellries</td>
<td>2.52%</td>
</tr>
<tr>
<td>None</td>
<td>26.50%</td>
</tr>
</tbody>
</table>

Figure 32 the latest purchase

Figure 32 expresses the latest purchase of luxury goods of young Chinese girls; this helps us to determine the trend of the demand today. 27% of the respondents relate a purchase in “perfume” and 21% of the respondents relate a recent purchase in “leather goods”. On the other hand 26% of young girls did not make any purchase lately. The high level of purchase in perfume is in line with our previous findings and the none purchase attitude can be explained by the excessive price of luxury items. However, the number of responses in favour of leather goods is surprising and in contradiction with the results obtained during our focus group.

6.3.1.2 Attitude in the near Future

<table>
<thead>
<tr>
<th>Luxury goods that will be purchased in the future</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfume</td>
<td>12%</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>16.28%</td>
</tr>
<tr>
<td>Leather goods (hand bags)</td>
<td>23.30%</td>
</tr>
<tr>
<td>Fashion clothes</td>
<td>23.10%</td>
</tr>
<tr>
<td>Jewellries</td>
<td>5%</td>
</tr>
<tr>
<td>None</td>
<td>13.90%</td>
</tr>
</tbody>
</table>

Figure 33 the future purchase
Figure 33 expresses the future purchase of young Chinese girls; this helps us to determine the trend of the demand of future women. 29% of the respondents express their desire to purchase “fashion clothes” in the near future. 23% of the respondents will purchase “leather goods”. The overall picture of future trends presents that young girls under the condition of having money are more likely to access to expensive goods such as clothing and leather goods. These results do not perfectly fit with our previous finding as we expected to find perfume in the first rank, then clothing and finally leather goods. However this can be explained as our respondents had the possibility to express just one choice. In the near future they expect to have money and are dreaming to buy more expensive goods than perfume.

**REQUIREMENT**

![Perfume](image1.png) ![Leather goods](image2.png) ![Fashion clothes](image3.png)

Figure 34 the attributes valued for perfume
Figure 35 the attributes valued for leather goods
Figure 36 the attributes valued for fashion clothes

Figures 34, 35 and 36 present the attribute from each category (perfume, leather goods and fashion clothes) those young Chinese girls valued the most. These results also show the benefits our respondents seek for each product category.

**Perfume**

Figure 34 show that 38% of the respondents considered the “bottle shape” as the main attribute. For 32% of the respondents “fragrance” is the main attribute for a perfume. Only 20% of the respondent considered “the brand image” as valuable. This mainly concurred with our findings from the focus group as a great emphasis was put on the fragrance.

**Leather goods**

Figure 35 shows that 60% of the respondents valued the “design” and only 20% and 19% of the respondents valued the “brand image” and “quality” for luxury leather goods. This mainly concurred with our findings from the focus group.

**Fashion clothes**

Figure 36 shows 34% of the respondents valued the “style” and 28% valued the “quality” and the “brand name” for fashion clothes. This concurred with the results of our focus group even if the brand name has not been openly mentioned while making choice for clothing; it has often been associated with quality.
6.3.1.2 Attitude toward piracy

![Figure 37 attitude toward piracy](image)

This figure 37 shows the attitude of Chinese girls towards piracy. 43% of the respondents find that fake luxury products are a “good substitute” of real luxury products. This can be explained by the focus group result as one respondent mention not many people in China can make the difference between a fake product and a real one, thus having pirate goods can destroy your image but only if the people around you are aware that it is piracy.

6.3.2 Taiwan

6.3.2.1 Attitude today

![Figure 38 the latest purchase](image)

The figure 38 express the latest purchase of luxury goods of young Taiwanese girls, this helps us to determine the trend of the demand today. 23% of the respondents relate a purchase in “perfume” and 19% and 14% of the respondents relate a recent purchase in “clothing” and “cosmetics”. On the other hand 23% of young girls did not make any purchase lately. The high level of purchase in perfume is in line with our previous findings and the none purchase attitude can be explained by the excessive price of luxury items.
6.3.2.2 Attitude in the near Future

Figure 39 expresses the future purchase of young Taiwanese girls; this helps us to determine the trend of the demand of future women. 33% of the respondents express their desire towards “leather goods” in the near future. 26% of the respondents will purchase “fashion clothes”. The overall picture of future trends presents that young girls under the condition of having money are more likely to have access to expensive goods such as leather goods and clothing. Similar with the case of China these results do not perfectly fit with our previous finding as we expected to find perfume in the first rank, then clothing and finally leather goods. However this can be explained as our respondents had the possibility to express just one choice. In the near future they expect to have money and are dreaming to buy more expensive goods than perfume.

**REQUIREMENT**

Figure 40, 41 and 42 present the attribute from each category (perfume, leather goods and fashion clothes) those young Chinese girls valued the most. These results also show the benefits our respondents seek for each product category.
Perfume

Figure 40 shows that 43% of the respondents considered the “bottle shape” as the main attribute. For 31% of the respondents “fragrance” is the main attribute for a perfume. Only 22% of the respondents considered “the brand name” as valuable. This mainly concurred with our findings from the focus group as a great emphasis was put on the fragrance.

Leather goods

Figure 41 shows that 41% of the respondents valued the “brand name”. For 39% of the respondent “quality” is the main attribute for luxury leather goods. This mainly concurred with our findings from the focus group as quality has been shown to be an important factor.

Fashion clothes

Figure 42 shows 33% of the respondents valued the “style” and the “quality”. For 28% the “brand name” is the main attribute for fashion clothes. This concurred with the results of our focus group.

6.3.2.3 Attitude toward piracy

This figure 43 shows the attitude of Taiwanese girls towards piracy. 38% of the respondents find that fake luxury products “destroy” the image of real luxury products. However 30% of the respondents find that fake luxury products are a “good substitute” but “stupid” as well. These results are in line with our findings during the focus group.
6.3.3 Hong Kong

6.3.3.1 Attitude today

Figure 44 the latest purchase

Figure 44 expresses the latest purchase of luxury goods of young Hong Konger girls, this helps us to determinate the trend of the demand today. Nearly 26% of the respondents relate a purchase in “leather goods”. 17% and 15 % of the respondents relate a recent purchase in “clothing” and “perfume”, respectively. On the other hand 23% of young girls did not make any purchase lately. These results are quite different from our findings.

6.3.3.2 Attitude in the near Future

Figure 45 the future purchase

Figure 45 expresses the future purchase of young Hong Konger girls; this helps us to determine the trend of the demand of future women. 25% of the respondents express their desire towards “leather goods” in the near future. 19% of the respondents will purchase “fashion clothes”. 14% of the respondents will purchase cosmetics and 12% jewellery and perfume .This trend can be explained through the results of the focus group as respondents mentioned they were willing to buy different categories of luxury products.
**Figure 46** the attributes valued for perfume

**Figure 47** the attributes valued for leather goods

**Figure 48** the attributes valued for fashion clothes

Figures 46, 47 and 48 present the attribute from each category (perfume, leather goods and fashion clothes) that young Chinese girls valued the most. These results also show the benefits our respondents seek for each product category.

**Perfume**

Figure 46 show that 42% of the respondents considered the “brand name” as the main attribute. For 38% of the respondents “design of the bottle” is the main attribute for a perfume. Only 19% of the respondent considered “the fragrance” as valuable.

**Leather goods**

Figure 47 show that 42% of the respondents valued the “quality”. For 31% of the respondent “brand name” is the main attribute for luxury leather goods. This mainly concurred with our finding from the focus group as quality has been shown to be an important factor.

**Fashion clothes**

Figure 48 shows 32% of the respondents valued the “quality”. For 28% of the respondents the “style” is the main attribute for fashion clothes.

**6.3.3.3 Attitude toward piracy**
Figure 49 shows the attitude of Hong Konger girls towards piracy. 69% of the respondents find that fake luxury products “destroy” the image of real luxury products. These results are in line with our findings during the focus group.
### 6.4 Main findings

The main findings from the questionnaire are summarized in the following table.

<table>
<thead>
<tr>
<th>How respondents perceived luxury branded goods?</th>
<th>China (Mainland)</th>
<th>Taiwan</th>
<th>Hong Kong</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Luxury and luxury goods general perception</td>
<td>Luxury and luxury goods general perception</td>
<td>Luxury and luxury goods general perception</td>
</tr>
<tr>
<td></td>
<td>Elegant, stylish, smart High price</td>
<td>Elegant, stylish smart , High price</td>
<td>Elegant, stylish smart , High price</td>
</tr>
<tr>
<td></td>
<td>Luxury goods are perceived through</td>
<td>Luxury goods are perceived through</td>
<td>Luxury goods are perceived through</td>
</tr>
<tr>
<td></td>
<td>Brand name</td>
<td>Brand name</td>
<td>Product name</td>
</tr>
<tr>
<td>Symbolism/status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 25 years old : family status</td>
<td>A girl is seen as showing off</td>
<td>At 25 years old : family status</td>
<td>At 25 years old : family status</td>
</tr>
<tr>
<td>At 30 years old : personal status</td>
<td>women is seen as respectable</td>
<td>At 30 years old : personal status</td>
<td>At 30 years old : personal status</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Woman is seen as having a high social class</td>
</tr>
<tr>
<td>Risks: Social risk</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How do respondents obtain information about the different categories of branded goods?</td>
<td>Source of information</td>
<td>Source of information</td>
<td>Source of information</td>
</tr>
<tr>
<td></td>
<td>Magazines</td>
<td>Magazines</td>
<td>Magazines</td>
</tr>
<tr>
<td></td>
<td>Types of advertising</td>
<td>Types of advertising</td>
<td>Types of advertising</td>
</tr>
<tr>
<td></td>
<td>Asian models</td>
<td>Do not care of the origin of the models</td>
<td>Asian models</td>
</tr>
<tr>
<td></td>
<td>Influence</td>
<td>Influence from my Friends</td>
<td>Influence from my Friends</td>
</tr>
<tr>
<td></td>
<td>My own choice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the attitude and motives of the respondents towards luxury product today and in the near future?</td>
<td>Attitude today</td>
<td>Attitude today</td>
<td>Attitude today</td>
</tr>
<tr>
<td></td>
<td>Latest purchase perfume</td>
<td>Latest purchase perfume</td>
<td>Latest purchase leather goods</td>
</tr>
<tr>
<td></td>
<td>Attitude in the near future Purchase in the future Fashion clothes</td>
<td>Attitude in the near future Purchase in the future</td>
<td>Attitude in the near future Purchase in the future</td>
</tr>
<tr>
<td></td>
<td>perfumef_Bottle shape and fragrance</td>
<td>Leather goods</td>
<td>Leather goods, fashion clothes and perfume</td>
</tr>
<tr>
<td></td>
<td>leather goods design</td>
<td>perfumef_Bottle shape and fragrance</td>
<td>perfumef_Brand name</td>
</tr>
<tr>
<td></td>
<td>fashion clothes Brand name</td>
<td>leather goods quality</td>
<td>leather goods quality and Brand name</td>
</tr>
<tr>
<td></td>
<td>Attitude toward piracy</td>
<td>fashion clothes Quality</td>
<td>fashion clothes Quality</td>
</tr>
<tr>
<td></td>
<td>Fake luxury goods good substitute</td>
<td>Attitude toward piracy</td>
<td>Attitude toward piracy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fake luxury goods destroy the image of real luxury products.</td>
<td>Fake luxury goods destroy the image of real luxury products.</td>
</tr>
</tbody>
</table>
7 Marketing implications

The aim of this chapter is to present the conclusions we draw from the focus group and the questionnaire.

The main purpose of this chapter is to provide with suggestions for marketing aiming in three regions China (Mainland), Taiwan and Hong Kong. We consider that ideas we will present in this part might be helpful to international companies which are targeting one of those three markets or already are present in the market.

The good news is that in China, Hong Kong and Taiwan, people have a good knowledge and are interested in Luxury products. This means that they are opportunities for luxury companies in these geographic areas. Moreover people are reluctant towards piracy, especially in the case of Hong Kong and Taiwan, China is also on the same track, it is just a question of time. The more people are familiar with luxury the more they are able to make distinction between fake and real products, and the less they are willing to be caught having fake items.

7.1.1 Advice to marketers today to target young girls

In China

The luxury products should be accessible as the taxation on luxury items is really high. Perfume seems to be the product that young Chinese girls value the most. In fact they perceived the benefit of it and no risk are really incurred while purchasing this product. With perfume the social risk does not exist.

The extension of product lines with perfume can be a good way for luxury brands to reach the young Chinese girls and give them the opportunity to access to the luxury dimension gradually.

In order to market this product successfully a great effort should be put into the fragrance and the design of the bottle.

To reach the Chinese girls and to bring awareness of your brand, magazines are the media that should be used. Print advertising mentioning the name of the brand is a good way to promote your product. It might also be interesting to use Asian models for the promotion.

In Taiwan

The luxury products should be accessible as the luxury items are perceived as having an excessive price. Perfume seems to be the product that young Taiwanese girls value the most. In fact they perceived the benefit of it and no risk are really incurred with their purchase. With perfume the social or financial risk does not exist.

The extension of product line with perfume can be a good way for luxury brand to reach the young Taiwanese girls and give them the opportunity to access to the luxury dimension gradually.

In order to market this product successfully a great effort should be put in the fragrance and the design of the bottle.
To reach the Taiwanese girls and to bring awareness of your brand, magazines are the media that should be used. Print advertising mentioning the name of the brand is a good way to promote your product. The origin of the models in the advertising has no great importance.

**IN HONG KONG**

The luxury products should be accessible as well. However, the taxation on luxury items is less high in Hong Kong compared to China and people have higher disposal incomes than Taiwan and China, thus it gives the opportunity to marketer to provide young Hong Konger with various luxury items such as leather goods that can be more expensive than perfume.

In fact they perceived the benefit of leather goods and no risks are really incurred while purchasing this product.

In order to market this product successfully a great effort should be put in associating the brand name with quality. To reach the Hong Konger girls and to bring awareness of your brand, magazines are the media that should be used. The selling point also has a great importance for leather goods.

**7.1.2 Advices to marketers today to target women in the near future**

**IN CHINA**

Fashion clothes seem to be the product that young Chinese girls are more likely to buy in the near future. They perceived some benefits of it such as special design and to some extent quality. In order to market clothing successfully a great effort should be put during the creation of the collection, dresses for parties and receptions should be included. As it was mentioned in the focus group Chinese girls will buy special luxury clothes for special occasions.

To reach the future women and bring awareness of your brand, magazines are the media that should be used.

**IN TAIWAN**

Leather goods seem to be the product that young Taiwanese are more likely to buy in the near future. In order to market leather goods successfully a great effort should be put on the quality and timeless design. This is to avoid the ephemeral effect.

To reach the future women and bring awareness of your brand, magazines are the media that should be used. However one should not forget the importance of the selling point as well.

**IN HONG KONG**

Any type of luxury goods are likely to be bought by Hong Kongers in the near future. Thus diversification is the key word for success. In order to market successfully a range of products in Hong Kong an effort should be put in during the creation of the collection to coordinate the different items between them. For example, if you design a pink shirt you should provide pink trousers, a pink bag, and a pair of pink shoes. It is also important to associate your brand name with quality during the campaign of communication.

To reach the future women and bring awareness of your brand, magazines are the media that should be used. However, one should not forget the importance of the selling point as well for clothing and leather goods.
CONCLUSION

If the first way to approach consumers in luxury is magazines, the selling point has also its importance as the respondents relate their experience with luxury as hedonistic; they need to have a direct contact with the product, to see, to touch, to fell and to smell it.

Some similarities in behaviour in the different geographic areas investigated can lead to the globalization of some specific points of the marketing mix. However, great differences between the regions also appeared and they should be taken into consideration in the marketing strategy in order to be successful.
8 Conclusions

In this chapter we will summarize our findings, criticize our methodology, and give suggestions for further research.

This study showed the complexity of consumer behaviour. Some results from the focus group do not concur with those from the questionnaire, and even inside the focus group contradictory behaviour appeared within respondents' answers. These differences can be explained by the group oppression, the mechanism of repression and rationalization of the individuals. Moreover, the decision process is complex, thus it involves different variables simultaneously and it is hard to isolate just one variable for each phase of the process.

However, similarity also appeared during this study and can lead to some relevant conclusions.

According to our respondents, luxury goods can be defined as elegant, stylish, and smart and are really expensive. The aspects of quality and timelessness that the literature mentioned as the main characteristics of luxury items are a challenge during the study. Moreover, the bandwagon and snobbish behaviour do not clearly appear; the respondents seem to adopt a hedonistic approach with luxury. In fact, they emphasize the intrinsic characteristics of luxury goods and the pleasure and satisfaction they provide.

The status symbolism reflected by the possession of luxury goods is related to the family status for girls aged 25 and to the personal status for women over 30. If luxury items at first sight express often wealth, one should not ignore that they can also express showing off and be inappropriate for a young girl. However, in Hong Kong contrary to Taiwan and China, showing off is not a big issue. For a woman over 30 years old, luxury is interpreted as respectable and successful.

The main risks associated with luxury goods are social and financial. Looking for well-known brands, magazines, and word of mouth are the major strategy used by the respondents to avoid risks.

Criticism

In order to have a valid quantitative study, we would have needed a larger sample. In order to reach a sufficient response rate going on the field in Hong Kong, Taiwan, or China and distribute questionnaires in different universities would have been an alternative that would have provided an unbiased sample as well. However, this required time, money, and also a good knowledge of the language. Thus, the figures we have received from our qualitative study can only be indications.

In order to have a valid qualitative study, we would have needed also a larger sample. Six participants per geographic area would have led to a deeper understanding and more valid results. We were conscious of this problem but it was difficult to organize focus groups with this number of people at Högskolan. In fact, they are not many girls from Hong Kong, Taiwan, and China, and we did not have enough time to organize three focus groups. The testimonies we have received from our qualitative study however gave us an idea on how people behave and why it is so.

Further study
This topic can be studied in different manners. Our research finds great differences in consumer behaviour between Hong Kong, Taiwan and China. Thus it might be interesting to investigate the reasons underneath these differences. It might also be interesting to conduct the same research but focus this time on males as during the focus group we find out that the symbolism for male and female are different. It appeared that young males having luxury goods are well perceived by girls!
References


## Appendix 1 Culture and values in the geographic area selected

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Hong Kong</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>History</strong></td>
<td>After World War II, the Communists under MAO Zedong established an authoritarian socialist system that, while ensuring China's sovereignty, imposed strict controls over everyday life and cost the lives of tens of millions of people. After 1978, his successor DENG Xiaoping and other leaders focused on market-oriented economic development and by 2000 output had quadrupled.” (CIA, 2004)</td>
<td>Occupied by the UK in 1841, Hong Kong was formally ceded by China the following year; various adjacent lands were added later in the 19th century. Pursuant to an agreement signed by China and the UK on 19 December 1984, Hong Kong became the Hong Kong Special Administrative Region (SAR) of China on 1 July 1997. In this agreement, China has promised that, under its &quot;one country, two systems&quot; formula, China's socialist economic system will not be imposed on Hong Kong and that Hong Kong will enjoy a high degree of autonomy in all matters except foreign and defense affairs for the next 50 years. (CIA, 2004)</td>
<td>In 1895, military defeat forced China to cede Taiwan to Japan. Taiwan reverted to Chinese control after World War II. Following the Communist victory on the mainland in 1949, 2 million Nationalists fled to Taiwan and established a government using the 1946 constitution drawn up for all of China. Over the next five decades, the ruling authorities gradually democratized and incorporated the native population within the governing structure (CIA, 2004)</td>
</tr>
<tr>
<td><strong>Nationality:</strong></td>
<td>Chinese</td>
<td>Chinese/Hong Konger</td>
<td>Taiwan</td>
</tr>
<tr>
<td><strong>Ethnic groups</strong></td>
<td>Han Chinese 91.9%, and other nationalities 8.1%</td>
<td>Chinese/Hong Konger</td>
<td>Taiwanese (including Hakka) 84%, mainland Chinese 14%, aborigine 2%</td>
</tr>
<tr>
<td><strong>Religions</strong></td>
<td>Daoist (Taoist), Buddhist, Muslim 1%-2%, Christian 3%-4% officially atheist (2002)</td>
<td>eclectic mixture of local religions 90%, Christian 10%</td>
<td>mixture of Buddhist, Confucian, and Taoist 93%, Christian 4.5%, other 2.5%</td>
</tr>
<tr>
<td><strong>Languages</strong></td>
<td>Standard Chinese or Mandarin</td>
<td>Chinese (Cantonese), English (both official)</td>
<td>Mandarin Chinese (official)</td>
</tr>
</tbody>
</table>

![GDP Chart](image1)

![GDP per capita Chart](image2)
# Appendix 2  Focus group respondent profile

<table>
<thead>
<tr>
<th>Respondents</th>
<th>China</th>
<th>Hong Kong</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respondent 1:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age: 25</td>
<td>Age: 22</td>
<td>Age: 23</td>
<td></td>
</tr>
<tr>
<td>Family: older brother</td>
<td>Family: 2 brothers and 1 sister</td>
<td>Family: 1 brother</td>
<td></td>
</tr>
<tr>
<td>Live: at her parents place</td>
<td>Live: at her parents place</td>
<td>Live: at her parents place with her grandparents</td>
<td></td>
</tr>
<tr>
<td><strong>Hobby:</strong> shopping, music, movies, like relaxing things where you “do not think too much”</td>
<td><strong>Hobby:</strong> music, movies, karaoke, relaxing</td>
<td><strong>Hobby:</strong> sport, music, shopping, reading, like to go in coffee place to relax</td>
<td></td>
</tr>
<tr>
<td><strong>Respondent 2:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age: 23</td>
<td>Age: 22</td>
<td>Age: 21</td>
<td></td>
</tr>
<tr>
<td>Family: younger brother</td>
<td>Family: 1 sister</td>
<td>Family: 1 brother, 1 dog</td>
<td></td>
</tr>
<tr>
<td>Live: at her parents place</td>
<td>Live: at her parents place</td>
<td>Live: at her parents place</td>
<td></td>
</tr>
<tr>
<td><strong>Hobby:</strong> shopping, reading, movies</td>
<td><strong>Hobby:</strong> aerobic, karaoke</td>
<td><strong>Hobby:</strong> volley ball has her own team, shopping,</td>
<td></td>
</tr>
</tbody>
</table>
Appendices

Appendix 3  Focus Group Guideline

1. Present yourself (name, age, geographic location, brother and sister, live at your parent’s place, if you went abroad?…)

2. If you had to buy a luxury present for one of you friend what will you buy?

3. Do you know any luxury brands? Which products do you have from these brands or you can associate with these brands? Why did you buy/ will you buy these products? (Give some characteristics about luxury good that you use for example cosmetics (skin care or make up), same for the clothes, leather goods

4. Are you willing to buy luxury goods in the near future? (Which type of goods? And if not why?)

5. What do you think about the price of luxury goods (What do you think about fake luxury goods?)

6. Where do you get information about luxury brands? (Today you have 3000$ in your pocket to buy luxury goods, your mission is to buy a perfume/a hand bag/ fashion clothes, how do you proceed?)

7. Do you remember any ads that you saw lately? Can you describe it?

8. What are the characteristics of a young Chinese girl that buy luxury goods? (for example you see a girl in the street with a Gucci bag what hypotheses can you make about her, what can you tell us about her life…)

9. When you buy luxury goods (leather goods or clothing) do you like the brand name to appear? (for example Louis Vuitton hand bags with printing logo, a Versace T shirt, with the brand name appearing on the front)

10. How do you feel when you have luxury goods (any special feelings)

11. Give some typical characteristics according to your point of view what a luxury good is? (summary)

For which goods are this brand famous?
<table>
<thead>
<tr>
<th></th>
<th>Perfume</th>
<th>Cosmetics</th>
<th>Leather goods</th>
<th>Fashion</th>
<th>?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Givenchy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lancel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dior</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valentino</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thierry Mugler</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calvin Kein</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lancôme</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patou</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian Lacroix</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nina Ricci</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jean Paul Gauthier</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Kenzo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Céline</td>
<td></td>
<td></td>
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According to you Luxury is

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According to you a Luxury goods is

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<td>A different goods</td>
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<tr>
<td>A high price product</td>
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<td>A well known brand</td>
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<td>A nice distribution packaging</td>
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<tr>
<td>An apparent logo, brand name</td>
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<td></td>
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<tr>
<td>A quality communication</td>
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Appendices

Appendix 4  Questionnaire

The topic of the following questionnaire will be concerned luxury brands and luxury goods in China, Taiwan and Hong Kong. We would like to know what you think about it. This questionnaire will help us to obtain information for our Master thesis work “Luxury market in Asia among young consumers” that we make in JIBS, Sweden. We will appreciate your participation in the survey.

1. What is your gender?
   Female ☐  Male ☐

2. Where do you live?
   China ☐
   Taiwan ☐
   Hong Kong ☐

3. Have you ever travelled abroad?
   Yes ☐  No ☐

4. Do you think fashion in your country is influenced by?
   Europe ☐
   America ☐
   Japan ☐

5. According to you Luxury is:
   Elegant, stylish and smart ☐
   Esthetical ☐
   Rare ☐
   Fashionable ☐
   Distinguished and refined ☐
   Beautiful ☐

6. According to you what does Luxury means?
   Quality ☐
   High price ☐
7. How do you get information about a Luxury Brand? (From where do you get information about Luxury brands?)

- Magazines
- TV
- Friends/relatives
- Billboard
- Shops windows

8. Do you prefer advertisement with?

- European models
- Asian Models
- Do not care

9. Which attributes do you value in a luxury?

- Branded perfume
- Bottle shape/packaging
- Fragrance
- Brand image
- Leather goods
- Design
- Quality
- Brand name
- Fashion clothing
- Fit (match)
- Style
- Quality
- Brand name

10. In your country a girl 25 years old who has luxury goods is seen as:

- Showing off
- Having a high social class/wealthy family
- Not knowing the value of money

11. In your country a female 45 years old who has luxury goods is seen as:

- Showing off
- Having a good job
- Being respectable
- Having a high social class

12. What do you think are the main risks incurred by buying luxury goods?

- No enough value for the money spent
- Negative perception from the others
- Can be confused with fake luxury goods
- Have to be match with the dressing style (clothing, shoes, and hand bag)
13. Who influence you when you buy Luxury goods?

Friends....... □ family....... □ Brand representative (celebrity)....... □ Make my own choice....... □ Seller.......□

14. What comes to your mind when you think about Luxury?

Brand name....... □ Brand logo....... □ Product name....... □ Advertisement/celebrity ..... □

15. What are your latest Luxury goods purchases?

Perfume....... □ Cosmetics....... □ Leather goods (hand bags…)....... □
Fashion clothes ...... □ Jewelleries... □ None ...... □

16. If you have money, what kind of luxury goods will you buy in the nearest future?

Perfume....... □ Cosmetics....... □ Leather goods (hand bags…)....... □
Fashion clothes ...... □ Jewelleries... □ None ...... □

17. Can you make the difference between a fake and a real luxury product?

Yes....... □ No........ □

18. Will you buy fake luxury product?

Yes....... □ No........ □

19. What do you think about fake luxury product?

Stupid....... □ Destroy the image of luxury brand....... □
Good substitute for luxury product.......□
问卷

这张问卷的主题是关于奢侈品牌和中国大陆，台湾和香港的奢侈产品。我们想了解您对这些问题的看法，以助于我们能完成在瑞典延雪平国际商学院所作的硕士论文——“奢侈品在亚洲年轻消费者中的市场”——的信息收集工作。您对这张问卷调查的参与，我们将会万分感激！

1. 您的性别？
   女 □  男 □

2. 您的所在地？
   中国大陆 □  台湾 □  香港 □

3. 您曾经在国外旅行过吗？
   是 □  否 □

4. 您认为在您所在地流行受哪里影响？
   欧洲 □  美国 □  日本 □

5. 您认为奢侈品是：
   高雅的，入时的，时髦的 □
   美学的 □  稀少的 □
时尚的
可辨认的，精炼的
漂亮的

6. 您认为奢侈品意味着？
质量
高价格
良好的公众形象
销售与包装

7. 您从哪里得到关于奢侈品牌的信息？
杂志
电视
朋友/亲戚
广告牌
商店橱窗

8. 您倾向于哪种模特类型的广告？
欧洲模特
亚洲模特
无所谓

9. 在选择奢侈品时您会考虑？

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<td>香味</td>
<td>品牌形象</td>
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<tr>
<td>设计</td>
<td></td>
<td>质量</td>
<td>品牌名称</td>
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| 时装 |   |   |   |
|整体搭配 |   | 设计 | 质量 | 品牌名称 |

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10. 在您所在地，如果一个25岁的女孩拥有奢侈品会被认为是:
有较高的社会地位/家境富有 □ 炫耀 □ 不知道金钱的价值（金钱来之不易） □

11. 在您所在地，如果一个45岁的女士拥有奢侈品会被认为是:
炫耀 □ 有份好工作 □ 值得尊敬的 □ 有较高的社会地位 □

12. 您认为购买奢侈品导致的主要风险是:
价值与所花的金钱不相符 □ 别人的负面印象 □
较难与赝品区分开 □ 必须与整体衣着风格相符 (衣服，鞋和手提袋) □

13. 您购买奢侈品时会受谁影响？
朋友 □ 家庭 □ 品牌代言人/名流 □
自己做决定 □ 销售人员 □

14. 当提及奢侈品时您会想到:
品牌名称 □ 品牌标志 □
产品名称 □ 广告/名人 □

15. 您上次购买的是哪种奢侈品？
香水 □ 化妆品 □ 皮革制品（手袋） □
时尚衣服 □ 首饰 □ 无 □

16. 如果您手头富裕，您会在不久的将来购买何种奢侈品？
香水 □ 化妆品 □ 皮革制品（手袋） □
时尚衣服 □ 首饰 □ 无 □

17. 您会区别真的奢侈品和赝品吗？
18. 您会购买假奢侈品吗？
是 □ 否 □

19. 您是如何看待假奢侈品的？
损坏了奢侈品的形象 □ 奢侈品的良好替代品 □ 愚蠢 □

Simplified Chinese web page

http://www.my3q.com/home2/66/questioncat/82661.phtml
問 卷

這張問卷的主題是關於奢侈品牌和中國大陸、臺灣和香港的奢侈產品。我們想了解您對這些問題的看法，以助於我們能完成在瑞典苑學品國際商學院所作的碩士論文—“奢侈品在亞洲年輕消費者眼中的市場”—的資訊收集工作。您對這張問卷調查的參與，我們將會萬分感激！

1. 您的性別？
   女 □  男 □

2. 您的所在地？
   中國大陸 □
   臺灣 □
   香港 □

3. 您曾經在國外旅行過嗎？
   是 □  否 □

4. 您認為在您所在地流行受哪里影響？
   歐洲 □
   美國 □
   日本 □

5. 您認為奢侈品是：
   高雅的 □  入時的 □
   時髦的 □  稀少的 □
6. 您認為奢侈品意味著：
- 質量 ☐
- 高價格 ☐
- 良好的公眾形象 ☐
- 銷售與包裝 ☐

7. 您從哪里得到關於奢侈品牌的資訊？
- 雜誌 ☐
- 電視 ☐
- 朋友/親戚 ☐
- 廣告牌 ☐
- 商店櫥窗 ☐

8. 您傾向於哪種模特兒類型的廣告？
- 歐洲模特兒 ☐
- 亞洲模特兒 ☐
- 無所謂 ☐

9. 在選擇奢侈品時您會考慮？

- 品牌香水
  - 外觀形狀/包裝 ☐
  - 香味 ☐
  - 品牌形象 ☐

- 皮革製品
  - 設計 ☐
  - 質量 ☐
  - 品牌名稱 ☐

- 時裝
  - 整體搭配 ☐
  - 設計 ☐
  - 質量 ☐
  - 品牌名稱 ☐
10. 在您所在地，如果一個25歲的女孩擁有奢侈品會被認為是：
炫耀 □ 有較高的社會地位/家境富有 □
不知道金錢的價值（金錢來之不易） □

11. 在您所在地，如果一個45歲的女士擁有奢侈品會被認為是：
炫耀 □ 有份好工作 □
值得尊敬的 □ 有較高的社會地位 □

12. 您認爲購買奢侈品導致的主要風險是：
價值與所花的金錢不相符 □ 別人的負面印象 □
較難與贗品區分開 □
必須與整體衣著風格相符（衣服、鞋和手提袋） □

13. 您購買奢侈品時會受誰影響？
朋友 □ 家庭 □ 品牌代言人/名流 □
自己做決定 □ 銷售人員 □

14. 當提及奢侈品時您會想到：
品牌名稱 □ 品牌標誌 □ 產品名稱 □ 廣告/名人 □

15. 您上次購買的是哪種奢侈品？
香水 □ 化妝品 □ 皮革製品（手） □
時尚衣服 □ 首飾 □ 無 □

16. 如果您手頭富裕，您會在不久的將來購買何種奢侈品？
香水 □ 化妝品 □ 皮革製品（手袋） □
時尚衣服 □ 首飾 □ 無 □
17. 您會區別真正的奢侈品和贗品嗎？

是  □  否  □

18. 您會購買假奢侈品嗎？

是  □  否  □

19. 您是如何看待假奢侈品的？

愚蠢 □ 損壞了奢侈品的形象 □ 奢侈品的良好替代品 □

Traditional Chinese web page
http://www.my3q.com/home2/66/questioncat/17419.phtml