

Assessment and Formulation of a Conceptual Model for Exploring Chinese Consumers' Perceptions of Luxury Value

Xiang Jianshun, Syed Salman

The researchers aimed to establish a theoretical framework that, informed by focus group findings and pertinent literature studies, would elucidate the value of luxury products to Chinese consumers. A focus group discussion was held to get insight into the cognitive processes of Chinese customers while assessing the worth of luxury items. Results This study incorporates several views into a multidimensional model to enhance understanding of Chinese consumers' perceptions and purchasing behaviours about luxury commodities. It offers a comprehensive understanding of the Chinese consumer's self-perception and their community's relationship with luxury goods. Researchers must acknowledge that their sample size was somewhat restricted, hence their results may not accurately reflect all Chinese clientele. Given the limited sample size of this quantitative study, a measurement tool grounded on the suggested conceptual framework is necessary. To ensure the theoretical model's use in future empirical investigations, researchers need do more testing. Uniqueness Our research contributes to the little literature on luxury in the Chinese market by elucidating how the perceived value of luxury affects the purchasing behaviours or habits of Chinese consumers. Furthermore, it has offered a theoretical understanding of the luxury consumption phenomena. It may provide significant insights into the marketing methods of the Chinese luxury goods sector.

Keywords: Chinese consumer, Luxury value, Luxury goods, Chinese luxury market, Purchasing decisions.

1. Introduction

Especially in China, where buying habits are changing at a fast pace, the luxury industry has been booming as of late. Brands in China must grasp the subtleties of Chinese customers' views on the value of luxury if they want to succeed in this ever-changing market. The complex aspects impacting the perception and value of luxury products by Chinese consumers are the focus of this study, which seeks to assess and construct a complete conceptual model that incorporates these elements. Cultural, sociological, and psychological factors all play a role in shaping consumers' perspectives and actions when it comes to high-end goods, and the suggested model takes all of these into account. For a more complete picture of China's luxury spending, researchers look at how these elements interact with one another. The country's distinctive socioeconomic setting, where traditional values and contemporary materialism

collide, makes this inquiry all the more relevant (Choi et al., 2020).

In addition, the research was examined how luxury brands and marketing techniques have been affected by globalisation, internet influence, and changing customer expectations. Our goal is to understand the Chinese consumer's view of luxury goods and services by reviewing the literature and doing empirical research to determine the most important factors influencing luxury value. This paper aims to provide practical insights for luxury firms looking to increase their appeal in the Chinese market and also add to the scholarly debate on luxury consumption. Our goal in creating this solid conceptual framework is to help shed light on the nuances of how people in one of the most profitable consumer sectors in the world perceive the worth of luxury goods (Huang & Su, 2019).

2. BACKGROUND OF THE STUDY

China has become one of the world's leading buyers of luxury products, thanks to its booming luxury sector in the last 20 years. Reasons for this upsurge include more discretionary money, a growing middle class, and better communication throughout the world. Nevertheless, cultural, societal, and economic factors continue to shape Chinese consumers' complicated and multi-faceted perceptions of luxury value. Traditionally, luxury spending in China was typically connected with rank and prestige, anchored in Confucian principles that prioritise social hierarchy and respect. However new tendencies show that people are increasingly buying luxury items for more personal reasons, including to express themselves, to have a good time, or to have an unforgettable experience (Kapferer & Bastien, 2020). This development highlights the importance of developing a sophisticated conceptual model that can account for the shifting mindsets and actions of consumers. In addition, the way Chinese consumers perceive luxury is greatly influenced by the internet world. Luxury firms' communication and audience engagement strategies have been revolutionised by the emergence of e-commerce platforms or social networking sites. This digital transformation not only affects purchase behaviour but also affects how customers view the value of luxury goods balancing classic conceptions of exclusivity with current demands for accessibility and authenticity (Li & Su, 2021).

Considering these intricacies, it is critical to assess and create a theoretical framework that can adequately explore how Chinese consumers perceive the value of luxury. Researchers want to shed light on what motivates Chinese consumers to spend so much on luxury goods by combining findings from cultural studies, marketing theory, and consumer behaviour. By gaining a grasp of these viewpoints, luxury businesses were better able to adapt their strategies to meet the changing needs and desires of Chinese customers (Phau & Prendergast, 2022).

3. PURPOSE OF THE STUDY

The objective of this topic is to construct a comprehensive conceptual model that explores the perspectives of Chinese consumers on the value of luxury. This model aims to elucidate the factors influencing their perceptions and decisions about luxury items. Luxury brands aiming at the Chinese market should gain from the research's understanding of cultural nuances, psychological drivers, and market dynamics. Ultimately, the outcomes were enhancing

marketing strategies and increase client engagement in the dynamic luxury sector.

4. LITERATURE REVIEW

Luxury consumption literature, especially from a Chinese perspective, identifies several critical elements that impact consumer behaviour. The symbolic importance of luxury products in traditional research has been shown time and time again. Research into traditional Chinese principles like Confucianism which stresses the importance of social hierarchy and family honor reveals that expensive goods are used as symbols of affluence and achievement. But new research shows a change in thinking, with younger Chinese buyers looking for more genuine and expressive luxury goods. This change mirrors a wider worldwide trend where experience value or emotional connection become essential components of luxury buying. More and more, people are expanding their definition of luxury to include experiences that speak to their unique personalities, rather than just material goods (Tian & Wang, 2023).

One must also not ignore the consequences of digital revolution. Research shows that online marketplaces and social media have a major impact on how consumers feel and what they buy. Digital interactions are changing the way luxury businesses express their value propositions because of the instantaneous availability to information and peer input. A thorough conceptual model that incorporates these varied viewpoints is still lacking, notwithstanding these findings. The complex interaction of cultural, societal, and technological factors on the perception of luxury value in China is often overlooked by existing paradigms. Luxury brands need a strong model that can explain the intricacies of Chinese consumer behaviour so they can adapt to the changing market and satisfy the ever-changing demands of Chinese consumers, according to this literature assessment (Wang & Griskevicius, 2021).

5. RESEARCH QUESTION

How to examine the role of economic status and income levels in shaping consumer attitudes towards luxury goods?

6. RESEARCH METHODOLOGY

The researcher used a convenient sampling technique in this research.

Research design: The researcher used SPSS version 25 for the quantitative data analysis. The 95% confidence interval or odds ratio together elucidated the genesis and evolution of this statistical link. The p-value was determined to be below 0.05, indicating statistical significance. A comprehensive understanding of its fundamental characteristics was attained by descriptive data analysis. The use of computers for data processing and mathematical, arithmetic, and statistical evaluation to objectively assess survey, poll and questionnaire replies characterises quantitative approaches.

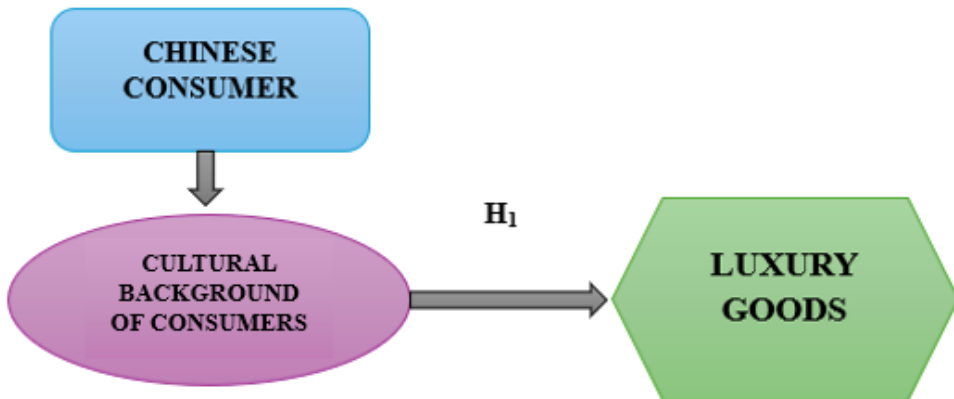
Sampling: A convenient sampling technique was applied for the study. The research relied on questionnaires to gather its data. The Rao-soft program determined a sample size of 657. A total of 896 questionnaires were distributed; 823 were returned, and 45 were excluded due to

incompleteness. In the end, 778 questionnaires were used for the research.

Data and Measurement: A questionnaire survey served as the main data collector for the study. There were two sections to the survey: (A) General demographic information and (B) Online & non-online channel factor replies on a 5-point Likert scale. Secondary data was gathered from a variety of sources, with an emphasis on online databases.

Statistical Tools: Descriptive analysis was used to understand the essential nature of the data. The researcher applied ANOVA for the analysis of the data.

6.1 Conceptual Framework



7. RESULTS

7.1 Factor Analysis

Factor Analysis (FA) is often used to validate the underlying component structure of a set of measurement items. It is thought that the scores of the visible variables are affected by latent, invisible influences. The accuracy analysis (FA) method relies on models. The primary focus of this research is to establish connections between observed events, their underlying causes, or measurement errors.

Whether they want to know whether their data is good for factor analysis, they may utilise the Kaiser-Meyer-Olkin (KMO) Method. Both for each model variable separately and overall, the sample's appropriateness is evaluated. With the use of statistics, researchers may potentially quantify a great deal of shared variance among several variables. Data with smaller percentages are well-suited for factor analysis.

They may generate random integers from 0 to 1 using KMO. Sample adequacy is shown by Kaiser-Meyer-Olkin (KMO) values ranging from 0.8 to 1.

If the KMO falls below 0.6, indicating insufficient sampling, corrective measures must be implemented. The range is 0.5 to 0.6, however, writers are free to apply their judgement; for example, some choose 0.5.

- If the KMO is close to 0, it means that the partial correlations are large compared to the

overall correlations. Component analysis is severely hindered by large correlations, to restate. Kaiser's cutoffs for acceptability are as follows:

A dismal 0.050 to 0.059.

- 0.60 - 0.69 below-average

Typical range for a middle grade: 0.70–0.79.

Having a quality point value between 0.80 and 0.89.

The range from 0.90 to 1.00 is stunning.

Table 1: KMO and Bartlett’s Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.943
Bartlett's Test of Sphericity	Approx. Chi-Square	6014.577
	df	190
	Sig.	.000

The overall significance of the correlation matrices was further confirmed by using Bartlett's Test of Sphericity. A value of 0.943 is the Kaiser-Meyer-Olkin sampling adequacy. By using Bartlett's sphericity test, researchers found a p-value of 0.00. A significant test result from Bartlett's sphericity test demonstrated that the correlation matrix is not a correlation matrix.

7.2 Test for hypothesis

7.2.1 Dependent Variable (Luxury Goods)

The high price tag and prestigious reputation of a brand are often signs that a luxury product is of excellent quality and is sold in limited quantities. Things like luxury clothing, jewellery, automobiles, and electronics fall under this category, which is commonly used to represent wealth and social status. Luxury goods are more often associated with wealth and uniqueness than necessities. In addition to their functional value, these items are attractive due to the emotions they evoke and the identity they showcase. Many cultures place a high value on luxury goods because of the idealised lifestyle they represent, the rarity of these items, and their perceived worth (Xiao & Zhao, 2024).

7.2.2 Independent Variable

❖ Chinese Consumer

The Chinese consumer-luxury good dynamic involves aspiration, cultural significance, and social status. Many people's high-end consumption reflects their community's and their own beliefs and sense of identity. Chinese consumers place a higher value on the history, uniqueness, and quality of luxury brands than they do on the act of purchasing them. Factors like social media, customers' peer perception, and shifting consumer preferences all contribute

to this dynamic relationship, which is crucial to China's luxury goods market (Zhang & Kim, 2022).

- Cultural Background of Consumers

Cultural background is the collection of values, beliefs, traditions, or behaviours that inform an individual's identity and perspective, shaped by elements such as race, nationality, faith, or socioeconomic level. Cultural background profoundly influences customers' tastes, buying choices, and brand impressions. Comprehending these effects enables organisations to customise their marketing tactics to appeal to varied audiences, ensuring that goods and messaging correspond with the cultural subtleties and anticipations of distinct customer segments.

- Relationship Between Cultural Background of Consumers and Luxury Goods

Customers' views and actions towards high-end products are heavily impacted by their cultural background. Luxury goods are in great demand in societies that place a premium on social rank and position because of the prestige and riches they represent. The inverse is also true: in societies that place a premium on originality and expression, people may seek out luxury items for the emotional resonance they provide. The consumption patterns of luxury goods may also be influenced by cultural rituals and traditions, which in turn influence consumer tastes and choices. To make sure their marketing campaigns in different countries speak to the values and expectations of their target audiences, businesses need to be aware of these cultural subtleties. For luxury brands and customer interaction to be successful, this connection is vital (Zhou & Wong, 2023).

Based on the above discussion, the researcher formulated the following hypothesis, which was to analyse the relationship between the cultural background of consumers and luxury goods.

“H₀: There is no significant relationship between cultural background of consumers and luxury goods.”

“H₁: There is a significant relationship between cultural background of consumers and luxury goods.”

Table 2: H₁ ANOVA Test

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	68904.735	487	6264.067	1729.618	.000
Within Groups	318.705	290	3.622		
Total	69223.440	777			

In this study, the result is significant. The value of F is 1729.618, which reaches significance with a p-value of .000 (which is less than the .05 alpha level). This means the “H₁: There is a significant relationship between cultural background of consumers and luxury goods.” is accepted and the null hypothesis is rejected.

8. DISCUSSION

Statistical methods are used to examine data on the perceptions of Chinese consumers on the value of luxury in a quantitative examination of the topic. Consider administering surveys to get quantifiable data on brand perception, purchasing behaviours, and emotional responses to luxury items. Key parameters to evaluate include the frequency of luxury purchases, expenditure patterns, and the influence of demographic factors. Researchers may examine the correlation between these attributes and the overall perceived worth of luxury via methodologies such as regression analysis. This data-driven approach aims to validate the conceptual model to support effective marketing strategies targeting the Chinese luxury market.

9. CONCLUSION

The complex interplay of cultural, emotional, and social factors influencing purchasing behaviour is underscored by the evaluation and development of a conceptual model for assessing Chinese consumers' perceptions of luxury value. Consumers increasingly want experiences that reflect their status and identity, underscoring the need of understanding local preferences and values. This strategy serves as an excellent foundation for luxury enterprises aiming to engage with and address the evolving needs of the Chinese market.

References

1. Choi, J., Kim, Y., & Kim, J. (2020). "Cultural Influences on Luxury Value Perception: The Case of Chinese Consumers." *Journal of Business Research*, 109, 58-67.
2. Huang, L., & Su, J. (2019). "Digital Influence on Luxury Consumption: Understanding Chinese Consumer Behavior." *Journal of Retailing and Consumer Services*, 51, 123-130.
3. Kapferer, J.-N., & Bastien, V. (2020). *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands*. Kogan Page.
4. Li, L., & Su, J. (2021). "The Role of Cultural Values in Luxury Consumption Among Chinese Millennials." *International Journal of Consumer Studies*, 45(4), 456-467.
5. Phau, I., & Prendergast, G. (2022). "The Impact of Cultural Norms on Luxury Brand Consumption in China." *Journal of Consumer Marketing*, 39(2), 184-195.
6. Tian, Y., & Wang, Y. (2023). "Exploring the Emotional Value of Luxury Brands in China." *Journal of Brand Management*, 30(3), 233-245.
7. Wang, R., & Griskevicius, V. (2021). "Luxury Goods and Social Identity: The Role of Status in Chinese Consumers." *Psychology & Marketing*, 38(7), 1001-1013.
8. Xiao, C., & Zhao, Y. (2024). "Brand Authenticity and Luxury Consumption: A Chinese Consumer Perspective." *European Journal of Marketing*, 58(1), 54-72.
9. Zhang, J., & Kim, S. (2022). "Understanding Chinese Luxury Consumers: A Cultural Perspective." *Journal of International Consumer Marketing*, 34(5), 477-492.
10. Zhou, Y., & Wong, A. (2023). "Cultural Dimensions and Their Impact on Luxury Brand Perception in China." *Journal of Marketing Theory and Practice*, 31(2), 150-167.