

**FACTORS AFFECTING THE PURCHASING DECISION ON
LUXURY BAGS OF CONSUMERS IN THAILAND**



**A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2016**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**FACTORS AFFECTING THE PURCHASING DECISION ON
LUXURY BAGS OF CONSUMERS IN THAILAND**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
August 21, 2016



.....
Miss Aphiradee Pongsapaptham
Candidate

.....
Assoc. Prof. Roy Kouwenberg,
Ph.D., CFA
Advisor

.....
Asst. Prof. Prattana Punnakitikashem,
Ph.D.
Chairperson

.....
Assoc. Prof. Annop Tanlamai,
Ph.D.
Dean
College of Management
Mahidol University

.....
Simon Zaby,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

The Success and final outcome of this thematic paper require numerous of guidance and assistance from several people and I am extremely fortunate to have got this all along the complement of my thematic paper. I would like to thank you, my family, who always support and encourage me to finish this thematic paper. Also, thank you for guidance and assistance from my advisor, Dr. Roy Kouwenber, who encourage with genius and attitudes. He continually conveyed a spirit an adventure in regard to research and scholarship in regard to teaching. Without his guidance and persistent help, this thematic paper would not have been possible.

I respect and thank Roy Kouwenber for providing me an opportunity to examine in this topic of factor affecting the purchasing decision on luxury bags of Thai consumers me all support and guidance that made me complete the thematic paper on time. I am extremely grateful to him for offering such a nice support and guidance though he had a very busy schedule.

Aphiradee Pongsaspaptham

FACTORS AFFECTING THE PURCHASING DECISION ON LUXURY BAGS OF CONSUMERS IN THAILAND

APHIRADEE PONGSAPAPTHAM 5749236

M.M. (ENTREPRENEURSHIP MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: ASSOC. PROF. ROY KOUWENBERG, Ph.D., CFA, ASST. PROF. PRATTANA PUNNAKITIKASHEM, Ph.D., SIMON ZABY, Ph.D.

ABSTRACT

This thematic paper has examined the factor affecting the purchasing decision on luxury bags on consumer in Thailand. This research has used the quantitative method by conducting the survey of 99 respondents to see which factors are the most important to Thai consumers. The survey was conducted by online survey and given to Thai consumers throughout Thailand. The finding showed that Thai consumers are motivated to purchase the luxury bags by the factor of quality.

KEY WORDS: Luxury Bags/ Factors/ Purchasing Decision/ Thailand/ Quantitative Method

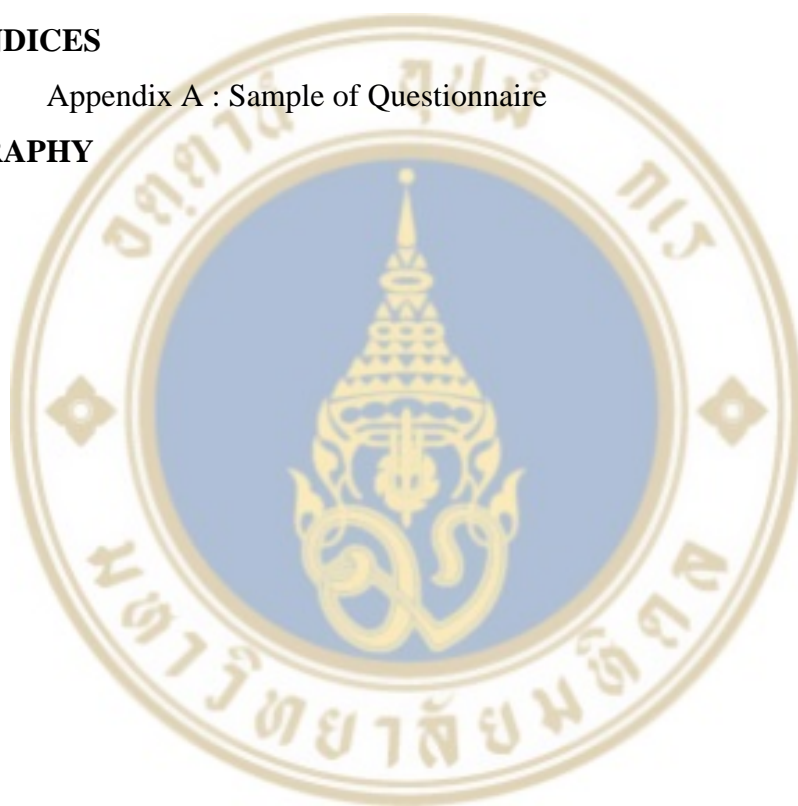
33 pages

CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
CHAPTER I INTRODUCTION	1
1.1 Background	1
1.2 Problem Statement	2
1.3 Research Questions	2
1.4 Research Objective	2
1.5 Research Scope	3
1.6 Expected Benefit	3
CHAPTER II LITERATURE REVIEW	4
2.1 Definitions	4
CHAPTER III METHODOLOGY	8
3.1 Method Selection	8
3.2 Questionnaire Design	8
3.3 Research Procedure	9
3.4 Data collection	9
CHAPTER IV FINDINGS AND DISCUSSIONS	11
4.1 The Respondent Demographic	11
4.2 General Information of the Respondents	12
4.3 Descriptive Statistic	13
4.4 Factor Analysis	15
4.5 Related framework of Decision Making on Buying Luxury bags	20
4.6 Answering research questions	23
4.6.1 Research Question 1	23
4.6.2 Research Question 2	23

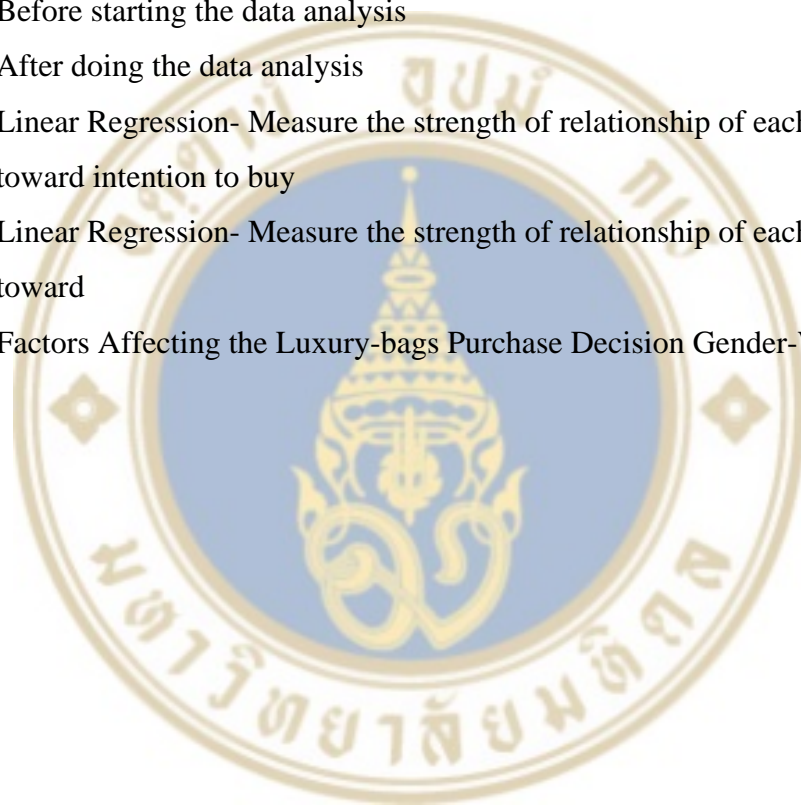
CONTENTS (cont.)

	Page
CHAPTER V CONCLUSION	24
5.1 Recommendations for Further Research	24
5.2 Limitations	25
REFERENCES	26
APPENDICES	28
Appendix A : Sample of Questionnaire	29
BIOGRAPHY	33



LIST OF TABLES

Table		Page
4.1	Shows each variable in average, standard deviation, and number of observations in the columns	14
4.2	Before starting the data analysis	16
4.3	After doing the data analysis	18
4.4	Linear Regression- Measure the strength of relationship of each factor toward intention to buy	21
4.5	Linear Regression- Measure the strength of relationship of each factor toward	
4.6	Factors Affecting the Luxury-bags Purchase Decision Gender-Wise	23



LIST OF FIGURES

Figure	Page
2.1 Model 1- Consumer Behavior Dynamics	5
2.2 Hypothesis: Model 1	7
4.1 Proportion of population by gender	11
4.2 Proportion of population by ages	12
4.3 Proportion of population by Employment status	12
4.4 Proportion of population by Income per month	12
4.5 Frequency of buying luxury goods	13
4.6 Buying luxury bags during next 12 months	13
4.7 Budget for buying luxury goods	13
4.8 Before starting the data analysis	17
4.9 After doing the data analysis	18
4.10 Decision Making on Buying Luxury bags	20

CHAPTER I

INTRODUCTION

1.1 Background

Luxury products are recognized as the medium of self-expression. They are goods that meant to show off a person's prosperity and exclusiveness. Luxury products include perfumes, jewelries, watches, clothes, footwear, accessories, handbags, and more. For the past few years until now, luxury bags has played a major role in the market of luxury goods. They are represented as the more affordable products in luxury market and are no longer considered to be accessible only for high income consumers. Middle income consumers are continuously showing interest towards the consumption of high-end bags. As a result, the market on luxury goods has grown consistently for the past few years especially in Asia. With the increase in the number of people from the high income class, and mass consumers tipping into luxury products, Thai market on luxury goods starts to increase rapidly. Luxury bags sector is one of the main luxury products in Thailand. Brand name bags have become a big trend for Thai people. In addition, it is very interesting to know what factors determine these consumers' purchasing decision of luxury bags. This research project is designed to investigate the influential factors towards the purchasing behavior and perception of luxury bags of consumers in Thailand. More specific aims are as shown below:

1. To study factors influencing the purchasing decision of luxury bags of Thai consumers
2. To compare and contrast the perception of luxury bags from male and female consumers.

1.2 Problem Statement

Due to the rise of emerging economies and the growing global middle class has changed luxury beyond recognition (Luxury society, 2016) that makes the luxury market is not what it was. Therefore, emotional spending is a big part of any purchases consumer make. Spending is now based on wants not needs. Individual or societies have used clothes and other body accessories as a form of nonverbal communication to indicate occupation, gender, age, sexual availability, locality, class, and wealth. Luxury is a form of free speech to indicate. It not only embraces clothing, but also accessories, bags, and jewelry, hairstyles, beauty and body art. The fashion accessory is a huge growth area, with handbags the prime purchase.

1.3 Research Questions

1. What are the factors affecting purchasing decisions of Thai consumers in Thailand toward luxury bags? To what extent are those factors important to customers' purchasing decisions?
2. Is there any significant difference in the importance assigned to the different factors across gender?

1.4 Research Objective

The purpose of this research project is to examine the target consumers' purchasing behavior of luxury bags. Concurrent mixed methods study would be used to better understand factors affecting buying behavior by using quantitative data. In the study, questionnaires would be used to explore factors affecting the purchasing behavior of luxury bags on Thai consumers. Compare and contrast between male and female perceptions on these factors would be also done after that. At the same time, the consumer s' perception would be explored using interviews and observations with consumers who lived in Thailand.

1.5 Research Scope

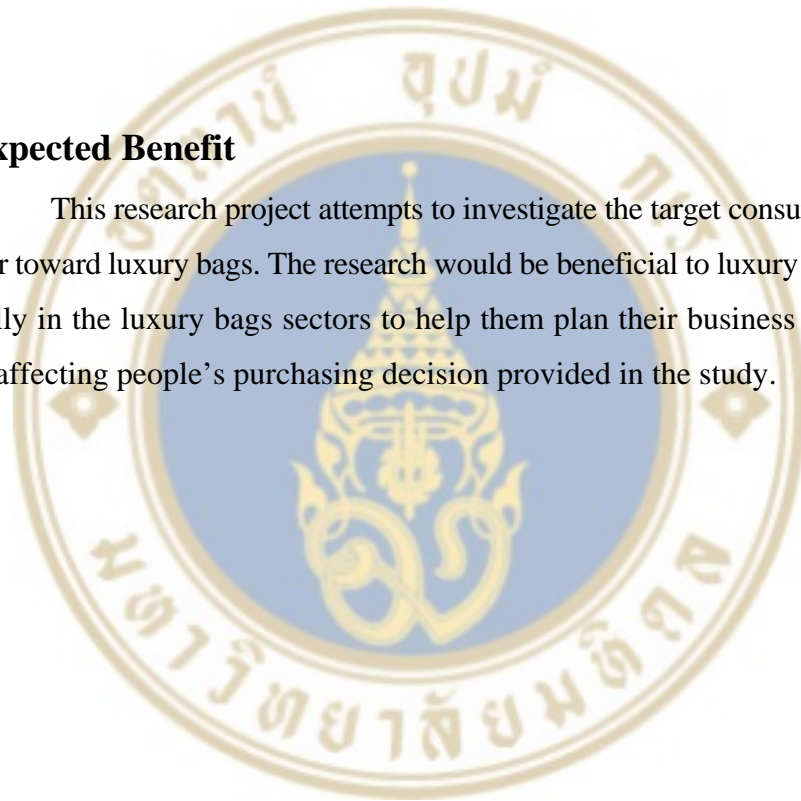
The research scope will concentrate on:

1. The factors that affecting the purchasing behavior of luxury bags in Thai society and potential luxury bag buyers.
2. The different factors on purchasing luxury bags across genders.

The quantitative research approach will be conducted in this paper. The quantitative data will collect by conducting an internet questionnaire with 100 respondents that purchasing luxury bags with both genders who has used luxury bags.

1.6 Expected Benefit

This research project attempts to investigate the target consumers' purchasing behavior toward luxury bags. The research would be beneficial to luxury business owners, especially in the luxury bags sectors to help them plan their business according to the factors affecting people's purchasing decision provided in the study.



CHAPTER II

LITERATURE REVIEW

2.1 Definitions

In describing consumer behavior on luxury products, a number of researchers have viewed it from different perspectives starting with the meaning of consumer behavior in general. “Consumer behavior is defined as the full range of decisions and activities involved in evaluating, acquiring, using, and disposing of goods and services.” (Richard, 2000, p. 218) It attempts to understand the buyers’ decision-making process, both individually and in groups. The study of consumer behavior is a blended element from psychology, sociology, social anthropology and economics. There are theories that explore the various drivers that impel consumers towards their field.

Many of the studies focus on the definition that reflects the information processing view. “Consumer behavior is the study of the process by which consumers make decisions. More specifically, it is concerned with how consumers acquire, organize, and use information to make consumption choices.” (Sternthal and Craig, 1982, p. 92) It is about the decision processes and acts of the people that involve in buying products that concern with the understanding of individual purchasing decision and the consumption activities. This definition clearly reveals the truth that it is not just the buying of goods and services that receives attention in consumer behavior but the process started earlier and ended later than the moment when goods have been bought.

Another definition of consumer behavior can be defined as “The dynamic interaction of affect and cognition, behavior, and the environmental events by which human beings conduct the exchange aspects of their living.” (Bennett, 1995, p. 89) The following is the model of consumer behavior, which shows the dynamics of consumer behavior. It shows that the human attitudes including thought, emotion and intended behavior are influenced by personal and environmental factors to form the consumer behavior.

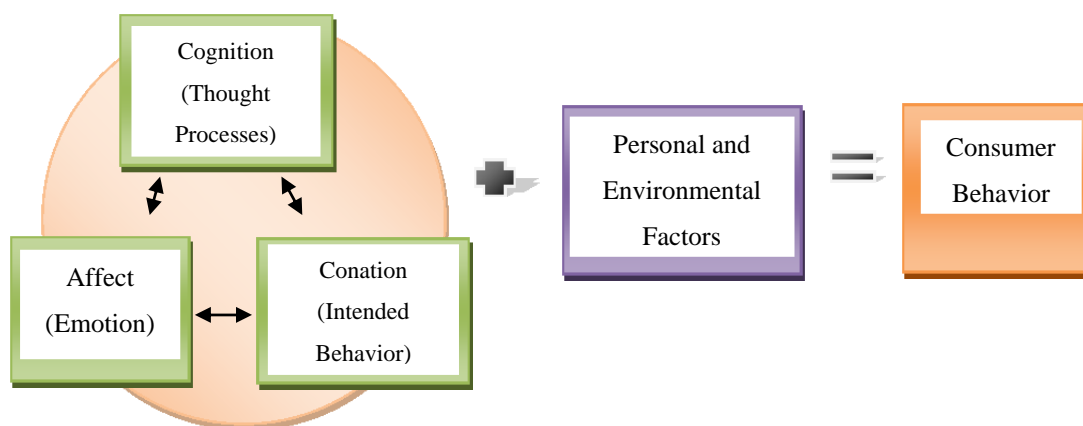


Figure 2.1 Model 1- Consumer Behavior Dynamics

Source: Bennette (1995: 89)

Consumers purchasing decision can be influenced by marketers in several ways. First, consumers' thoughts are influenced by absorbing the provided information. Second, consumers are influenced by the appealing communication and imagery that the marketers provide in their products. Third, consumer behavior may be influenced by the various environmental stimuli. Bennett's (1995) definition of consumer behavior would be used throughout this paper. Bennett's (1995) definition and model have suggested that consumer behavior is dynamic. They also answer how and why people make consumption.

When used to describe the consumer behavior towards luxury goods, the word 'Luxury' by itself means "The indulgence in and enjoyment of rich, comfortable, and sumptuous living. It is something that is inessential but conducive to pleasure and comfort." Cheng's (2006)

Cheng's said that "Luxury goods are premium goods with high quality products, aesthetic design supported by excellent service, purchased by people from the higher income bracket" (p. 24). Luxury goods could represents as the wealth of an individual. Overall, luxury is identified as whatever the poor cannot have but the elite can own. "In the earlier days the term 'luxury' was applied to products that were rare and scarce and available to a small segment of the people." (Sriviroj, 2007, p. 59) Luxury goods used to be out of reach for the ordinary people. However, with the increasing globalization, luxury goods become more affordable and are widely used by many groups of people today.

Luxury brand awareness and purchase are linked to the different perceptions of different genders. The process of consumption has long been associated with sex and gender. The role of gender towards purchasing luxury brand products is considered to be one of the most important factors. “Gender typically refers to the social process of dividing up people and social practices along the lines of sexed identities. The gendering process frequently involves creating hierarchies between the divisions it enacts.” (Beasley, 2005, p. 11) Gender is the culturally variable division of sex. It is a set of characteristics distinguishing between male and female or men and women. “Depending on the context, the discriminating characteristics vary from sex to social role to gender identity” (“Gender” Wikipedia)

Earlier researches on gender differences began to appear in 1960. The work predominantly proposed that males and females differ in the extent to which they develop self-concepts that are either separated from or connected with others. Recently, gender identity has been used to study consumer behavior. “Gender identity has both intrigued and perplexed consumer behavior researchers for over four decades.” (Spence 1984, p. 83) This means that gender identity has long been used to study consumer behavior. Gender identity, sometimes referred to as an individual's psychological sex, has been defined as the "fundamental, existential sense of one's maleness or femaleness." (Spence 1984, p. 83) “Since gender is culturally derived, gender identity is similarly rooted in cultural understandings of what it means to be masculine or feminine.” (Firat 1991, Lerner 1986)

Femininity has become more associated with consumption in general. Women seem to purchase luxury brand products more often than men do because they shop more. “Women consider shopping to be important in their life because they are able to have their own personal space, and a sense of self.” (Falk and Campbell, 1997, p. 67) One of the main reasons that women shop is because they want to express self-love and gain identity. “The association of women with adornment and appearance confirmed and reinforced early psychoanalytic views of the naturalness of feminine narcissism.” (Banner 1983, Peiss 1990)

Moreover, Meyers-Levy's (1988) study found the following:

“Female attention to both self and others, they are expected to respond favorably to both agentic and communal advertising appeals. Men, on the other hand,

due to their agentic role, do not incorporate collective concerns, thus tend to be more sensitive to personally relevant information than do women” (p. 522)

Therefore, females are more likely to engage in a more detailed and deeper engagement than males. However, ‘self’ also plays an important role on male consumption. Even male believe that identify individuals is important. “The male agentic role was characterized by concern for the self, while the female communal role typically embraced concern for both the self and others.” (Markus and Kitayama, 1991, p. 224)

To conclude, there are 7 main factors that influence customers’ buying decision on luxury goods including Social Need, Price, Brand, Trend, Quality, Styling & Design, and Self-image.

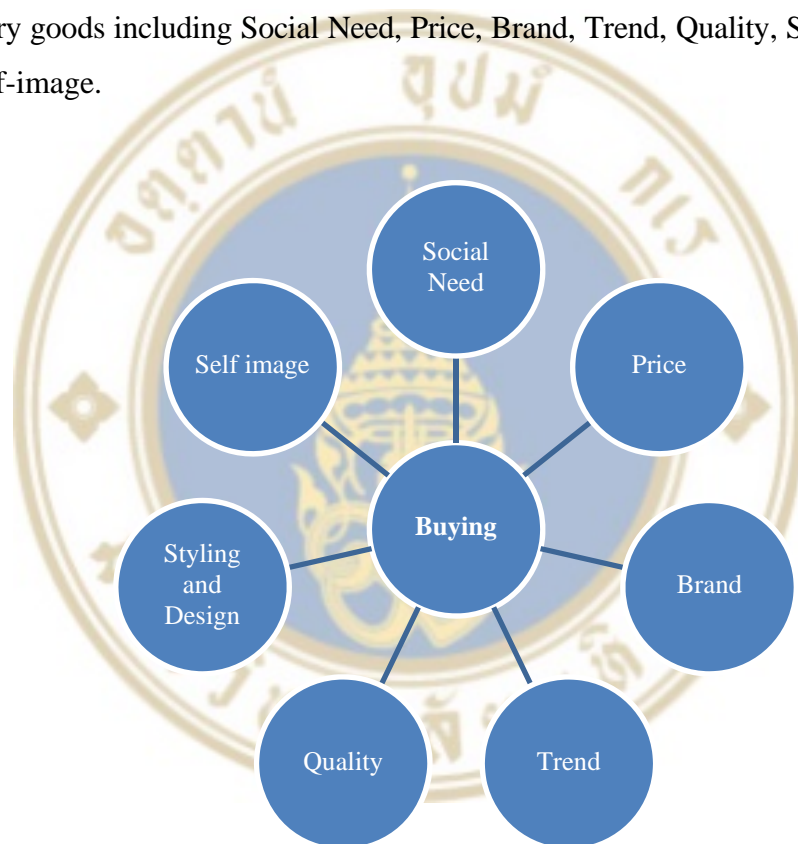


Figure 2.2 Hypothesis: Model 1

CHAPTER III

METHODOLOGY

This chapter will discuss the data collection and analysis used to conduct this study. In this chapter, a collection of quantitative methods is proposed to examine the factors influencing the purchasing decision of Thai consumers, the relationships between male and female perceptions on luxury bags and to investigate the attitudes toward Thai luxury brands. This chapter, on methodology consists of the followings: firstly, the research method will be discussed followed by an explanation about method would be appropriate to use in this study. Secondly, the procedures used in data collection will be discussed. Thirdly, the questionnaire design, which is of key importance in gathering data for results, will be summarized

3.1 Method Selection

This research project will be investigated through quantitative research, using a questionnaire and online survey. The study aims to explore the purchasing behavior on luxury bags of Thai consumers focusing on seven main factors. Since there are a large number of consumers purchasing luxury bags, the method of quantitative research is therefore more suitable in collecting data from large sample sizes. The participants are Thai consumers who use luxury bag. Questionnaires were presented to a total of 100 respondents, using convenience sampling.

3.2 Questionnaire Design

The questionnaire design is composed of four parts. Part one is called screening questions that contain one or two questions. The questions will be dichotomous questions that relates to the topic. Part two is also consisted of general questions that are comprised of five questions that relate to topic. The question will be asked on general

about luxury bags to make the respondents get used to the questionnaire. Next part is about specific questions which will be more specific on the factors of purchasing behavior on luxury bags.

This part requires the responses from individuals in what factors influence them into purchasing luxury handbags. The flow of the questionnaire moves from factors to factors involving price, brand, trend, quality, styling and design, social need, and self-image. It requires rating from 1 to 5 (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree) for their answers. Lastly, demographic questions consisted of quantitative questions that contain demographic information and personal details of respondents including: gender, educational level, monthly income, and purchasing frequency.

3.3 Research Procedure

This descriptive research will conduct through a process of distributing and collecting questionnaires in July 2016. The questionnaire instrument is consisted of sixteen questions. It was administered with Thai consumers. The questionnaires were distributed through the means of both paper and internet. The respondents were given approximately 10-15 minutes to complete the questionnaire. Once all the questionnaires were gathered, they would then be analyzed by using the statistical methods. The statistical method was conducted through SPSS (Statistical Package for the Social Sciences). Finally, the data that had been analyzed would be presented in the forms of tables and figures.

3.4 Data collection

Primary and secondary data are gathered during this study. Conducting primary research is a useful skill to acquire as it can greatly supplement the research in secondary sources, such as journals, articles, magazines, or books.

The information from this study was collected through both forms of data including primary and secondary data. The primary data was gathered from Thai consumers using luxury bags through face-to-face questionnaires and Internet via Google survey. The secondary data was collected from books and online journals. Previous research

studies from various authors were found from databases in the form of PDS files. These sources of data provided useful background information on luxury goods and consumer purchasing behavior.



CHAPTER IV

FINDINGS AND DISCUSSIONS

This chapter reports the data collected from 99 respondents all Thai users of luxury bags. The outcomes of the research study will be based on the data obtained from the questionnaires.

4.1 The Respondent Demographic

After the data collection process, total respondents are 99 people consisting of 77 females and 22 males. The data analysis follows the research framework in Chapter I and uses SPSS program to analyze the results.

Figure 4.1-4.4 Most of respondents are the first jobber who aged between 29 – 30 years old. Their monthly personal income is around 20,001 – 30,000 baht which can be categorized as a middle income person. Their employment status is self-employed. The information looks contradicting as self-employed people should have higher income than it said in the figure 4.4. The researcher thinks that people who has their own business or work with their family business don't get a lot of money per month as they can ask their parents to pay if they really want to get luxury goods.

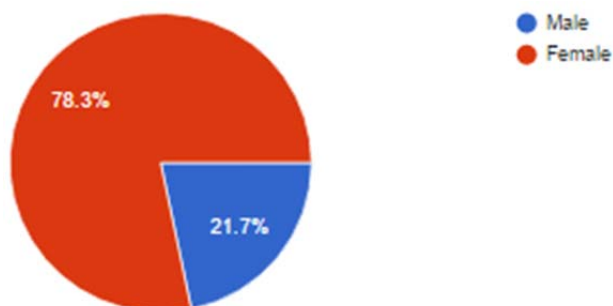


Figure 4.1 Proportion of population by gender

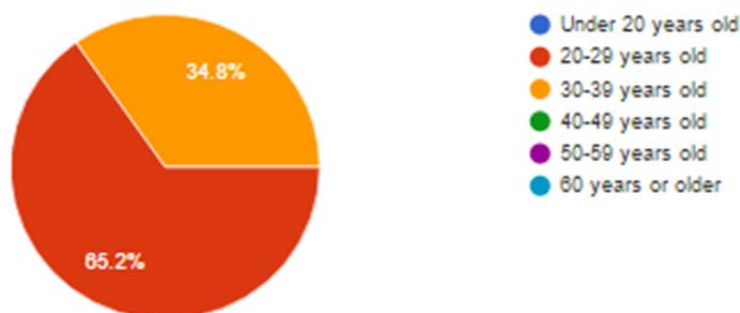


Figure 4.2 Proportion of population by ages

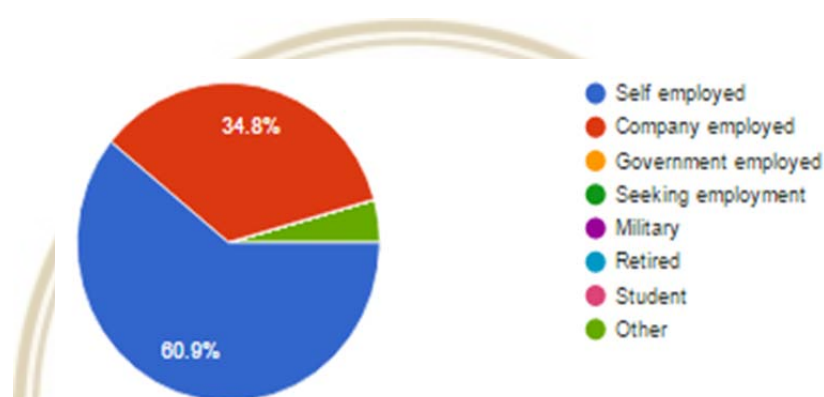


Figure 4.3 Proportion of population by Employment status

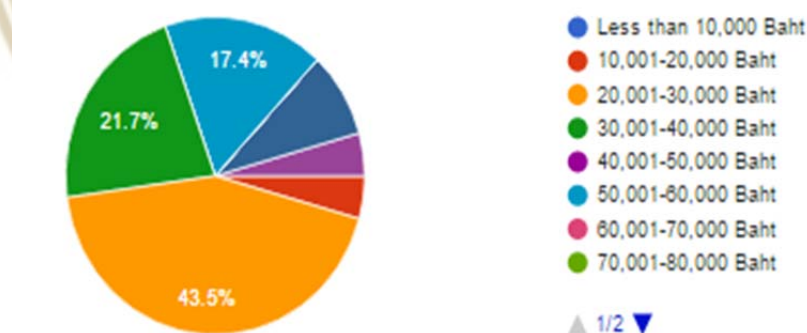


Figure 4.4 Proportion of population by Income per month

4.2 General Information of the Respondents

To analyse Figure 4.5 – 4.7 as following, Figure 4.5 showed that most of respondents decided to buy new luxury goods when more than 12 months. Figure 4.6 respondents believe to buy new luxury bags during next 12 months. Most respondents give a budget of 30,000 THB for buying a new luxury bags.

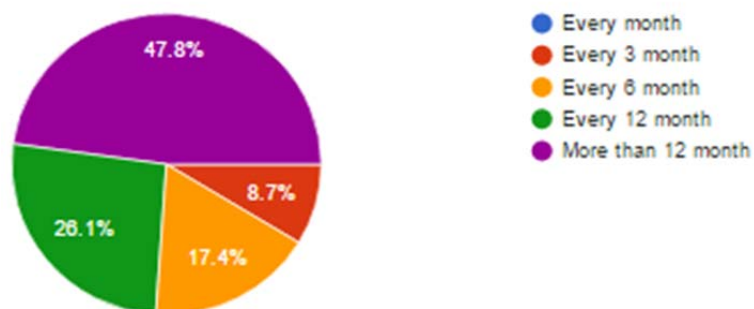


Figure 4.5 Frequency of buying luxury goods

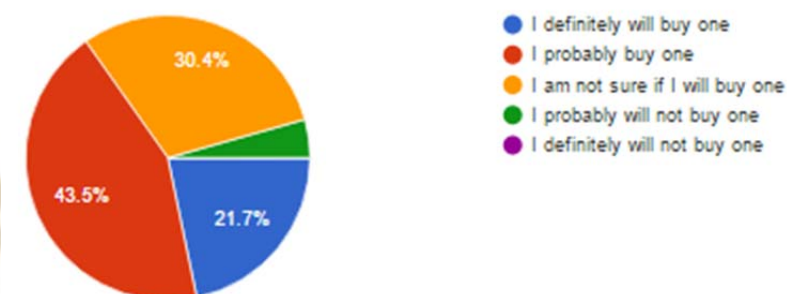


Figure 4.6 Buying luxury bags during next 12 months

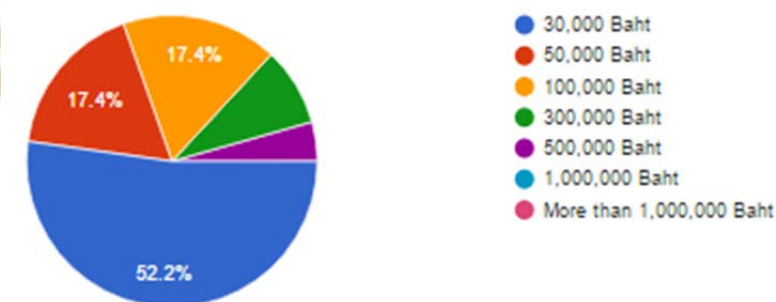


Figure 4.7 Budget for buying luxury goods

4.3 Descriptive Statistic

Basic descriptive statistics has been used to summarize the list of specific questions, measured on a Likert scale (Strongly disagree, disagree, agree and strongly agree).

Table 4.1 Shows each variable in average, standard deviation, and number of observations in the columns

	Question	Mean	S.D.	Analysis N
7.1	The cost of luxury branded product and its limited edition makes bags more desirable	2.75	0.77	99
7.2	If products appeal to me, I purchase them regardless of the price	<u>3.15</u>	0.85	Pric
7.3	There is certain look, appearance of uniqueness in each luxury brand	<u>3.37</u>	.679	Brand
7.4	I like to buy a certain brand of luxury bag that matches my characters	<u>3.64</u>	0.63	Brand
7.5	Luxury branded bags infer to wealth and success	2.71	0.67	99
7.6	Celebrities or famous peoples can influence the behavior of purchasing a luxury bag	2.62	0.65	99
7.7	I purchase a certain luxury bags because I've seen it on advertisement	2.44	0.69	99
7.8	I buy luxury brands' products to satisfy my personal needs, not to follow trend and impress others	<u>3.20</u>	0.86	Trend
7.9	I purchase luxury bags because of their craftsmanship and the use of quality materials	<u>3.23</u>	0.86	Quality
7.10	I purchase luxury bags because of their long durability	<u>3.26</u>	0.694	Quality
7.11	I purchase luxury bags because the design look appealing	<u>3.48</u>		Styling & Design
7.12	I purchase luxury bags because of the uniqueness of the collection and its limited numbers	2.53	0.66	99
7.13	I purchase luxury bags because of its function (ex. There's a pocket made especially for coins, mobile phone)	2.93	0.79	99
7.14	I purchase luxury bags to fit in with my friends	2.01	0.91	99
7.15	When I am carrying my luxury bag, I feel like I am a fashion leader	2.24	0.73	99
7.16	I believed that people will perceived me as "high society" when I purchase or use luxury bags	2.38	0.90	99

Table 4.1 shows each variable in average (mean), standard deviation, and N (number of observations) in the columns. By using Basic descriptive statistics, the specific questions with the highest mean have been selected and categorized according to the theoretical framework. The researcher looks at the questions that have mean higher than 3 which have seven questions in from five different factors in the framework

1. Price: If products appeal to me, I purchase them regardless of the price (mean 3.15)
2. Brand:
 - There is certain look, appearance of uniqueness in each luxury brand (mean 3.37)
 - I like to buy a certain brand of luxury bag that matches my characters (mean 3.64)
3. Trend: I buy luxury brand products to satisfy my personal needs, not to follow trend and impress others (mean 3.20)
4. Quality:
 - I purchase luxury bags because of their craftsmanship and the use of quality materials (mean 3.23)
 - I purchase luxury bags because of their long durability (mean 3.26)
5. Styling and Design: I purchase luxury bags because the design look appealing (mean 3.48)

After summarizing the mean of the variable, the research will analyze the data by Factor Analysis which specific questions tend to be correlate, then summarized summated scale to show the relations between each variable and know which the important key factors that affect the behavior of buying a luxury bags.

4.4 Factor Analysis

The first part investigated seven factors including price, brand, trend, quality, styling & design, social need, and self- image on the buying behavior on luxury bags of Thai users.

The researcher used factor analysis in SPSS for data reduction and summarization. Factor analysis is used to see whether its construct successfully measures what researcher intends to measure. The results are shown in the form of Total Variance Explained, Scree Plot, and Rotated Component Matrix.

1. Total Variance Explained: This paper only focuses on the variables that have the Initial Eigenvalue >1 and have the cumulative percentage of variance between 70 - 90%. Also at the end the cumulative percentage should not be drop more than 5%.

2. Scree Plot: It needs to run the data by removing the insignificant variables until it can see a clear separation in the plot. The clear separation is where it can see the graph obviously drop as per showing in Figure 4.11.

3. Rotated Component Matrix: Rotate component matrix shows the number of factors by the number of columns. The values in the table represent the factor loading of variable. The value of the variable with factors loading must not less than 0.4, which mean the variable has weak relationship with the factor loading. The closer a value gets ± 1 the stronger the relationship between variable and factor. A variable needs to have matched meaning to see correlation.

4. Before starting the data analysis

Table 4.2 Before starting the data analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.764	29.773	29.773	4.764	29.773	29.773
2	3.264	20.400	50.174	3.264	20.400	50.174
3	2.196	13.726	63.900	2.196	13.726	63.900
4	1.330	8.313	72.213	1.330	8.313	72.213
5	1.194	7.460	79.673	1.194	7.460	79.673
6	.859	5.372	85.044			
7	.615	3.845	88.889			
8	.465	2.904	91.793			
9	.376	2.349	94.142			
10	.352	2.201	96.343			
11	.215	1.342	97.686			
12	.135	.844	98.529			
13	.118	.739	99.268			
14	.077	.481	99.749			
15	.033	.207	99.956			
16	.007	.044	100.000			

Extraction Method: Principal Component Analysis.

Table 4.2 Before starting the data analysis (cont.)

Rotated Component Matrix

	Component				
	1	2	3	4	5
[7.15 When I am carrying my luxury bag, I feel like I am a fashion leader]	.887				
[7.16 I believed that people will perceived me as "high society" when I purchase or use luxury bags]	.870				
[7.14 I purchase luxury bags to fit in with my friends]	.788				
[7.5 Luxury branded bags infer to wealth and success]	.748				
[7.12 I purchase luxury bags because of the uniqueness of the collection and its limited numbers]	.562	.552			
[7.10 I purchase luxury bags because of their long durability]		.848			
[7.3 There is certain look, appearance of uniqueness in each luxury brand]		.837			
[7.13 I purchase luxury bags because of its function (ex. There's a pocket made especially for coins, mobile phone)]		.792			
[7.9 I purchase luxury bags because of their craftsmanship and the use of quality materials]		.665		.433	
[7.7 I purchase a certain luxury bags because I've seen it on advertisement]			.904		
[7.6 Celebrities or famous peoples can influence the behavior of purchasing a luxury bag]			.759		
[7.8 I buy luxury brands' products to satisfy my personal needs, not to follow trend and impress others]			.680	.469	
[7.4 I like to buy a certain brand of luxury bag that matches my characters]				.798	

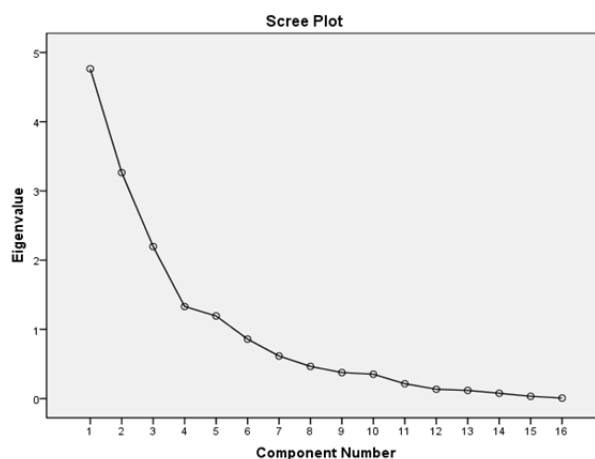


Figure 4.8 Before starting the data analysis

5. After doing the data analysis

Table 4.3 After doing the data analysis

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.071	34.509	34.509	2.071	34.509	34.509	1.850	30.838	30.838
2	1.818	30.305	64.814	1.818	30.305	64.814	1.719	28.647	59.485
3	1.273	21.223	86.037	1.273	21.223	86.037	1.593	26.552	86.037
4	.434	7.240	93.277						
5	.352	5.866	99.143						
6	.051	.857	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component		
	1	2	3
[7.16 I believed that people will perceived me as a "high society" when I purchase or use luxury bags]	.957		
[7.15 When I am carrying my luxury bag, I feel like I am a fashion leader]	.935		
[7.10 I purchase luxury bags because of their long durability]		.914	
[7.9 I purchase luxury bags because of their craftsmanship and the use of quality materials]		.900	
[7.6 Celebrities or famous peoples can influence the behavior of purchasing a luxury bag]			.871
[7.7 I purchase a certain luxury bags because I've seen it on advertisement]			.871

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 4 iterations.

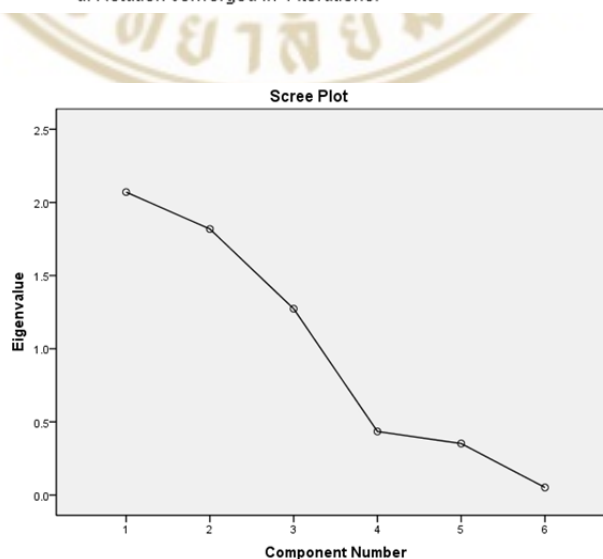


Figure 4.9 After doing the data analysis

Total Variance Explained table show that there are three components that have initial eigenvalues of more than one. The percentage of cumulative is 86% which is very good as it drop only a little bit from the first round. Scree plot, it shows quite clear separation of each components which is three components. Rotated Component Matrix, there is no factor loading, cross loading and mismatch meaning. Each variable in each factor are sticking together.

As table of Total Variance Explained above show the final finding. There are 3 factors which grouped as quality, self-image, and trend that are important for consumers making decisions on luxury bags.

In component 1 we name this factor as “**Self-Image**” which has 2 variables.

1. The factor loading of this question “I believed that people will perceive me as a high society when I purchase or use luxury bag” is 0.957. This number shows that this particular variable has a positive and strong relationship with “Self-image”.

2. The factor loading of this question “When I am carrying my luxury bags, I feel like I am fashion leader” is 0.935. This number shows that this variable has a positive and strong relationship with “Self-image”.

In component 2 we name this factor as “**Quality**” which has 2 variables.

1. The factor loading of this question “I purchase luxury bags because of their long durability” is 0.914. This number shows that this variable has a positive and very strong relationship with “Quality”. Respondent concerned much about this specific question as the factor loading is about 1.

2. The factor loading of this question “I purchase luxury bag because of the craftsmanship and the use of quality material” is 0.9. This number shows that this variable has a positive and very strong relationship with “Quality”.

In component 3 we name this factor as “**Trend**” which has 2 variables.

1. The factor loading of this question “Celebrities or famous peoples can influence the behavior of purchasing a luxury bag” is 0.871. This number shows that this variable has a positive and very strong relationship with “Trend”.

2. The factor loading of this question “I purchase a certain luxury bags because I’ve seen it on advertisement.” is 0.871. This number shows that this variable has a positive and very strong relationship with “Trend”.

4.5 Related framework of Decision Making on Buying Luxury bags



Figure 4.10 Decision Making on Buying Luxury bags

There is one factor that related in both descriptive and factor analysis with the same questions which is quality.

The factor on quality is the most important variables influencing their purchasing decision. The results also suggest that ‘quality’ plays an important role in consumers’ purchasing decisions. The question of “I purchase luxury bags because of their long durability” has a factory loading of 0.914 and mean of 3.26. And another question that appear both analysis “I purchase luxury bag because of the craftsmanship and the use of quality material” has a factor loading of 0.9 and mean of 3.23.

Thai users relate the highly- priced luxury bags with superior quality just like the theory of prestige pricing suggested. They value the uniqueness and the neatness of the craftsmanship, making sure that these luxury bags are worth the money. This is shown in one of respondents’ response: “Although luxury bags are expensive, the classy design, the durability, the decent raw material used is worth the money spend.”

Table 4.4 Linear Regression- Measure the strength of relationship of each factor toward intention to buy

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.112	7	.873	1.392	.218 ^a
	Residual	57.060	91	.627		
	Total	63.172	98			

a. Predictors: (Constant), socialneed, Price, Trend, Stylingdesign, Brand, Quality, selfimage

b. Dependent Variable: 6. How likely is that you will buy a new luxury bag during the next 12 months?

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.620	.925		3.913	.000
	Price	.016	.098	.021	.161	.872
	Brand	-.187	.102	-.268	-1.832	.070
	Trend	-.016	.076	-.026	-.205	.838
	Quality	.251	.107	.349	2.339	.022
	Styling design	-.173	.097	-.250	-1.789	.077
	selfimage	.017	.109	.024	.159	.874
	socialneed	.037	.147	.041	.248	.804

a. Dependent Variable: 6. How likely is that you will buy a new luxury bag during the next 12 months?

From the result of Linear Regression model shows the factors that relate to the intention to buy question “How likely is that you will buy a new luxury bag during the next 12 months” The factor that has relation to dependent variable is Quality which has significance of 0.022. It is the only one factor that is significant. I concluded that a preference for high quality is the most important variable explaining which Thai consumers are planning to buy a new luxury bags.

Table 4.5 Linear Regression- Measure the strength of relationship of each factor toward budget for buying luxury bags

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.239	7	4.606	3.605	.002 ^a
	Residual	116.266	91	1.278		
	Total	148.505	98			

a. Predictors: (Constant), socialneed, Price, Trend, Stylingdesign, Brand, Quality, selfimage

b. Dependent Variable: 5. What is your budget for buying luxury bags each year?

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.109	1.321		-.840	.403
	Price	-.108	.140	-.095	-.770	.443
	Brand	.066	.145	.061	.451	.653
	Trend	.285	.109	.311	2.615	.010
	Quality	-.012	.153	-.011	-.076	.940
	Stylingdesign	.295	.138	.278	2.138	.035
	selfimage	-.145	.156	-.133	-.935	.353
	socialneed	-.059	.210	-.044	-.283	.778

a. Dependent Variable: 5. What is your budget for buying luxury bags each year?

I then test which factors have any influence on the budget consumers have available for purchasing luxury bags. Based on the result of the Linear Regression model, Trend and Design factors have p-values less than 5% level and a positive slope coefficient. Therefore, it can be concluded that consumers who appreciate the latest Trend and Design tend to have a higher budget for buying new luxury bags.

4.6 Answering research questions

4.6.1 Research Question 1

What are the factors affecting purchasing decisions of Thai consumers in Thailand toward luxury bags? To what extent are those factors important to customers' purchasing decisions?

From the analysis of the questionnaires, we found that there are seven main factors that affect the purchasing decisions of Thai consumers towards luxury bags. The seven main factors are Price, Brand, Trend, Quality, Styling & Design, Social Need, and Self-image.

According to both analyses, the respondents have considered quality as the main factor for the decision of buying luxury bags.

4.6.2 Research Question 2

Is there any significant difference in the importance assigned to the different factors across gender?

Table 4.6 Factors Affecting the Luxury-bags Purchase Decision Gender-Wise

8. What is your gender?		1. Have you ever bought luxury goods (especially bags)?	Price	Brand	Trend	Quality	Stylingdesign	selfimage	socialneed
Male	Mean	1.00	4.2143	<u>7.5397</u>	<u>5.5873</u>	4.6190	<u>6.7619</u>	3.1905	1.8095
	N	21	21	21	21	21	21	21	21
	Std. Deviation	.000	1.57775	1.64140	1.12004	1.48244	1.61982	.76610	.98077
Female	Mean	1.00	4.3526	<u>8.0128</u>	<u>6.2735</u>	4.9295	<u>7.0470</u>	3.5000	2.0641
	N	78	78	78	78	78	78	78	78
	Std. Deviation	.000	.92620	.97508	1.36726	.99910	1.01037	1.19794	.88772

Table 4.6 reveals that there is no significant difference in the opinions between males and females in the seven factors. It is found that medium importance is the minimal level assigned to the different factors across gender. Only one factors, social need, is given low importance, which scored less than 2.5, by the respondents. This suggests that all seven factors are taken into consideration by the Thai consumers.

CHAPTER V

CONCLUSION

In conclusion, the purchasing decision on luxury bags of the Thai consumers in Thailand is based on the term “materialism”. According to this research, the research found that factor of quality is very significant for the users. It would be best for the managers and designers of luxury brands to place priority on quality of the brand as the major focus in developing the products for both men and women. High-end brands could consider increasing the product lines for young customers, such as graduate students or office workers, from age 20-39 and focusing on products that could be wore during many occasions as researcher found that there is a limited of budget. Brand managers should keep maintaining the original and positive aspects of the brand image in order to attract and keep the young customers. Along with this, brand marketers could create various marketing activities in order to maintain popular morale or recover brand image. The managers should consider increasing the number of sale promotions to maximize sales. Lastly, they should keep the target age 20-39, who have the potential to spend money on luxury products, and change status of users from ‘first time users’ to ‘regular users’ or ‘potential users’ of the brands in the future.

5.1 Recommendations for Further Research

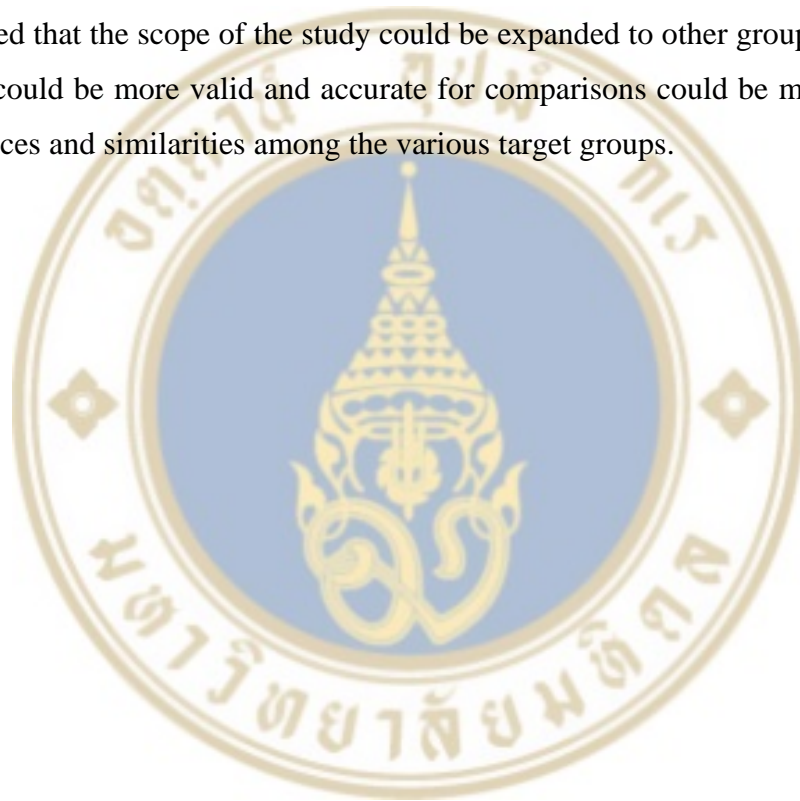
Based on the findings and conclusion of this study, the following recommendations are made for future research.

Since this study was conducted only for Thai consumers, the results from the small number of respondents might not represent the majority of Thai people who use luxury bags. Further research should include more respondents. Moreover, this research study only focuses on a particular group of participants, especially young people. Therefore, the next research could highlight people from other age groups and occupations such as middle- age workers and graduate students in order to explore and

compare the differences and similarities in behaviors of the different groups. Moreover, this research was conducted over a limited period of time. With future study, the researchers should strengthen the research by extending the time frame for data collection.

5.2 Limitations

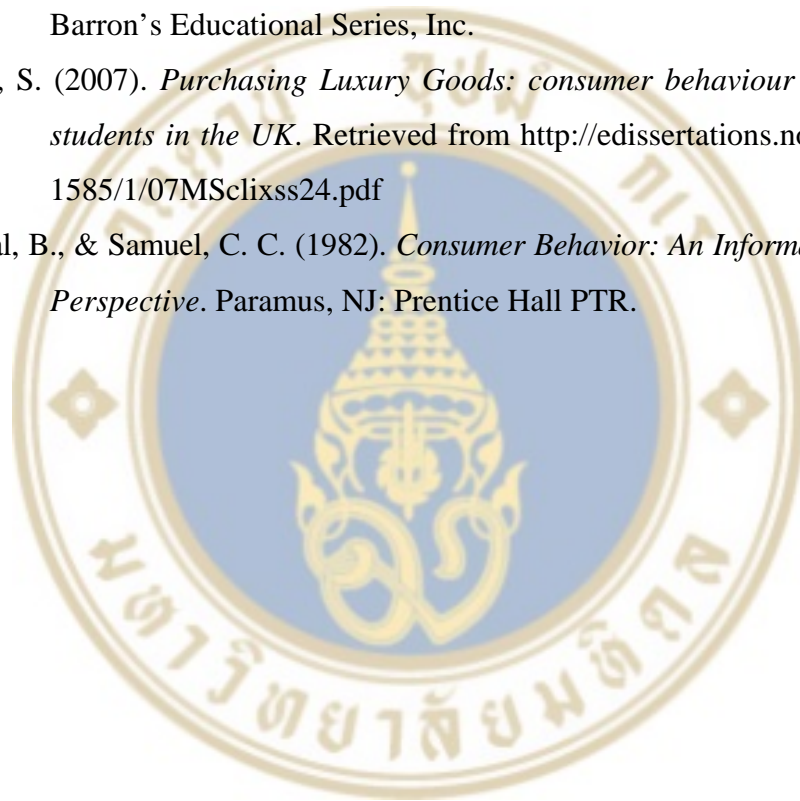
Due to the limitations in this study, the respondents were only gathered from people who connected to the researcher. This makes the sample size small. It is suggested that the scope of the study could be expanded to other groups. With this, the results could be more valid and accurate for comparisons could be made between the differences and similarities among the various target groups.



REFERENCES

- Barnier, V. D., & Rodina, I., (2010). *Which luxury perceptions affect most consumer purchase behavior? A-cross cultural exploratory study in France, the United Kingdom and Russia*. Retrieved from http://www.marketing-trends-congress.com/2006_cp/Materiali/Paper/Fr/DeBarnier_Rodina_ValetteFlorence.pdf
- Bearden, W. O., Ingram, T. N., & LaForge, R. W. (2004). *Marketing: Principles and Perspectives*. New York, NY: The McGraw-Hill.
- Bennett, P.D. (1995). *Dictionary of Marketing Terms*. Chicago, IL: American Marketing Association.
- Blythe, J. (2008). *Consumer Behavior*. London: Thomas Learning.
- Cheng, C. (2006). *The Impact of Brand Image on Consumer Behaviour of Luxury Goods of Fashion Industry in China*. Retrieved from <http://edissertations.nottingham.ac.uk/1585/1/07MSclixss24.pdf>
- Etzel, M. J., Walker, B.J., & Stanton, W. J. (2001). *Marketing* (12th ed.) New York, NY: The McGraw-Hill.
- Falk, P., & Campbell, C. (1997). *The Shopping Experience* (3rd ed.). London: Sage Publications.
- Feldman, R.S. (2008). *Understanding Psychology* (8th ed.). New York, NY: The McGraw-Hill Companies Inc.
- Hawkins, D. I., Mothersbaugh, D. L., Best, R. J. (2007). *Understanding Psychology* (8th ed.). New York, NY: The McGraw-Hill Companies Inc.
- Ignatieff, M., Chatto, & Windus (1984). *Natural vs. Social Need*. <http://www.leeds.ac.uk/disability-studies/archiveuk/elderwood/Nat%20v%20Soc%20Needs.pdf>
- Kotler, P., & Armstrong, G. (2007). *Principles of Marketing* (10th ed.), New Jersey: Pearson Education, Inc.
- Lerner, R. M. (2002). *Concepts and Theories of Human Development* (3rd ed.). Mahwah, NJ: Lawrence Erlbaum Associates, Inc., Publishers.

- Markus, H.R., & Kitayama, S. (1991). *Culture and the Self: Implications for Cognition, Emotion and Motivation*. Psychological Review, London: British Library Cataloguing in Publication Data.
- Meyers-Levy, J. (1988). *The Influence of Sex Roles on Judgment*. Journal of Consumer Research, Mason, OH: Cengage Learning.
- Nellis, C. (2011). *A definition of Fashion*. Retrieved from <http://fashion.about.com/cs/historycostumes/a/whatisfashion.htm>
- Sandhusen, R. L. (2000). *Marketing: Gender and Buying Behavior*. New York, NY: Barron's Educational Series, Inc.
- Sriviroj, S. (2007). *Purchasing Luxury Goods: consumer behaviour of international students in the UK*. Retrieved from <http://edissertations.nottingham.ac.uk/1585/1/07MSclixss24.pdf>
- Sternthal, B., & Samuel, C. C. (1982). *Consumer Behavior: An Information Processing Perspective*. Paramus, NJ: Prentice Hall PTR.





Appendix A: Sample of Questionnaire

Screen Question

1. Have you ever bought luxury goods (especially bags)?

General Question

1. Where do you typically buy luxury goods?
 - Shopping mall
 - Duty free (King power)
 - Aboard
 - Ask friends who live in aboard
2. How often do you buy luxury goods?
 - Every month
 - Every 3 months
 - Every 6 month
 - Every 12 month
 - More than 12 month
3. What kind of luxury goods do you have?
 - Bag
 - Hand bag
 - Wallet/Purse
 - Belt
 - Shoe
 - Clothes
4. What is your budget for buying luxury bags each year?
 - 30,000 Baht
 - 50,000 Baht
 - 100,000 Baht
 - 300,000 Baht
 - 500,000 Baht
 - 1,000,000 Baht
 - More than 1,000,000 Baht

5. How likely is that you will buy a new luxury bag during the next 12 months?

- I definitely will buy one
- I probably buy one
- I am not sure if I will buy one
- I probably will not buy one
- I definitely will not buy one

Specific Question

Please read the statement below and put only one X into to specify your level of agreement or disagreement affecting your decision making on buying luxury handbags as follows:

5 = Strongly Agree

2 = Disagree

4 = Agree

1 = Strongly Disagree

3 = Neutral

Question	5	4	3	2	1
1. (Price)The cost of luxury branded product and its limited edition makes bags more desirable					
2. (Price)If products appeal to me, I purchase them regardless of the price					
3. (Brand)There is certain look, appearance of uniqueness in each luxury brand					
4. (Brand)I like to buy a certain brand of luxury bag that matches my characters					
5. (Brand)Luxury branded bags infer to wealth and success					
6. (Trend)Celebrities or famous peoples can influence the behavior of purchasing a luxury bag					
7. (Trend)I purchase a certain luxury bags because I've seen it on advertisement					
8. (Trend)I buy luxury brands' products to satisfy my personal needs, not to follow trend and impress others					

Question	5	4	3	2	1
9. (Quality)I purchase luxury bags because of their craftsmanship and the use of quality materials					
10. (Quality)I purchase luxury bags because of their long durability					
11. (Styling & Design)I purchase luxury bags because the design look appealing					
12. (Styling & Design)I purchase luxury bags because of the uniqueness of the collection and its limited numbers					
13. (Styling & Design)I purchase luxury bags because of its function (ex. There's a pocket made especially for coins, mobile phone)					
14. (Social needs)I purchase luxury bags to fit in with my friends					
15. (Self-image)When I am carrying my luxury bag, I feel like I am a fashion leader					
16. (Self-image)I believed that people will perceived me as "high society" when I purchase or use luxury bags					

Demographic Question

1. What is your gender?
 - Male
 - Female
2. What is your age?
 - Under 20 years old
 - 20-29 years old
 - 30-39 years old
 - 40-49 years old
 - 50-59 years old
 - 60 years or older

3. What is your employment status?

- Company employed
- Government employed
- Self employed
- Seeking employment
- Military
- Retired
- Student
- Other

4. What is your monthly personal income?

- Less than 10,000 Baht
- 10,001-20,000 Baht
- 20,001-30,000 Baht
- 30,001-40,000 Baht
- 40,001-50,000 Baht
- 50,001-60,000 Baht
- 60,001-70,000 Baht
- 70,001-80,000 Baht
- 80,001-90,000 Baht
- 90,001-100,000 Baht
- Higher than 100,000 Baht

