FACTORS AFFECTING THE INTENTION TO PURCHASE TOWARD LUXURY PRODUCTS IN THAILAND

TREEWIMON SOMROOP

A THEMATIC PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2017

Thematic paper
entitled

FACTORS AFFECTING THE INTENTION TO PURCHASE TOWARD LUXURY PRODUCTS IN THAILAND

was submitted to the College of Management, Mahidol University
for the degree of Master of Management
on
September 22, 2017

....
Miss Treewimon Somroop
Candidate

....
Assoc. Prof. Sooksan Kantabutra,
Ph.D.
Advisor

....
Assoc. Prof. Nathasit Gerdsri,
Ph.D.
Chairperson

....
Duangporn Arbhasil,
Ph.D.
Dean
College of Management
Mahidol University

....
Suthep Nimsai,
Ph.D.
Committee member

ACKNOWLEDGEMENTS

FACTORS AFFECTING THE INTENTION TO PURCHASE TOWARD LUXURY PRODUCTS IN THAILAND

TREEWIMON SOMROOP 5949019

M.M. (MARKETING AND MANAGEMENT)

THEMATIC PAPER ADVISORY COMMITTEE: PROF. SOOKSAN KANTABUTRA, Ph.D., ASSOC. PROF. NATHASIT GERDSRI, Ph.D., ASSOC. SUTHEP NIMSAI, Ph.D.

ABSTRACT

The major purpose regards this research is to measure the potential factors that affect the consumption behaviour in Thailand luxury market and understand the psychology behind consumers' decision. The paper applies quantitative methodology for obtaining data. Questionnaire survey is the key instrument in collecting data. The findings reveal four factorsthat are the perception on product quality, face and status oriented, social acceptance and social influencer. There is only factor that show statistically significant to the statistic test that is social acceptance factor. In other words, social acceptance plays the big role in influencing consumers' decision regarding the confirmation from statistics test. The research recommends that creating values for the product and building relationships with the consumers are the key methods to retain long term commitment and loyalty.

As the luxury market in Thailand is growing faster and bigger, understanding the potential variables that directly impact on consumers' decision would be benefit. The business can take this opportunity to develop strategic plans as well as creating valuable offerings to grab consumers' attention.

KEY WORDS: Luxury Market/ Luxury Value/ Luxury Lifestyle/ Luxury Behavior
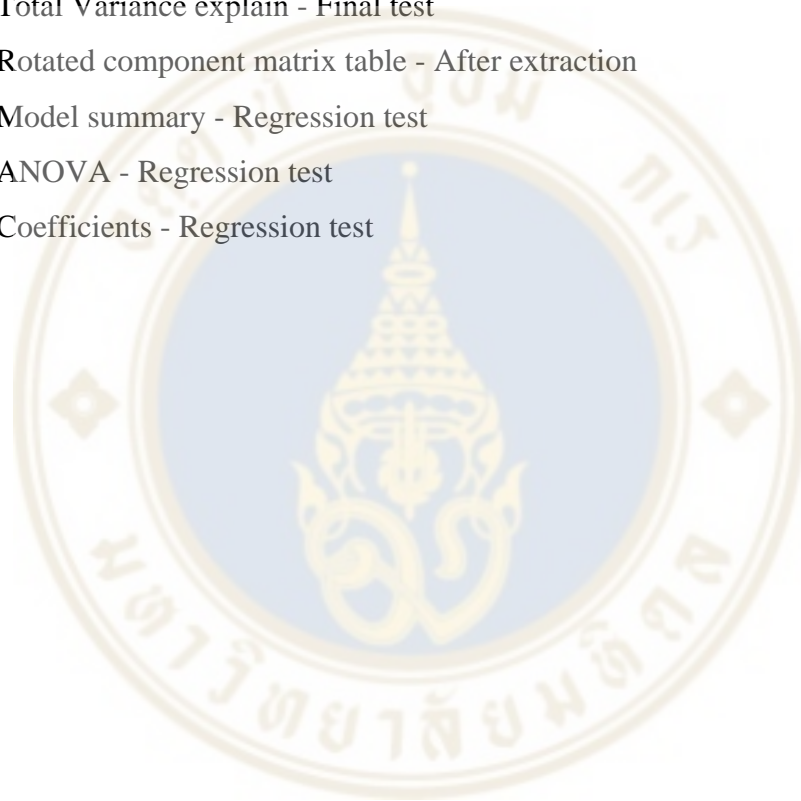
34 pages

CONTENTS

CONTENTS (cont.)

LIST OF TABLES

LIST OF FIGURES

CHAPTER I
INTRODUCTION

Regarding the growth of economic boosting scheme, Thailand aims to be a shopping destination in Asia in order to attract both spending tourists and overseas investors.

Therefore, most of the economic shopping schemes such as "Shop for the nation" campaign and "VAT refund for tourists" campaign are supported by Thai government given to both local and international shoppers :

- "Shop for the nation" campaign allows tax saving for local shoppers up to 15,000 Baht.

- "VAT refund for tourists" campaign allows international shoppers to claim the luxurious product value-added tax back for any minimum of 2,000 Baht (VAT included) purchased.

International consumers considerate as the main proportion of luxury consumption in Thailand while locals concern pricing as their major consideration before making decision on luxury goods.

Moreover, the trend of materialism in Thai society is significantly thrived. Celebrities, family members, and friends are the crucial influencers that express their social status through the possession of luxury products to place themselves as a high position in the society. Most people seek to acquire luxury items to reveal their success and financial status in order to grab attention and positive image from the society. Also, some of them would be expected to be accepted by others. Therefore, the demand for luxury products is also growing up according to the successful number. Consumers are aspired for the unique product that well described their personality, lifestyle and social class. Furthermore, Thai people are more stimulated by social media, this is no doubt why people are more connected to luxury fashion in their daily lives.

Figure 1.1 Thailand's current economic situation and current luxury consumption

CHAPTER II
LITERATURE REVIEW

As the economy in Thailand is dropped over years, but there would be some markets that go conversely with the market. One of those reversed markets is "luxury market" that many consumers were patiently in the long awaited que in line in order to grab their favorite items. Therefore, I conduct the literature reviews regard this matter to understand the factors that impact luxury market.

Regarding the research topic in "Factors affecting the intention to purchase toward luxury products in Thailand", there are many potential factors that drive consumption of luxury brands. Therefore, it is essential to study consumers' process of thinking, selecting, decision making and using what people called "hi-end product" as well as psychology behind their purchase to see the real factor that actually drives the market. As consumer study plays a big role in business, without understanding of consumers, business sectors would not offer the right product to their targets.

Consequently, the intention to purchase towards luxury product in Thailand is influenced by 3 main categories including personal value, social value and demographic groups.
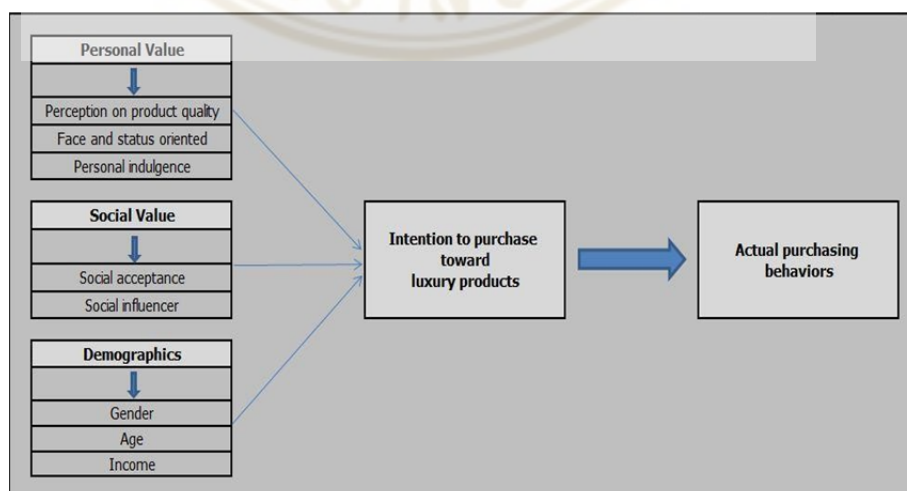

Figure 2.1 Main factors that affect consumers' purchase intention

2.1 Personal Value

Consumers' intrinsic aspiration to be impressed by others as well as themselves is the individual motivation to own any kind of luxury products. Therefore, the factors such as perception on product quality, face and status, and personal indulgence should be the major motivations that drive luxury demand as consumers are undoubtedly influenced by personal aspiration to place themselves in the desirable position.

2.1.1 Perception on product quality

Consumers have greatly expectation toward the quality of luxury product. They believe that luxury items are cherishingly made by hand with high quality of raw materials. Moreover, the styles and product element are significantly play the major role as they manifest the taste, lifestyle, attitude and value of consumers with the way the consumers satisfy the goods that they possessed. Also, consumers are willing to pay the premium price toward luxury goods as they value what they get than what they pay. Some consumers seek for purchasing of luxury goods as the investment because the products are limited and rarity which caused the price enlarged every year. Personal perception considered as the intermediary between price, value and quality that lead to customer satisfaction.

Hypothesis 1: Perception on product quality is significantly influence the intention to purchase towards luxury products.

2.1.2 Face and status oriented

Major luxury consumers in Thailand insist their social status, image and success upon the products that they possessed. Own luxury is a successful symbol to confirm that their job or business are greatly success with strong wealth status. Luxury provides great support to status recognition and positive image to consumers in appear of others.

Regarding Thai value, luxury consumers would be proud to be viewed as an upper class status or what locals called "Hi-So". The term "Hi-So" refers to people who are rich and possess countless number of luxury items. This term differentiates them and their lifestyle from ordinary kind of consumers. Typically, Hi-So consumers are defined by wearing designer clothes, holding latest bag collection and driving

European cars that lead ordinary consumers who are aspired to be like them try to grab some luxury items in order to be recognized as "Hi-So". This kind of inter aspiration motivates the huge demand toward purchase intention of luxury product in the market.

Hypothesis 2: Face and status oriented is significantly influence the intention to purchase towards luxury products.

2.1.3 Personal Indulgence

Another personal factor that drives intention to purchase of luxury products is the "personal indulgence" or "hedonism" that consumers found themselves value prestige products in fulfillment of their daily happiness. In addition, luxury products become emotional therapy that treat consumer during their blue moment to relieve themselves from undesirable feeling. Perhaps, this point drives impulse shopping of the luxury as well. The factor of personal indulgence toward luxury product is not only being an emotional therapy, but also being as a self-gifted in extending consumers' self-esteem when they achieve their goals. They reward themselves with prestige products, hence, to passionately achieve higher goal.

Hypothesis 3: Personal indulgence is significantly influence the intention to purchase towards luxury products.

2.2 Social Value

Thai society is determined as the collectivism, Thais prefer to be in group rather than to be individual as being in group provides them the sense of security, friendship, relationship and acceptance. Thai people have outgoing lifestyle and social orientation, therefore, possessing luxury goods offer them the opportunity to communicate with the society through their image of success that represent their social value and status.

2.2.1 Social Acceptance

Luxury consumers enter their dream lives to be recognized, be admired and be accepted by others in public. Consumers are willing to spend huge amount of money on the expensive goods as they do not aim to be different but they aim to be integrated by the group that they belong to. Hence, owning luxury products is considered

as the means to stay in the society because they would like to be invited to join in the social group and high profile events as well as gaining more connection from high class status group members. As a consequence, there is an enlargement in the number or luxury shoppers in Thailand because they aim to achieve the lives that they desired. From this reason, Thai consumers tend to have stronger intention to purchase toward luxury goods as others' attitude and opinion are considerably significance.

Hypothesis 4: Social acceptance is significantly influence the intention to purchase towards luxury products.

2.2.2 Social Influencer

Consumers would not purely engage themselves to luxurious mind-set, there would be other social influencers that stimulate them and drive their purchase intention such as celebrities, friends, colleagues, boyfriend or girlfriend and family members. This factor create strong motivational aspiration to consumers depends on the degree of admiration of one individual to another of the desirable society.

Hypothesis 5: Social influencer is significantly influence the intention to purchase towards luxury products.

2.3 Demographics

2.3.1 Age

Luxury fashion is more broaden in generation Y (age between 18 – 40 years old) regard the extending of technology and social media that luxury products are easily accessible and recognizable. Moreover, generation Y is paying more attention to social influencers' lifestyle that possessing many items and showing off to the public. Therefore, generation Y consumers spend plentiful amount of money on luxury goods in order to grab their favorite fashionable items. This reason leads in increasing of intention to purchase toward luxury fashion.

2.3.2 Income

As the price of the luxury product is significantly high, not everyone can possess. Therefore, income earned is one of the factors that have an impact on consumption behavior. Most of the luxury consumers have the personal income from middle to high range and, is therefore low debt balance on hand because these luxury items are not necessities.

2.3.3 Gender

Most of luxury products are available for females because females tend to purchase the un-necessity products with low reasons. They would like to satisfy their personal demand and sometimes to relief themselves from blue emotions, while, males usually purchase the expensive items for some reasons not for the emotions.

CHAPTER III
METHODOLOGY
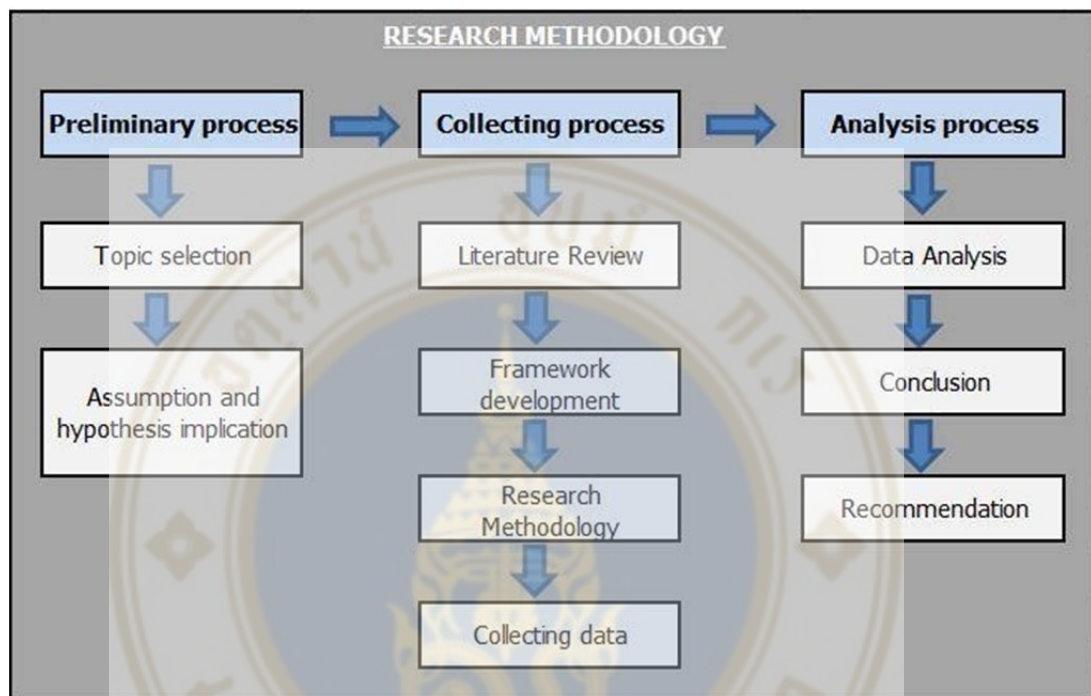
Figure 3.1 Research processing

Regarding the first step that is the topic selection, I am highly interested in luxury industry in Thailand as this market has high potential to grow even during economic slow- down period. Also, this topic does useful to both business sector and further learning regard luxury market. Ultimately, the research question and objective were declared with literatures that support the related topic and question. Essentially, most supported literatures are focused on psychological factors and consumer behavior studies. Therefore, the research framework was developed in order to be the description and structure throughout the research process. After analyzing the interested information, the appropriate method that will be applied in collecting data was selected. Then, data collecting process regard the settle method. After gathering the completed set of data, selected theories were applied in analyzing stage, therefore, the conclusion and recommendation were presented according to the analysis result

3.1 Preliminary Process

3.1.1 Topic Selection

Concerning the luxury brand phenomenon, there was a long queue in front of a luxury store in Thailand that many consumers had spent their long hours awaiting in queue toward their favorite wish-list items. This phenomenon is conflicted with Thailand's current economic situation that is not in favorable economy. Therefore, I would like to take deeper understanding and reveal the real factors that affect consumption behavior of Thai consumers which is the starting point of this phenomenon. Hence, the major reason to select the chosen topic is certainly inspired by this doubtfulness.

Moreover, it is interesting that businesses in luxury sector from other parts of the world seek Thailand as the Southeast Asian hub in extending their brands to consumers. For example, Hermes and Rolex that marketed their products in extremely high price range but there still growing fast. From this reason, it would lead me tried to release the doubt in this matter.

3.1.2 Assumption and hypothesis implication

Reference to the doubtful matter, therefore the research question was developed in order to be the guideline and scope for the whole research process regard the selected topic. This process is a mandatory in order to keep the whole research aligned.

3.2 Collecting Process

3.2.1 Literature review

The information from the literature review is considered as the secondary data that variously acquire from the provided sources such as Mahidol University library, Assumption University library, local and overseas journals related to luxury market.

3.2.2 Framework development

This step is to set the conceptual structure of the research process to be well-planned and well-managed by structuring the area of study and plan what information

should be acquired, what resources should be used and draft the outline for the research process. Then, keep updating all the information to ensure that they are accurately on track.

3.2.3 Research methodology

Regarding the information that we have and additional information that we would like to acquire, quantitative research is selected to be the appropriated method. Because the research question is to know the factors affecting consumption behavior of luxury products in Thailand, therefore, analyzing factors requires larger scale of sample size than qualitative method. This could be confirmed that the result can accurately represent the whole population in term of behavior.

Conducting questionnaire survey is the key instrument for this research. The questionnaire comprises of three main parts that are general information, perception and motivation and personal information (34 questions). There are twenty-two scale rating questions that can be grouped into five main factors that have an impact on consumers' consumption. There is another scale rating question that emphasizing on the respondent's intention to purchase toward luxury product in order to measure the actual intention level that would lead to actual purchasing behavior.

The sampling regards this research is luxury consumers who are living in Thailand with no limitation of demographics (nationality, gender, income, occupation, and age). The samples were non-probability using quota sampling method that each respondent has to possess at least one luxury item that had been asked in screening question in the first part of general information questions.

3.2.4 Collecting data

As the survey is the instrument of this quantitative research, the questionnaires were distributed to the respondents both in greater Bangkok and upcountry through the internet using Google Form. Data collection period took 10 days to collect (July 5th – July 10th, 2017). There were 250 questionnaires distributed and returned by 140 respondents, after cleaning all the missing and terminating data, 100 respondents can be used in this analysis.

During data collecting stage, the respondents were asked to identify the level of agreement with the scale of 1 to 4 on the questionnaire (where 1 referred to strongly disagree and 4 referred to strongly agree) with the given statements. There also eleven multiple choices questions that allow the respondents to indicate their general information and demographics. In addition, the questionnaire does offer the meaning and pictures of interested luxury products in order to protect the data from misunderstanding meaning. The instruction of the research purpose is also stated.

3.3 Analysis Process

3.3.1 Data analysis

Data analysis methods that applied in this research are Factor Analysis, Simple Linear Regression and Cross-tabulation in SPSS program.

- Factor Analysis: Reference to the large number of variables that has impact on luxury goods consumption, factor analysis offers the technical method to reduce numerous variables into fewer numbers. This procedure pulls out maximum variance scores of the whole variables set and combines them into common scores. Therefore, the final outputs of factor analysis are shown up with 4 factors that certainly influence luxury consumption.

- Simple Linear Regression: Another technical tool that used in analyzing the data in this research is simple linear regression to see the relationship between intention-to-purchase (dependent variable) and the outputs from factor analysis (independent variables). Also, this application can be identified the significant level of the results whether they are statistically significant or not. In addition, the beta value from this test provides the correlation of the percentage changes of the dependent variable when the independent variables change by 1 unit.

- Cross-tabulation: Cross-tabulation is used in analyzing the relationship of demographic factors and the intention to purchase in order to see the possibilities and the likelihood of purchasing luxury goods from each demographic group.

3.3.2 Conclusion

This process is the summary of the whole research from topic selection and assumption, finding literatures support, the findings and analysis from the technical test and giving the recommendation upon the factors that significantly influence the topic. Moreover, the conclusion is made in comparing between the assumption and findings in order see the hypothesis that are accepted as well as the hypothesis that are rejected.

3.3.3 Recommendation

Recommendation is made based on the hypotheses test. The areas of the recommendations are given into both for further studies and business implications.
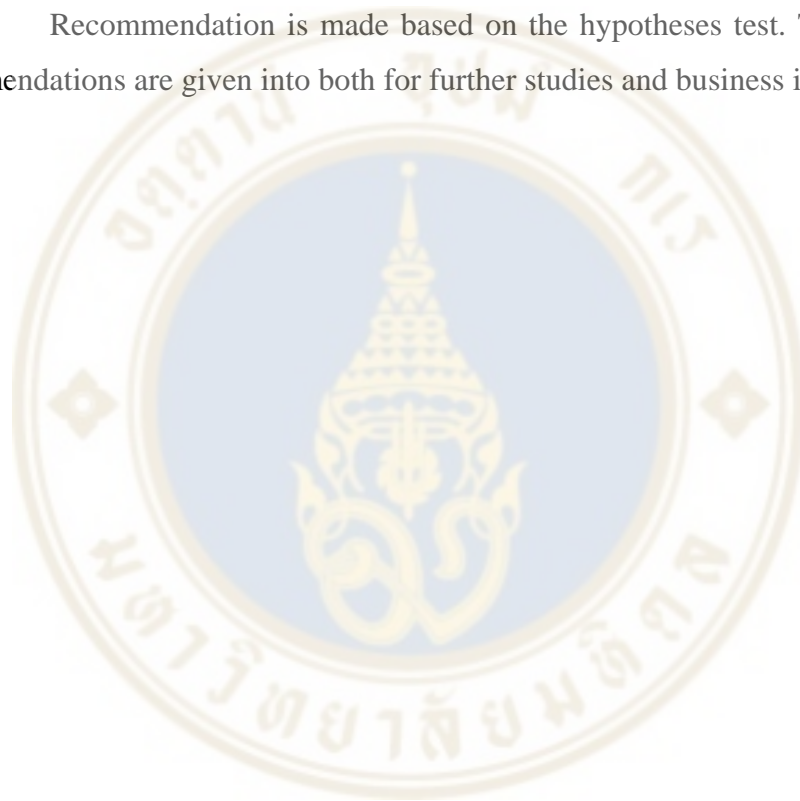
CHAPTER IV

FINDINGS AND ANALYSIS

4.1 Demographics Outputs
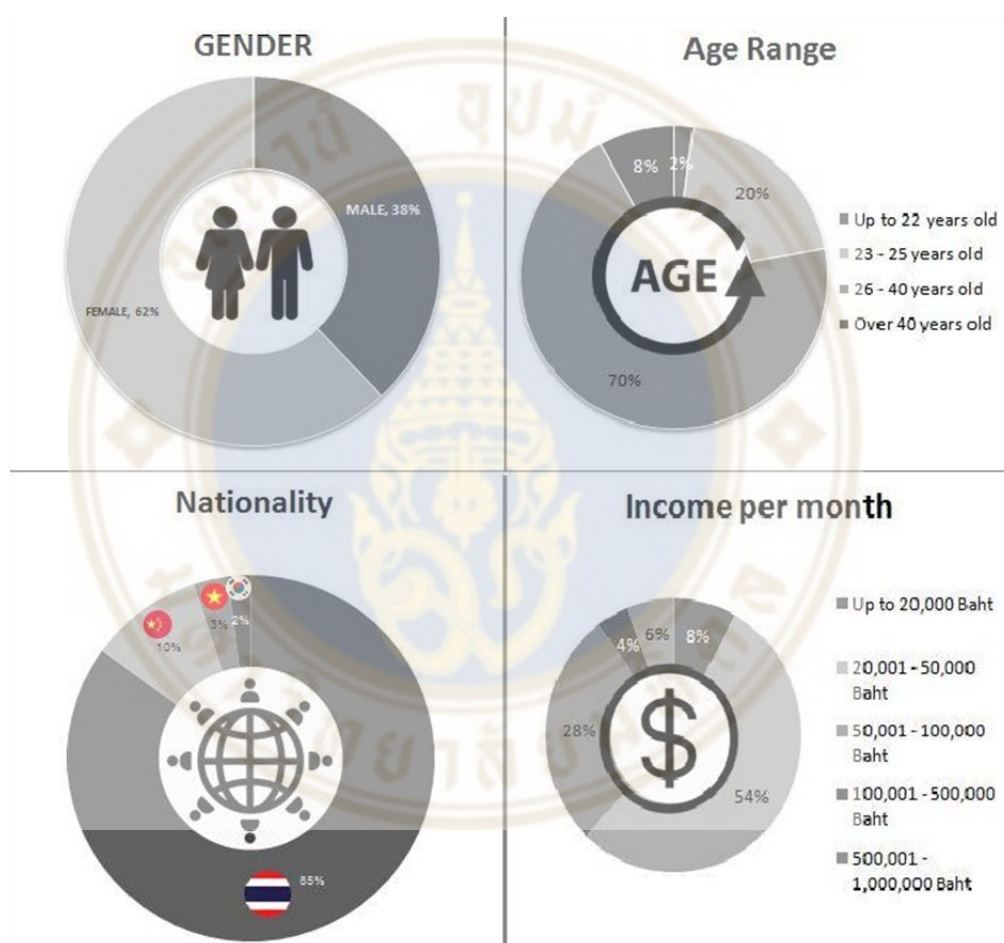
Figure 4.1   Demographics Findings

According to the total number of 100 respondents, 62% of females considers as the majority part to the total number, while males are at 38% because females more perceive social value than males do. Luxury products offer a sense of classy and prestige that achieve most females' values. Respondents in the age of 26 – 40 years old provided highest response rate at 70% followed by age range of 23 – 25 years old at 20%, over

40 years old at 8% and below 22 years old at 2% respectively. As a consequence, 90% of the respondents are in generation Y during their jobber ages that they can afford premium items in premium price by themselves. As most jobbers are working with a lot of people, their image and appearance in the presence of others is significantly reflect their personalities and others' opinion toward them. Although the research topic is to study consumption behavior in Thailand, all the respondents are not limited to Thai nationality only. Hence, foreigners who are living in Thailand can also provide their perspectives based on the point of view toward Thailand luxury market as well. From the total respondents, the highest proportion is from Thai consumers with the response rate of 85% followed by Chinese, Vietnamese and Korean with the response rate of 10%, 3% and 2% respectively. In term of personal income per month, over half of the respondents earn their personal income range from 20,001 Baht – 50,000 Baht at 54%. From this result, this range is not considerably high comparing with the price of luxury products in Thai market such as the prices of luxury brand bags likes Louis Vuitton and Gucci start at 30,000 Baht – 40,000 Baht. Another 28% of the respondents earn their personal income range from 50,001 Baht – 100,000 Baht and the rest of 18% are from 3 income groups that are lower than 20,000 Baht at 8%, 100,001 Baht – 500,000 Baht at 4% and 500,001 – 1,000,000 Baht at 6%.
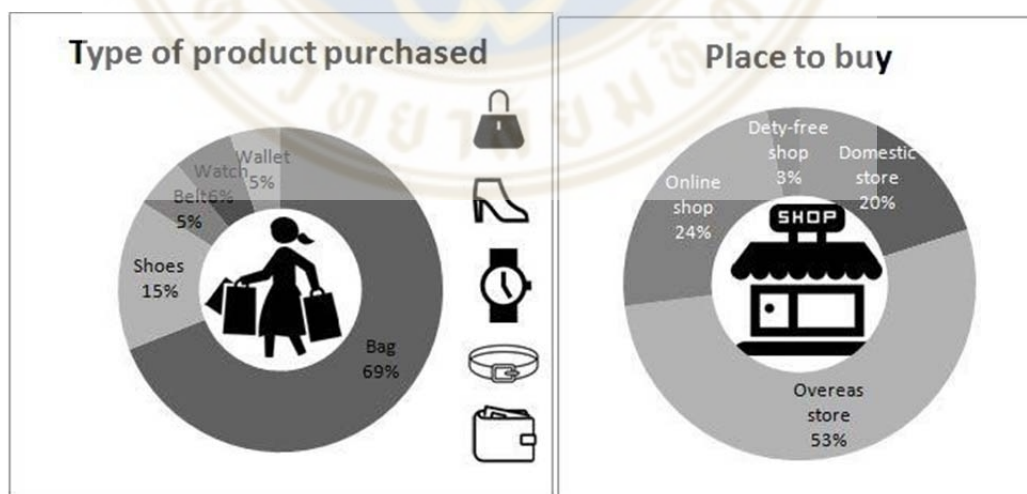
Figure 4.2 Category findings

The category that most luxury consumers purchase is the bag at 69%. The bags in luxury market offer the product line to both male and female consumers. Therefore, males are easily accessible to fashion as well as females. Consequently, it drives huge consumption to luxury bags market. Also, the bag is the item that well- defined the personality of the owner regarding Thai and Asian's values. Holding luxury bags offer them a pleasant image and a sense of attractiveness. The rest of 31% belongs to shoes at 15%, watches at 6%, belts and wallets at 5% each.

According to Thailand's tax policy, Thailand collects 30% of tax on luxury goods that leads the prices of prestige products become essentially high comparing with overseas stores. It is confirmed that most local consumers tend to purchase luxury products from overseas stores at 53%. Also, purchasing luxury goods from overseas stores is indirectly offer a sense of rich and glamorize when people posting a photo with shopping bags in front of overseas stores during their holidays. Purchasing luxury items from online shops is at 24%, while duty-free shop is considered as 3%. There can be concluded that consumers at 80% tend to purchase their wish-list items from the stores that offer them the advantage to save some money from duty charged. Plus, overseas stores offer more diverse items than local stores that lead consumers have more choices for their selection. There is only 20% that prefer to spend their money at local shops. The reason regards local shopping is the opportunity to try the product by themselves, save waiting time, and privilege for some limited items.

4.2 Factor Analysis Outputs

Reference to the first running on factor analysis using SPSS, there are 5 out of 22 factors that can be obtained from Total Variance Explained table.

Table 4.1 Total Variance explain - Initial test

Total Variance Explained

Component	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	8.107	36.851	36.851	8.107	36.851	36.851	4.158	18.899	18.899
2	2.759	12.543	49.394	2.759	12.543	49.394	3.772	17.145	36.044
3	1.923	8.742	58.136	1.923	8.742	58.136	3.203	14.560	50.604
4	1.377	6.261	64.397	1.377	6.261	64.397	2.382	10.827	61.431
5	1.036	4.711	69.108	1.036	4.711	69.108	1.689	7.677	69.108
6	.950	4.317	73.425						
7	.844	3.837	77.262						
8	.611	2.778	80.040						
9	.597	2.716	82.756						
10	.530	2.411	85.167						
11	.516	2.345	87.513						
12	.477	2.168	89.680						
13	.396	1.800	91.480						
14	.373	1.694	93.175						
15	.278	1.265	94.440						
16	.259	1.177	95.616						
17	.224	1.020	96.636						
18	.215	.977	97.613						
19	.160	.727	98.340						
20	.138	.629	98.968						
21	.120	.546	99.515						
22	.107	.485	100.000						

Extraction Method: Principal Component Analysis.

The above table shows that there are 22 variables analyzed with none of the factor that has been excerpted yet. According to the correlation matrix, we conduct the Initial Eigenvalues not less than 1 in total columns. As it is concerning the initial value, it does not indicate to be the final value and the solution of the analysis. The reason that the Eigenvalues should be greater or equal to 1 is to compress the total variance in correlation matrix. The factors that have the Eigenvalues below 1 will be neglected from the solution. In this case, there are 5 factors that represent their Eigenvalues greater than 1 which means they have the most variance among the 22 factors.

The Rotated Component Matrix table

Table 4.2 Rotated component matrix table - No-extraction

Rotated Component Matrix[a]

	Component				
	1	2	3	4	5
hedonic experience to myself	.857				
satisfied with the quality	.814				
positive image of me in the eyes of others	.705	.428			
feel good about myself when using luxury products	.667		.410		
a self-gifted	.628				.470
more fashionable than non-brand products	.578				
feel treated when using luxury products	.552	.416			
I like when people recognized what I bought as luxury		.851			
I want others to view me as an upper class status		.836			
differentiate me from others		.691			
make me look more attractiveness in appear of others		.616			
feel accepted from others when using luxury products		.601	.445		
invited to join many social groups when using luxury products			.830		
have more connections when using luxury products			.794		
Celebrities influence me to buy			.572		
appear successful in the eyes of others		.548	.555		
My family members influence me to buy				.764	
My boyfriend / girlfriend influences me to buy				.756	
My colleagues influence me to buy				.654	
My friends influence me to buy			.466	.637	
have more superior quality than non-brand products					.690
valued for money					.655

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 10 iterations.

Concerning the highlighted factors, these factors will be extracted from the output one-by- one due to:

- Cross Loading: There are 8 factors that are not well-analyzed because these rotations are loaded by two or more factors including factor 2,3,4,6,8,9,10 and 11.

- Mismatch: There are 3 factors that have un-match meaning according to the groups that they belong including factor 1, 5 and 7.

The above rotation is a mandatory in interpreting well-structured factors in order to see which factor is significantly described the correlation toward purchase intention

of luxury products. In obtaining this analysis solution, the process does require repetitive action through SPSS module before achieving the satisfactory outcome.

After extracting unrelated factors, the output will be as the following,

Table 4.3 Total Variance explain - Final test

Total Variance Explained

Component	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	4.023	36.571	36.571	4.023	36.571	36.571	2.648	24.073	24.073
2	1.782	16.200	52.771	1.782	16.200	52.771	2.385	21.683	45.756
3	1.252	11.378	64.149	1.252	11.378	64.149	1.890	17.182	62.938
4	1.066	9.689	73.838	1.066	9.689	73.838	1.199	10.900	73.838
5	.726	6.601	80.438						
6	.547	4.976	85.415						
7	.426	3.877	89.292						
8	.399	3.631	92.922						
9	.347	3.158	96.080						
10	.270	2.458	98.538						
11	.161	1.462	100.000						

Extraction Method: Principal Component Analysis.

Table 4.4 Rotated component matrix table - After extraction

Rotated Component Matrix[a]

	Component				
	1	2	3	4	
I want others to view me as an upper class status	.889				FACE AND STATUS ORIENTED
I like when people recognized what I bought as luxury	.870				
make me look more attractiveness in appear of others	.694				
differentiate me from others	.656				
satisfied with the quality		.801			PERCEPTION ON PRODUCT QUALITY
have more superior quality than non-brand products		.788			
valued for money		.713			
more fashionable than non-brand products		.636			
have more connections when using luxury products			.887		SOCIAL ACCEPTANCE
invited to join many social groups when using luxury products			.862		
My family members influence me to buy				.948	SOCIAL INFLUENCER

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

a. Rotation converged in 6 iterations.

There by, the variance values are changed and the dimensions are also reduced but the positions of the variables are not changed. There are 4 factors that associated to the intention to purchase toward luxury products in Thailand and the rest are unexplainable constructs. In this way, the relevant components are combined into the same factors including "face and status oriented, perception on product quality, social acceptance, and social influencer". Also, all the factors are explained by the scores over 0.4, signify that they are all valid. (According to "Rule of Thump", a minimum score of 0.4 for factor loading is considerably significant, otherwise, the data is considerably weak.)

4.3 Regression Analysis Outputs

Table 4.5 Model summary - Regression test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.548[a]	.301	.271	.587

a. Predictors: (Constant), Influencer, SocialAcceptance, ProductQuality, FaceAndStatus

The R-Value regards this statistic explains the degree of correlation at 0.548 which shows the fair degree of correlation. Moreover, the adjusted R-Square value is significant at 0.271 or 27.1% that contribute the 4 factors (Influencer, social acceptance, product quality and face and status) to the intention to purchase of luxury products within 3 months (dependent variable) by 30.1% and the rest of 69.9% is influenced by other factors. According to this case, 30.1% is a good will to luxury industry in Thailand.

Table 4.6 ANOVA - Regression test

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.056	4	3.514	10.211	.000[a]
	Residual	32.694	95	.344		
	Total	46.750	99			

a. Predictors: (Constant), Influencer, SocialAceptance, ProductQuality, FaceAndStatus

b. Dependent Variable: next 3 months, I am consider to buy it

Concerning the statistical significance, the regression model shows that significant value is 0.000 which is less than 0.05. This outcome implies that the effect of the simultaneous variables are statistically significant.

Table 4.7 Coefficients - Regression test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.513	.339		1.512	.134
	FaceAndStatus	.066	.105	.064	.628	.532
	ProductQuality	.017	.112	.014	.152	.880
	SocialAceptance	.480	.095	.489	5.033	.000
	Influencer	.084	.069	.108	1.227	.223

a. Dependent Variable: next 3 months, I am consider to buy it

As the beta shows the value at 0.489 for social acceptance factor, it indicates that social acceptance (independent variable) is used to predict the intention to purchase of luxury products (dependent variable) by 48.9% and the rest of 51.1% comes from the other factors. This relationship is corroborated with the 95% of significant interval as P<0.05 where the significant column shows the value 0.000. Meanwhile, another 3 factors (Face and Status, Product Quality and Influencer) show statistically not significant as the significant values present lower than 95%.

As the initial output shows 4 factors that had been used in predicting the intention to purchase of luxury products but there was the only hypothesis named "social acceptance" that is approved from the significant test. The rest of 3 hypotheses (face and status, product quality and influencer) were rejected.

Face and status was rejected from the hypothesis because luxury consumers possess luxury items from the purpose to be recognized and realized their success by people in the society. This implies that luxury consumers pay greater intention on social rather than for themselves. Moreover, when the consumers are recognized by their societies, they would be proud of themselves that they perceived the successful position.

Product quality was rejected from the hypothesis because consumers believe that they can find other substitute product that can provide similar or same quality at the lower price.

Social influencer was rejected from the hypothesis because consumers would not purely influenced by any influencer but influenced to be accepted by the society as a whole.

4.4 Intention to Purchase Outputs
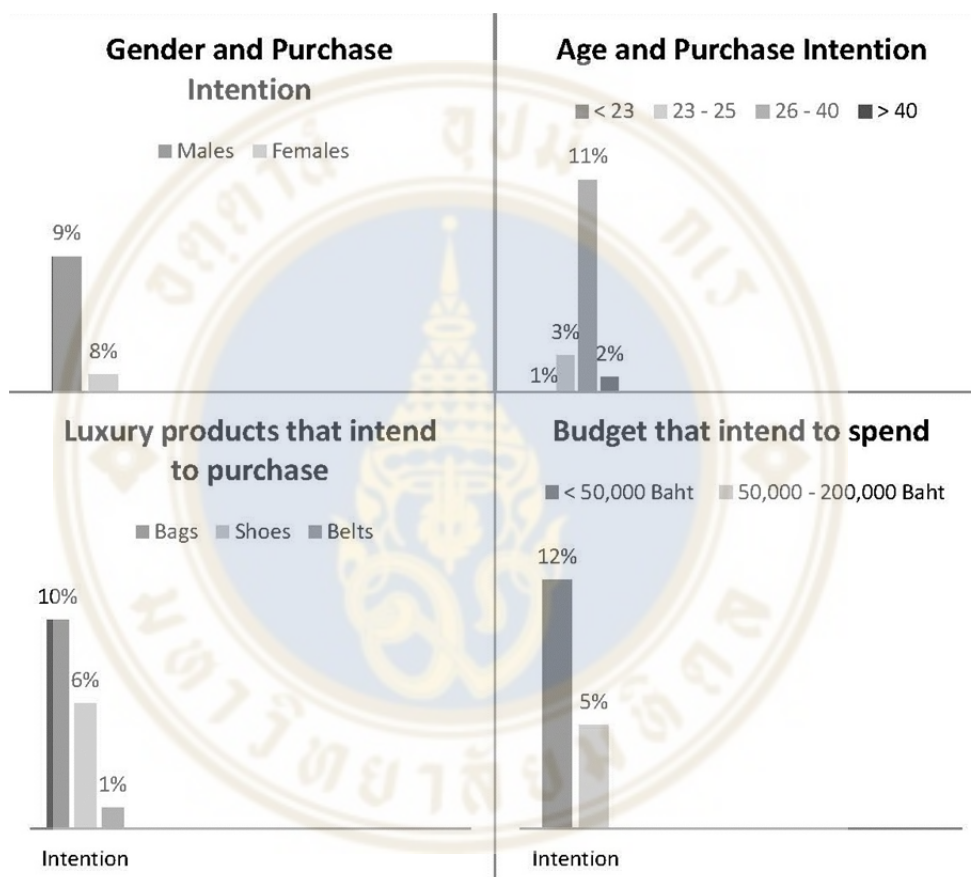
Figure 4.3 Intention to purchase outputs

The outputs from the tabulation analysis show that males have stronger intention to purchase of luxury products more than females. Consumers in the age of 26 – 40 years old have highest willingness to possess luxury items within 3 months. Bag is the product that intended consumers willing to achieve at 10%, followed by shoes at 6% and belt at 1%. The budgets that intended consumers willing to spend are in the range of lower than 50,000 Baht and 50,000 – 200,000 Baht with the percentage of 12 and 5 respectively.

CHAPTER V
CONCLUSION AND RECOMMENDATION

5.1 Conclusions

The objective of this research is to explore and study the factors that have an impact on intention to purchase toward luxury products in Thailand regarding psychological values and demographics. The focused values are categorized into two main values that are personal and social values. In term of personal values, there are the perception on product quality, face and status oriented, and personal indulgence that will be deeply focused in this study. In term of social values, there are social acceptance and social influencers that considered to be focused as well. In term of demographic factors, there will be gender, age and income that are selected to be studied.

The methodology that applied in this study is quantitative research by using questionnaire survey as the key instrument. The questionnaires were distributed to the respondents both in greater Bangkok and upcountry through the internet with the total sample size of 100 samples during 10 days of data collecting period. Reference to the 100 respondents, each respondent is required to possess at least one item of luxury goods.

During data processing stage, factor analysis and linear regression analysis are obtained to analyze the hypothesis according to the scale rating questionnaires. In addition, descriptive, frequency, and cross-tabulations SPSS are applied in analyzing demographics and screening questionnaires in order to see the correlation toward purchase intention.

The studies of description and frequency found that the major proportions of luxury consumers are females at 62% while males are at 38%. In term of age, 26 – 40 years old consumers are considered as the greater number of 70%. The rest of 30% is divided into 23 – 25 years old consumers, over 40 years old consumers and below 23 years old consumers at the rate of 20%, 8%, and 2% respectively. The nationalities of the consumers are not limited to Thai consumers only, although Thai consumers proportionate 85% of the total respondents. Another 15% of the respondents are Chinese

at 10%, Vietnamese at 3% and Korean at 2%. In term of personal income per month, 54% of luxury consumers earn 20,001 – 50,000 baht of personal income per month followed by income group of 50,001 – 100,000 Baht, 20,000 Baht and lower, 500,001 – 1,000,000 Baht and 100,001 – 500,000 Baht at the rate of 28%, 8%, 6% and 4% respectively.

Factor analysis studied represents the initial outputs with 5 out of 22 factors according to the Eigenvalues of total common variance which is aligned with the initial assumption that 5 factors are concerned. Due to cross-loading and mis-match of the data, 11 components were extracted out and re-grouped into 4 main factors that can be used in analysis. Therefore, the outstanding factors that correspond with the research hypotheses are face and status oriented, perception on product quality, social acceptance and social influencer. Among these 4 factors, social influencer represents the largest variance to the research question. There is a personal indulgence factor that could not be explainable by the method of factor analysis and is therefore reject from this analysis.

Regarding the outputs from factor analysis process, the final 4 factors are used in doing linear regression over SPSS module. According to the R-square value, these 4 factors contribute a good will to luxury market by 30.1% toward intention to purchase of luxury products within 3 months. Among the 4 factors, social acceptance is the only factor that represents statistically significant with the sig-value of $0.000 < 0.05$ of confident interval. The beta value of social acceptance is explained by 48.9% as the predictor of the intention to purchase.

In term of intention to purchase of luxury products within 3 months, males show stronger intention at 9% than females at 8%. Consumers in the age during 26 – 40 years old show the strongest intention at 11%. Moreover, bag is ranking in the top level of the product that consumers wish to buy. Additionally, 17% of the consumers aim to spend on luxury products up to 200,000 Baht, while 12 % of them intend to spend by 50,000 Baht and the rest of 5% in tend to spend from 50,001 – 200,000 Baht.

Consequently, out of 8 assumptions, 3 findings were approved. Social acceptance is the factor that highly affect consumer's process of thinking ,decision making and satisfying not only social purpose but also personal fulfillment. Age affects consumers' purchase intention as people in the jobber ages are more likely to purchase luxury products because they are in stable job positions. Income plays a big role in luxury market because

the price of luxury products are considerably high. Luxury consumers must have enough income to afford them.

5.2 Recommendations

5.2.1 Recommendations for business connotation

According to Hypothesis 4, there is a significant influence between social acceptance and intention to purchase of luxury product. Social influence factor in this matter comprises of having more connections and having the invitation to participate in social groups when using luxury products. As luxury goods are considerably high price, it would not be easy to purchase and possess by everyone. Therefore, the recommendations for this research are as the followings:

- Rarity and difficulty are the effective marketing strategy because consumers who own any limited luxury item will be perceived as attractiveness in others' opinion. Therefore, they will be accepted by people around them as other people considered their images as interestedness.

- Media marketing such as social media, television advertising and tie-in, and out-of- home media should be applied in promoting luxury products in order to grab the attention from both consumers and non-consumers. In term of consumers, media marketing is used to build the value toward the products and stimulate them to purchase more items. In term of non-consumers, media marketing is used for penetrating into new consumers segmentations. This method can extend the recognition to the consumers who possess the promoted brands.

- Emphasizing on heavy consumers by providing them the opportunity to attend the brand's event and fashion shows in order to build up the relationship and reduce the distance between the brands and the consumers. Thus, this method would also create loyalty and long term commitment to the brands. In consumers' views, it creates a sense of prestige and acceptable from people in their dreamed societies.

- In term of light consumers, providing them with premium service packages and warmed welcome with pleasant welcome drinks and snacks. Also, offering them

the opportunity for enjoying the boutique and try on the products which will increase the satisfaction level. In consumers' views, it creates impressive connections to them when they spent their time sharing the experience with other consumers.

Concerning the demographics, the recommendations are as followings,

- Generation Y consumers are represented the significant portion of the luxury consumers, there for creating trends and lifestyle pattern through is the social medias is important because consumers in generation Y are more accessible to the internet than other generations. Moreover, the products that offer to the market have to be classy and fashionable that can fit with everyday outfits and fashions.

- Offering more products for males in order to attract them to consume more. As males are not that much into fashion and purchase luxury goods with reasons rather than feelings like females do, it would be better to provide them a sense of taste and lifestyle than a sense of fashion.

5.2.2 Recommendation for future research

As this research studies towards the factors affecting the intention to purchase of luxury products in Thailand, this study could be benefit to further studies regard luxury market such as luxury cars, luxury decorations and so on in order to understand the factors and values that consider beyond consumers decision. Moreover, the consequence of this study can be supported the marketer to create the products that interested the consumers as well as maintain a competitive advantage.

Limitation: The limitation of this survey was the low participation from the respondents. There was 250 questionnaires distributing to the respondents through the internet but only 140 sets of questionnaires were returned. The other 90 questionnaires were ignored and out of control.

REFERENCES

Atwal, G., & Williams, A. (2017). Luxury Brand Marketing – The Experience Is Everything! *Advances in Luxury Brand Management,* 43-57.

Behaviour of young people towards luxury products. (n.d.). Retrieved Fall, 2017, from https://www.ukessays.com/essays/marketing/behaviour-of-young-people-towards-luxury-products-marketing-essay.php.

Boguslaw, S., (2015). University of Twente, Enschede : Master in communication sciences. *Predicting consumers' purchase intention towards luxury fashion brands by applying several personality trait.*

Carrier, S.A., Jean S., Germain A., & Faust M., (n.d.). Universite du Quebec a Montreal. *What is "luxury" to generation Y ?.*

Cova, B., & Kim, T. Y. (n.d.). Luxury Consumer Tribes In Asia. *Global Luxury Trends.*

Factors affecting Consumer Purchase Intention of Luxury ... (n.d.). Retrieved July, 2017, from http://www.bing.com/cr?IG=A93A10D41176445C89313ABB 2639E6D3&CID=1A65E5C999DD65272C9AEEEC98DB64BB&rd=1&h =C0RTi5O2IoYl0DedPUL6nfjC6iLDH57VT553Gn7iQQ&v=1&r=http% 3a%2f%2fwww.jormonline.com%2findex.php%2fjorm%2farticle%2fdow nload%2f155%2fpdf_36&p=DevEx,5133.1.

Factors Affecting Luxury Brand Consumption Marketing Essay. (n.d.). Retrieved July, 2017, from https://www.ukessays.com/essays/marketing/factors-affecting-luxury-brand-consumption-marketing-essay.php

Factors Related to Consumer Behavior on Luxury Goods ... (n.d.). Retrieved June, 2017, from http://www.bing.com/cr?IG=00A05BEE5F04439B8BC9BDA F9584A726&CID=28E51C685E7969FB270A174D5F7F68F9&rd=1&h= LbyIW8OEE47Ln57YPdK1H7iL7xLFQi768zlma2t6iao&v=1&r=http%3a %2f%2futcc2.utcc.ac.th%2futccijbe%2f_uploads%2fInProcess%2f201409 %2fFactors%2520Related%2520to%2520Consumer%2520Behavior%252 0on%2520Luxury%2520Goods%2520Purchasing%2520in%2520China.p df&p=DevEx,5120.1.

Kapferer, J., & Valette-Florence, P. (2016). Beyond rarity: the paths of luxury desire. How luxury brands grow yet remain desirable. *Journal of Product & Brand Management,* 25(2), 120-133. doi:10.1108/jpbm-09-2015-0988

Lloyd, J., & Cheah, I. (2015). Factors Affecting Consumer Attitude And Purchase Intention of Luxury Brands. *Global Fashion Management Conference,* 5(2), 728-733.

Luxury fashion brands on social media: a study of young ... (n.d.). Retrieved July, 2017, from http://www.bing.com/cr?IG=AC50B79358EA43AFA47C4E5CF285 2CEB&CID=1188F9C3370D6C8C3345F2E6360B6D34&rd=1&h=izPL4 T9nKfw2iypr-rB3xjEqCwDSnVgxU_7ugbu0c2o&v=1&r=http%3a%2f% 2fbada.hb.se%2fbitstream%2f2320%2f12802%2f1%2f2013.11.9.pdf&p= DevEx,5263.1.

Morrin, M. (n.d.). Why Buy Luxury? Insights From Consumer Research. *Global Luxury Trends.* doi:10.1057/9781137287397.0020.

Penz, E., & Stöttinger, B. (2012). A comparison of the emotional and motivational aspects in the purchase of luxury products versus counterfeits. *Journal of Brand Management, 19*(7), 581-594.

Salehzadeh, R., & Pool, J. K. (2016). Brand Attitude and Perceived Value and Purchase Intention toward Global Luxury Brands. *Journal of International Consumer Marketing, 29*(2), 74-82. doi:10.1080/08961530.2016.1236311.

Samli, A. C. (2012). Marketing Strategy for Global Luxury Products. *International Consumer Behavior in the 21st Century,* 143-151.

Shukla, P. (2012). Value Perceptions on Luxury Purchase Intentions Measure. *PsycTESTS Dataset*. doi:10.1037/t59577-000.

Srinivasan, R., Srivastava, R.K., & Bhanot S. (2014). *Impact of age on purchase behavior of luxury brands*, 19 - 32

The Attitude, motivation influence people's buying Luxury ... (n.d.). Retrieved July, 2017, from http://www.bing.com/cr?IG=5A479D96C70D451790EDAE10 794526E9&CID=367121FEF5966B463E382ADBF4906ACD&rd=1&h= D2KfXk52KWEmHbscjLTiUNq0gw1lWH47bxNk7k_ZORg&v=1&r=htt p%3a%2f%2fwww.iosrjournals.org%2fiosr-jbm%2fpapers%2fVol15-issue 3%2fD01531524.pdf&p=DevEx,5258.1

Vinijcharoensri, K. (2016).*Luxury value perceptions and attitude toward purchase intention of luxury automobiles in Thailand*.46-50.

Wang, W. (n.d.). The effect of word-of-mouth on the purchase of genuine and counterfelt luxury brands: the roles of attitude functions. doi:10.14793/mkt_etd.3

Women's purchase behaviour towards luxury products. (n.d.). Retrieved June, 2017, from http://www.bing.com/cr?IG=00A05BEE5F04439B8BC9BDAF9584 A726&CID=28E51C685E7969FB270A174D5F7F68F9&rd=1&h=ftTqK MO7Tlrb7Fjh3CCOVhOkRQn2jngVRFkePFZNuro&v=1&r=http%3a%2f %2fwww.questjournals.org%2fjrhss%2fpapers%2fvol3-issue8%2fE3822 31.pdf&p=DevEx,5099.1.

Wongpanich, W., & Lertbuasin, S. (n.d.). *Factors toward purchase decision making process of luxury fashion brands.*

Yi, J., Yuan, M.F.,& Kumar S. (2013).*The attitude, motivation influence people's buying luxury goods: A survey of Chinese in China*.15 - 24.

Zhang, S., & Chaipoopirutana, S. (2016).Assumption University. *Factors affecting repurchase intention toward luxury goods in Thailand.* 191-199.

APPENDICES

Appendix A: Questionnaire

Dear Sir/Madam

This set of questionnaire has been developed by College Management of Mahidol students to use for MGMG 697 Thematic Paper. The purpose of collecting data is to be able to analyze factors that affecting the intention to purchase toward luxury products in Thailand where **"luxury products are focused on consuming of luxury fashion accessories including bag, purse, belt shoes and accessories".** All data will be treated with high confidentially and used for educational purpose only. It will take about 5-10 minutes to finish. Please be assured that your response is strictly confidential and only aggregate results will be reported and used for educational purposes only. Please complete all question truthfully by mark "✔" in the • space given below the following questions. Thank you for your participation.

There are 3 parts including in this set;
Part 1: General information
Part 2: Perceptions and Motivations
Part 3: Personal Information

Part 1: General information

1. Have you own any kind of luxury accessories (Bag, shoes, belt, and accessories)? (Single answer)

☐ Yes   ☐ No

2. What kind of luxury product do you have? (Multiple answers)

☐ Bag   ☐ Belt

☐ Shoes   ☐ Other (Please specify _____)

3. How often do you purchase luxury products? (Single answer)

☐ 1 – 5 times / month   ☐ More than 5 times / month

☐ Once every 2 months   ☐ Once every 3 months

☐ Once every 6 months   ☐ Once a year

☐ Other (Please specify _____)

4. Could you please tell us the range of your spending on luxury product in one time? (Single answer)

☐ Less than 50,000 Baht   ☐ 50,001 – 200,000 Baht

☐ 200,001 – 500,000 Baht   ☐ More than 500,000 Baht

5. Are you price sensitivity when it comes to buy luxury brand? (Single answer)

☐ Yes   ☐ No

6. Where do you usually purchase luxury product? (Single answer)

☐ In Store   ☐ Online shop

☐ Overseas shop   ☐ Others (Please specify_____)

Part 2: Perceptions and Motivations

Please indicate to what extent you agree or disagree with each of the following statements. Please mark ONLY one number for each statement that corresponds with your answer.

	Strongly disagree	Disagree	Agree	Strongly agree
1. I feel satisfied with the quality of luxury products.	(1)	(2)	(3)	(4)
2. I think luxury products have more superior quality than non-brand products.	(1)	(2)	(3)	(4)
3. I think luxury products are more fashionable than non-brand products.	(1)	(2)	(3)	(4)
4. I feel luxury products are valued for money.	(1)	(2)	(3)	(4)
5. Luxury products provide positive image of me in the eyes of others.	(1)	(2)	(3)	(4)

	Strongly disagree	Disagree	Agree	Strongly agree
6. Luxury products make me look more attractiveness in appear of others.	(1)	(2)	(3)	(4)
7. I like when people recognized what I bought as luxury.	(1)	(2)	(3)	(4)
8. I want others to view me as an upper class status.	(1)	(2)	(3)	(4)
9. Luxury products differentiate me from others.	(1)	(2)	(3)	(4)
10. I feel good about myself when using luxury products.	(1)	(2)	(3)	(4)
11. I feel treated when using luxury products.	(1)	(2)	(3)	(4)
12. I use luxury products as the hedonic experience to myself.	(1)	(2)	(3)	(4)
13. I feel luxury product is a self-gifted.	(1)	(2)	(3)	(4)
14. Celebrities influence me to buy luxury products.	(1)	(2)	(3)	(4)
15. My friends influence me to buy luxury products.	(1)	(2)	(3)	(4)
16. My family members influence me to buy luxury products.	(1)	(2)	(3)	(4)
17. My colleagues influence me to buy luxury products.	(1)	(2)	(3)	(4)
18. My boyfriend / girlfriend influence me to buy luxury products.	(1)	(2)	(3)	(4)
19. I feel accepted from others when using luxury products.	(1)	(2)	(3)	(4)
20. I appear successful in the eyes of others.	(1)	(2)	(3)	(4)
21. I was invited to join many social groups when using luxury products.	(1)	(2)	(3)	(4)

	Strongly disagree	Disagree	Agree	Strongly agree
22. I have more connections when using luxury products.	(1)	(2)	(3)	(4)
23. If the new collection of luxury products available in the market by next 3 months, I am consider to buy it.	(1)	(2)	(3)	(4)

Part 3: General Information

1. What is your gender? (Single answer)

   ☐ Male ☐ Female

2. What is your nationality? (Single)

   ☐ Thai ☐ Japanese

   ☐ Chinese ☐ Singaporean

   ☐ Korean ☐ Other (Please specify_____)

3. What is your age range? (Single answer)

   ☐ Lower than 18 years old ☐ 23 – 25 years old

   ☐ 26 – 40 years old ☐ More than 40 years old

4. What is your occupation? (Single answer)

   ☐ Student ☐ Professional (doctor, lawyer, etc.)

   ☐ Housewife ☐ Entrepreneur

   ☐ Office worker ☐ Unemployment

   ☐ Other, please specify_____

5. What is your income range per month? (Single answer)

   ☐ Less than 20,000 Baht ☐ 20,001-50,000 Baht

   ☐ 50,001-100,000 Baht ☐ 100,001-500,000 Baht

   ☐ 500,001 – 1,000,000 Baht ☐ More than 1,000,000 Baht

--Thank You--