

# ANALYSIS OF THE FACTORS THAT INFLUENCE CUSTOMER PURCHASE INTENTION TOWARDS LUXURY FASHION GOODS

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## Abstract

**Purpose:** Malaysia is an important luxury market and this luxury industry will grow in the future because of the demand from young Malaysian consumers. Therefore, the purpose of this study is to examine the influencing factors that affect Malaysian Consumers' purchase intention towards luxury fashion goods and their relative importance.

**Methodology:** Questionnaires had been distributed to 200 respondents. Data had been analyzed using SPSS to identify whether factors such as materialism, social comparison, and brand consciousness have a significant relationship with the intention to purchase luxury fashion goods.

**Results:** Results indicated that materialism and brand consciousness has a positive relationship with the purchase intention of luxury fashion goods in Malaysia.

**Implications:** Malaysian consumers are more conscious and more aware of the unique brands to give prominence to their self-identity.

**Keywords:** *Materialism, Social Comparison, Brand Consciousness, Customer purchase, Luxury Fashion Goods.*

## INTRODUCTION

The world's leading luxury goods markets which are Europe, Japan, and the United States, showed positive growth in 2014. In 2014, a GDP growth rate of 5 percent is contributed by the luxury consumption goods as a result of generating a strong GDP performance in Malaysia. With the hope of improving the economic performance and rising consumer disposable income and their self-confidence, it is expected to boost up the demand for luxury goods. Other than the economic factors, social peer groups also are other factors that affect consumer's purchasing intentions towards luxury goods. However, the implementation of 6% Goods and Service Tax (GST) is more likely to affect the demand for luxury goods ([Euromonitor International, 2015](#)). From the consumers' perspectives, the increasing cost of living becomes a burden to them as a result of they might sacrifice their wants to cover their basic life necessities. Thus, the current research forecast that it is possible to slow down the growth of luxury goods in Malaysia. Therefore, to enhance economic performance after the implementation of GST in Malaysia, marketers should first identify what leads Malaysian consumers to purchase luxury brands ([Euromonitor International, 2015](#)). The key factors associated with consumers' attitudes towards purchasing luxury goods need to be examined to expand the general understanding of the emerging market and develop appropriate marketing strategies that would enhance business success. By filling the gap in the literature, this research is to identify the influencing factors that affect consumers' intention towards purchasing luxury fashion goods and the factors' relative importance.

## Problem Statement

The research on luxury fashion goods has been explored and discussed in recent years. This is supported by a group of researchers such as [Zhan & He \(2012\)](#), [Zhang & Kim \(2013\)](#), [Wu, Chaney, Chen, Bang & Melawar \(2015\)](#), [Park, Rabolt & Jeon \(2008\)](#), [Jain, Roy & Ranchhod \(2015\)](#), who conducted this research related to the factors contributing to affect the customers purchase intention of luxury goods in other countries such as China, Taiwan, Korea, Europe, and India. According to [Shukla \(2012\)](#), said that the important luxury market from the South East Asian region is Malaysia. However, there are limited studies have been conducted on the factors influencing purchase intention towards luxury fashion goods in Malaysia. Other than that, they also advise to include other brands and different products category which will be useful to examine. Handbags are supporting examples used by the majority of studies. Therefore, factors influencing the consumer's purchase intention towards luxury fashion goods in Malaysia should be addressed accordingly ([Park, Rabolt and Jeon, 2008](#)).

## Research Questions

1. What is the relationship between materialism and purchase intention towards luxury fashion goods in Malaysia?
2. What is the relationship between social comparison and purchase intention towards luxury fashion goods in Malaysia?
3. What is the relationship between brand consciousness and purchase intention towards luxury fashion goods in Malaysia?

### Significance of the Study

The findings of this study will provide a better understanding of luxury retailers in terms of the consumers' profile so that luxury retailers can identify their customers' preferences and demand for luxury goods. Furthermore, it will contribute to the government by investigating the consumer's purchase intention of luxury fashion goods, and this will become sources to project the economic conditions.

### Scope and Limitation of Study

This study has several limitations. First, the study only involves the respondents from Malacca instead of Malaysia as a whole due to the time and cost constraint. Second, this research focus on some product category such as watches, wallets and jewelry and respondents in this survey are comparatively younger age group in between 20 to 40 years.

## LITERATURE REVIEW

### Luxury Fashion Goods

Luxury can be defined as an extravagance of life. Luxury fashion goods are defines as fashion accessories, clothing, handbags, jewelry, watches, shoes, and fragrance serve as simple usage or express distinction or social status to people by using a brand name product (Goody, 2006). Luxury is something that looks exclusively, impressive, uniqueness and acts as status symbols (Gao, L. Norton, M. Zhang, Z. & To, C 2009). So that, people hold a belief that luxury is a significant element to positioning itself as they desire publicly. A few researchers provide a better understanding of why people need to purchase luxury goods (Kapferer, J., Bastien, V. 2008). For affluent consumers, they desired to get luxury products to mark their social status and symbolize economic strength. While for the less wealthy but ambitious consumers who want to show their wishes and for youthful consumers who pursue identity recognition and a feeling of having a place in owning such goods (Park, Rabolt and Jeon, 2008).

### Purchase Intention

According to the theory of reasoned action (TRA), a person's purchase intention is always relying on a person's attitude toward the behavior (Fishbein, M., & Ajzen, I 1975). There are three components to develop this theory: behavioral intention, attitude and subjective norms. The behavioral intention is depending on a person's attitude and subjective norms (Fishbein, M., & Ajzen, I 1975). A person's attitude and intention to purchase something are interrelated. Consumer's purchase intention is aroused when they feel there is a need to have one luxury goods to convey their regard and riches. 2Paragraphtext/Tables Figures etc.

### Materialism

Materialism is well-defined when a consumer connected to worldly possessions which are significant and people considered it as a group of related attributes values that emphasis possession or direction in choosing the goods. According to Richins, M., and Dawson, S. (1992), they define materialists tend to view their value of possession as a desired form of conduct to achieved desired-end states as well as happiness. Materialism can also be summarized as a set of attitude which views possession as a sign of achievement, involved in a core portion of their lifestyle, and also retains the conviction that more belongings will bring full of joy (Chan, K., & Prendergast, G. 2007). The majority of the scholars agree that consumers associated with materialistic are appealing to luxury goods' consumption (Belk, R. 1985). There are two reasons; firstly, materialists utilize luxurious products to form their position and to increase their self-concept by incorporating the symbolic sense of these luxuries into their personality. It is used to impress achievement and riches to others. Next, materialists believe that consumption of such luxury goods is a way of conveying joyfulness (Richins, M., & Dawson, S. 1992). The majority of previous studies showed that the relationship between materialism and purchase intention of luxury fashion goods was positive (Kamal, S., Chu, S., & Pedram, M 2013). However, 40 research findings show that materialism is slightly important in a relationship with a consumer's attitude towards purchasing luxury fashion goods. Therefore, the following hypothesis has been developed:

**Hypothesis 1:** There is a relationship between materialism and purchase intention towards luxury fashion goods.

### Social Comparison

Under the social comparison theory, consumers tend to make themselves compare with others and evaluate back to themselves. They are using others' information like how others are, what others have achieved and have failed to achieve or what others can and cannot do, to compare with themselves by comparing their characteristics, richness, and weaknesses with others (Dunning, D., & Hayes, A. 1996). The one-way dive upward results in a person to compare oneself and diminish differences with those people who own greater capacity (Festinger, L. 1954). This theory contains the purpose for comparison, besides, self-assessment, which are also self-enhancement and self-improvement. Social comparison can be categorized into two types: upward social comparison and downward social comparison. Denoting a person who compares themselves with those that they believe are superior to them is known as upward social comparison, while the downward social comparison which denoting a person who compares themselves with others that they believe are not as good as them. Found out that social comparison has a significant relationship in purchasing luxury goods (Wang, Y., Sun, S., & Song, Y. 2011). Therefore, the following hypothesized in this study:

**Hypothesis 2:** There is a relationship between social comparison and purchase intention towards luxury fashion goods.

### Brand Consciousness

Brand consciousness indicates the psychological preferences to well-known brands (Sproles, G., & Kendall, E.1986). It is a key significant factor in the consumption of luxury brands<sup>18</sup>. Individuals who wish to enjoy a high reputation as symbols as a means of they are willing to pay a higher value of money for luxury goods. Consumers are willing to purchased luxury brand name products when they beliefs a high brand perception that assume the brands will stand out their social status (Liao, J., & Wang, L. 2009). As indicated by Husic, M., & Cicic, M 2009, when somebody mentions a particular brand, this individual is conveying an appetite towards the brand that people consuming. A major number of researchers has been investigated that brand consciousness is related to consumer behavior. The result of that study shown that consumers are more likely to have faith in brands serve a symbol of prominence and esteem when they have a high degree of brand consciousness which lead them to purchase exclusive and famous brands instead of less well-known or unknown brands(Fan, J., & Xiao, J. 1998). The relationship between brand consciousness and intention to purchase luxury goods plays a role of significant. This has been supporting by a group of examiners (Lu, P., & Pras, B. 2011). Therefore, the following hypothesis has been developed:

**Hypothesis 3:** There is a relationship between brand consciousness and purchase intention towards luxury fashion goods.

### METHODOLOGY/MATERIALS

This research is a study about the consumer's purchase intention towards the luxury fashion goods in Malacca. Therefore, the respondents targeted in this study are from Malacca. Questionnaires have been distributed to 200 respondents in the area of Malacca and the age of respondents is between 20-40 years old. The questionnaire has been divided into three sections which are Section A, B and C. Section A includes demographic information such as gender, age, education, income, amount of luxury fashion goods purchased within six months and money spend on a luxury item. Whereas Section B contains questions on independent variables such as materialism, social comparison, brand consciousness, fashion innovativeness, and fashion involvement. Lastly, Section C covers the questions that asked about the dependent variable which is the consumer's purchase intention on luxury fashion goods. In this research, data collection is focused on primary data. Primary data is collected by the researcher and is originally from the respondents. Data that had been collected were analyzed using SPSS.

### RESULTS AND DISCUSSION

#### Multiple Regression Analysis

**Table1:** Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	F	Sig
1	0.676a	0.457	0.443	0.41940	32.604	0.000b

The summary of Table 4.1 indicates the coefficient of multiple determinations, R<sup>2</sup>, which is 0.457 means 45.7% purchase intention can be explained by all independent variables. P-value is 0.000 which is less than 0.05 so the independent variables which are trust, risk and knowledge have a signal model fit to the dependent value (adoption). From this table, it also shows that F-ratio is 32.604 which is significant at p < 0.05.

#### Coefficient of Research Variables

**Table 2:** Coefficient of Research Variables

Model	B	Std Error	Beta		Sig
(Constant)	0.982	0.278		3.535	0.001
Materialism	0.139	0.066	0.145	2.104	0.000
Social Comparison	0.083	0.055	0.101	1.525	0.129
Brand Consciousness	0.336	0.068	0.324	4.958	0.000

P-Value indicates whether the independent variable significantly impacts the dependent variable. As the result of coefficients shown in Table 4.2, it shows that materialism, brand consciousness, have statistically significant to the purchase intention on luxury fashion goods as the p-value is 0.037, 0.000 and 0.000 respectively. In this situation, the largest beta coefficient is 0.324, which is for brand consciousness which shows the significant positive regression weights (p < 0.05). Since the p-value is less than 0.05, social comparison is concluded that this variable is not making significant effect towards the purchase intention of luxury fashion goods as the p-value is 0.129 respectively which greater than 0.05.

#### Hypothesis Test

**Table 3:** Multiple Regressions for Research Variables and Purchase Intention of Luxury Fashion Goods

Variables	$\beta$ Coefficients	Sig	Hypothesis Testing
Materialism	0.145	0.037	Supported

Social Comparison	0.101	0.129	Not Supported
Brand Consciousness	0.324	0.000	Supported

From the table above, there are two independent variables that show a significant relationship with the purchase intention of luxury fashion goods in Malaysia except for social comparison. Materialism ( $\beta = 0.145$ ,  $p < 0.05$ ), and brand consciousness ( $\beta = 0.324$ ,  $p < 0.05$ ), have significant relationship towards purchase intention of luxury fashion goods. Thus, Hypothesis 1, and 3 were supported. However, social comparison ( $\beta = 0.101$ ,  $p > 0.05$ ) was found to be insignificantly related to purchasing intention. Hence, Hypothesis 2 was not supported.

## CONCLUSION

The research objectives of this study are to identify the key factors that influence consumer's purchase intention on luxury fashion goods. The factors are materialism, social comparison, and brand consciousness.

Firstly, this study shows that materialism has a positive relationship with the purchase intention of luxury fashion goods in Malaysia. This suggests that Malaysian perceived materialism is an important factor to affect their intention to purchase luxury goods and this is supported by a few studies. According to [Vazifehdust, H., & Reihani, N. 2013](#) his studies on Iranian people also proved that materialism is one of the significant factors in determining the intention to purchase global luxury brands. Another research conducted by [Zhang, B., & Kim, J.H. 2013](#) found that materialism was marginally significant related to the luxury goods' purchase intention. Besides, a study on purchasing foreign goods online by [Richins, M. 1994](#) indicated that materialism was positively correlated with purchasing foreign fashion goods online across national borders.

Secondly, the result revealed that there is a significant relationship between brand consciousness and purchase intention towards luxury fashion goods in Malaysia. This finding is consistent with the previous studies such in China by [Zhang, B., & Kim, J.H. 2013](#), whereby they conclude that brand consciousness is a critical factor in determining consumers towards purchasing luxurious goods. Besides, the research found a significant and positive relationship between brand consciousness and consumers' attitude towards luxury brands in both countries which are UK and Taiwan ([Yim, Y. C., Paul, L. Williams, J., Lee, S., J. & mercury, I. 2014](#)). Thus, brand consciousness is important and positively affects their desire to buy luxury brands ([Lily, Y., Bose, M., & Pelton, L. 2012](#)). As the result showed a significant relationship on brand conscious, which means Malaysian consumers are more conscious and more aware of the unique brands to give prominence to their self-identity.

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