

## DOCTOR OF PHILOSOPHY

### Turning stardust into gold dust

### How do sports celebrity endorsements of luxury brands influence the intentions and decisions to purchase of Chinese consumers?

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# Turning Stardust into Gold Dust: How do sports celebrity endorsements of luxury brands influence the intentions and decisions to purchase of Chinese Consumers?

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**Turning Stardust into Gold Dust:**  
**How do sports celebrity**  
**endorsements of luxury brands**  
**influence the intentions and**  
**decisions to purchase of Chinese**  
**Consumers?**

By

Lingling Liu

January 2016



The work contained within this document has been submitted  
by the student in partial fulfilment of the requirement of their course and award

## **ABSTRACT**

As a result of three decades of rapid economic development, China has become the world's second largest economy and the second biggest market for luxury consumer products (Chevalier & Lu, 2009; Degen, 2009). The most populous nation in the world is also a leading sports power with strong yet mythical potentials in its sports business market (Chadwick, 2008). This thesis studies the area where luxury consumption and sports business intersect in the market by examining the phenomenon of sports celebrity endorsement of luxury brands and how such endorsements lead to the intentions and decisions by Chinese consumers to purchase the endorsed brands.

Employing a mixed-method approach by using qualitative interviews and quantitative surveys, this study adopts a methodological triangulation research design, which involves semi-structured interviews with brand managers and professionals to explore their knowledge and experiences, questionnaire surveys of consumers to understand their demographic characteristics and luxury consumption motives and considerations, and confirmative structured interviews with consumers to ensure the reliability of the research and expand the findings.

Research data analysis generated three major findings. Firstly, the purchasing intentions and decisions of the consumers are the result of the synchronised functioning of a triad of social, personal, and commercial factors that define both the endorsers and the consumers. Secondly, the characteristics of the sports celebrity endorsers in terms of their attractiveness, trustworthiness and expertise have positive relationships with the represented brand equity, which in turn has a positive relationship with the consumers' intentions and decisions to purchase the endorsed products. Thirdly, Chinese consumers demonstrate a weak and conditional preference for local sports celebrities to endorse international luxury brands. These research findings explain why it is more difficult for luxury brand owners to sell to the consumers than to impress or interest them, particularly in the context of the Chinese market.

This is a pioneering academic study, intended to provide insights into how consumers in China respond to sports celebrity endorsement of luxury brands. It

provides an academic understanding of a knowledge gap between the studies of luxury business and sports marketing. It may benefit the strategists and practitioners of luxury brands by providing an empirical understanding of Chinese consumers and their decision-making processes under the influences of sports celebrity endorsements, so they can develop marketing communication strategies more effectively in the emerging market.

**Key words**

Luxury brands, consumer, purchasing intentions, purchasing decisions, sports celebrity endorsement, communication strategy, China sports business, emerging market

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Six years ago, I left China to pursue my PhD studies, because I was a little bit frustrated about my career path yet still have the strong belief that the so-called sunshine sports industry will shine in China in 5 years' time. I am so glad to see in the past year, the industry is beginning to take off and I am sure the future years are even brighter years for us all.

We just need to work harder and never give up our dreams!

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# Chapter 1: INTRODUCTION

## 1.1 Background

Recently there have been interesting developments in China, indicating a need for researches into the relationship between sports celebrity endorsement and the luxury consumer market. The foremost trend to be taken into consideration is the overall growth of the nation's economy. China has the world's largest population (1.3 billion) and the second biggest economy: the country's GDP reached 47.16 trillion Yuan (\$7.26 trillion) in 2011, according to the end-of-year GDP figures of 2011 released by China's National Bureau of Statistics (NBS), and GDP growth for the full year was 9.2%. Despite its relatively low per capita economic value, the nation's economy has been growing at an average rate of 9% over the past 20 years. By consensus, China has been the world's most dynamic economic powerhouse for the first half of the 21<sup>st</sup> century (Abeyasinghe & Ding, 2003; Story, 2003).

With economic strength rapidly growing, consumers in China have demonstrated an increasing appreciation of famous brands and luxury products (Lu, 2011). In 2011, McKinsey & Company produced its *Insights China* report - *Understanding China's growing Love for Luxury*; according to the report, Chinese luxury consumption was projected to grow by 18% annually from 2010 to 2015, accounting for over 20% of the global luxury market. China was then second only to Japan in market size, and was expected to reach the number one spot by as early as 2015 (Atsmon, Dixit, Leibowitz & Wu, 2011). In 2013 and 2014, there were shifts and sea changes in the luxury market in China. Due to economic slowdown and the government's anti-corruption campaigns that led to the change of customer preferences, the growth of luxury consumption in China slowed down. Bain & Company (2015) reported that in 2013 the luxury market in mainland China was worth US\$18.9 billion, and in 2014 the market shrank by one per cent to be RMB115 billion (US\$18.6 billion). The market research company also predicted that growth will recover in 2015, and China remains one of the world's biggest luxury consumption markets and the most promising one (The Economist Intelligence Unit, 2014).

A seemingly separate trend is China's rise as the world's leading sports power. For two consecutive summer Olympic Games, in 2008 and 2012, China has ranked in the top two positions in terms of either total medal or championship counts to rival or challenge the United States' dominance in the world of sports. The success of China's sports has impacted the Chinese commercial market in three aspects. Firstly, victory in sports has produced numerous national heroes with high commercial values. Olympic medallists and world champions from China are generally attributed to "delivering glory to the Motherland" by government propaganda organisations. The Olympic medallists and world champions are regarded as national celebrities and naturally belong to the successful social strata. The second consequence is the materialisation of the commercial values of these sports celebrities. They are sought after by brand promoters from China and abroad to be endorsers (Jiang, 2008; Ma, Wang & Chen, 2008). The third consequence is the public interest in participating sports resulting from the success of Chinese sports. Badminton, table tennis, football, and basketball topped Chinese sports hobbies in the past decades and recently China demonstrated a fascination for long-distance running in city Marathons (Liu, 2008; Xu & Cai, 2011). This public participation in sports has also created a massive market for sporting goods and therefore brand endorsement opportunities for sports stars. Figures from the General Administration of Sport of China (GASC) show Chinese people spent an average of RMB 926 Yuan on sports in 2014, 52% higher than that of comparable figures in 2007.

The growth in the sports industry and market consumption resulting from the high-level success in sports was vividly exemplified in 2008 when the Beijing Olympics were held. The sports industry in China grew from about \$1 billion a year in 1994 to \$15 billion in 2008 (Hays, 2008). In the years around 2008, several top-level international sporting events were held in China: for example, starting from 2004, Formula One Grand Prix, Masters Tennis Cup, NBA pre-season, VOLVO Ocean Race, and Guangzhou Asian Games in 2010. Beijing also won the bid for the 2022 Winter Olympics in July 2015. However, up until 2013, the sports industry in China was only 0.6% in GDP. The Chinese sports may have been a pride for Chinese people, but the sports industry has not always been developing very well commercially. On October 20, 2014, the State Council announced a guideline to boost China's sports industry,

named Opinions on Accelerating the Development of Sports Industry and Promoting Sports Consumption, Guofa [2014] No. 46 (“Guideline”). The Guideline marks the first time the Chinese government has tapped into the economic value of the sports industry. With the issuance of the Guideline, the market expects China to be the biggest fitness market in the world within the next twenty years. As a national strategy to promote the fitness of all the people, the Guideline aims to achieve ambitious goals including:

- RMB5 trillion overall scale of the sports industry by 2025;
- 500 million people who regularly participate in sports activities by 2025;
- 100% coverage of new neighbourhoods with sports facilities.

This thesis examines the phenomenon of the growing sports business market in brand building and marketing through sports. One of the forms undertaken is sport athlete representation and endorsement of consumer product and service brands. Among the various marketing campaigns, celebrity endorsements are a widely adopted method in China, with many of the advertisements featuring sports celebrities (Tschang, 2009).

While there has been a wide range of research into sport celebrity endorsement and brand building by consumer products and services through sports marketing, there is little information available and not much research has been done into the sector of luxury brands and their sports marketing strategy in China.

This research intends to look into the status and effectiveness of sports celebrity endorsements of luxury brands in China through an exploratory research. The main reasons for focusing on the luxury sector, besides the shortage of existing and on-going research, are that the sector is a high-value and high-growth sector in China, poised to make a strong impact on the growth of consumer markets. Therefore its use of sports marketing strategies in terms of employing sports celebrity endorsements deserves academic attention.

Scholars and market researchers alike have already started to pay attention to the special dynamics of Chinese luxury consumers. Some findings suggest that in terms of luxury consumerism, China has presented many unique characteristics as well as commonalities with other parts of the world. The most obvious and important

characteristic is that it is an emerging market not following any established rules of development (Cui & Liu, 2000). This unique feature presents an interesting contrast with the business laws that luxury brands tend to follow. Traditionally, luxury brands were not for the nouveau-riches (Giroir, 2011; Saidi, Mohiuddin, Su & Chrysostome, 2010). They usually tend to have a long history, a rich heritage, and conservative management styles. But in the Chinese market, they face the challenge of needing to adapt. As luxury brands are targeting the future emerging markets in order to reach new targets in those markets, more localized marketing efforts have been seen in recent years, according to the China Luxury Market Study 2010 (Bain and Company, 2010). The brands tried to link themselves with China in marketing campaigns.

Chadha and Husband (2006) discovered that wealthy consumers in China are on average twenty years younger than those in the US and Japan; they have high education levels and are more often self-employed. They are socially active, ambitious, brand-savvy, and also lead an extravagant lifestyle. Also according to the McKinsey & Company report (2011), Chinese consumers of luxury brands are not just looking to buy more commodities; three quarters of those luxury consumers belong to a gym or regularly engage in sports activities. Sport is part of their lifestyle to pursue health, social status, and overall quality of life (Atsmon, et. al, 2011).

The relationships between this youthful and dynamic market and the sports market have not been thoroughly investigated. But over the global stage, there has been an increasing trend for luxury consumerism to be intertwined with sports, particularly since the years leading up to and after the 2012 London Olympic Games. The recent marketing campaigns of some luxury brands also reflect this strategy. Take Louis Vuitton, for example: right after the London Olympic Games, Michael Phelps's advertising for Louis Vuitton was shown on television across the world. The British luxury brand Burberry soon signed an endorsement deal with the British cyclist and Olympic gold medal winner Victoria Pendleton, making her the first sports endorser for Burberry. In 2014, the British luxury automaker Jaguar signed English celebrity footballer David Beckham as their endorser for the Chinese market in order to promote Jaguar in China. Through this deal, Beckham has agreed to appear in magazine, television and billboard advertisements across China. The automaker is

looking to increase Chinese sales and compete against German rivals such as Audi, BMW, and Mercedes-Benz (Lewis, 2014). Also, since the 2012 London Olympics, China has become one of the biggest luxury consumer markets in the world. These two factors combine to give luxury brands a unique opportunity to showcase their products by using sports celebrity endorsement as an integral part of their overall marketing strategy.

Under such market conditions, international luxury brands are also taking measures in China with mixed success. Many brand managers have expressed the view that they need to learn how to engage Chinese consumers effectively through sports marketing strategies. It is not easy for them to understand the local market. After the triumph of the Chinese badminton team who won all the gold medals in the London Olympics, the Swiss watch brand Hublot held a special celebration for the Chinese badminton team and gifted each champion with a limited edition watch. In fact, Hublot had the opportunity to sign Chinese badminton Olympics Champion Lin Dan as the endorser as early as 2010, but they rejected the proposal at that time, because their brand manager in the headquarters had no idea how popular badminton was in China, and it took more than two years for them to understand the Chinese market and the recognition of Chinese sports. When they re-approached Lin Dan after the 2012 Olympic Games, he had already become too expensive. On December 3, 2014, Lin Dan signed an endorsement deal with Hublot's competitor Montblanc worth million dollars.

The people who play the most important roles in the market entry and adaption are brand managers, either sitting on in-house management chairs or in agency firms. In recent years, luxury brands have spent millions of dollars per case associating their products with sports celebrities through product endorsements (Lear, Runyan & Whitaker, 2009). Finding the "best" sports celebrity to make the endorsement is a crucial decision. However, brand managers, PR and advertising executives and experts, rather than consumers, normally make the decisions. Such top-down practices raise more questions than implementing solutions. It is unclear how the brand managers make their decisions, whether they have listened to what consumers said, how they ensure their strategy effectiveness, and how they would set out to measure success. To help them find answers to these questions, the

fundamental solution would be to understand consumer behaviour and attitudes, in particular how consumers were motivated to have purchasing intentions and to make purchasing decisions. Thus it will be of academic and practical significance to ascertain the consumers' perspective on sport celebrity endorsement of luxury brands and judge the effectiveness of what has been done by the brand managers and PR agencies.

This research intends to find out the reasons for the effectiveness of using sport celebrities to endorse luxury brands. It is arguable that the ultimate measurements of the effectiveness are the sales figures. In the same way as the brand managers and owners evaluate their work results, sales figures do the talking. Sales figures are decided by the consumer's decision to make the purchase. Regardless how much effort a sales person makes to sell his or her products, whether and in what quantity the customers would buy the products are the only means to judge the effectiveness of the sales person's work. Likewise, sport celebrity endorsement of luxury brands as a marketing approach needs to generate sales. But the sales come from consumers' buying decisions.

This research, therefore, is about the intention and decision by luxury consumers in China to purchase endorsed luxury products. The key is to find out the effectiveness of sport celebrity endorsement in terms of how it affects consumers' purchase intentions and ultimate purchase decisions.

The study will be amongst the first of its kind in the academic world. There have been numerous examples of valuable studies of sports celebrity endorsement of mass-market products. However, none of the current studies provides a close look at the sports celebrity endorsement of luxury brands, especially from the consumers' perspective. Thus the findings of this research will potentially benefit global luxury industry strategists, advertising companies, and PR agencies that are considering using sports celebrity endorsements. This research will provide insights into how consumers in China respond to sports celebrity endorsement of luxury brands.

## **1.2 Research motivations**

This research was conceived and started in 2010 when during the 2010 FIFA World

Cup in South Africa, the global television audience saw Diego Maradona, who was one of the world's most renowned footballers and then the head coach of the Argentinian national team, conspicuously wearing two watches. Hublot, a Swiss brand and also the official timekeeper of the 2010 FIFA World Cup, provided those two heavily exposed watches. Being displayed on Maradona's wrists, Hublot secured massive audience attention and widespread communication of its brand name that were more effective than displaying its brand on the timing boards. Soon after the World Cup the Hublot brand started its sports-related marketing campaign in global markets including China.

This incident triggered an interest in researching into how to understand the interactions between a major sporting opportunity and a surge of consumer enthusiasm in luxury consumption. Why sport celebrities, either individuals or successful Olympic team title winners, are used as endorsers of luxury consumer brands and products is among one of the least understood questions in Chinese sports marketing research.

A comparison of two leading athlete endorsers in China would provide a stronger justification to studying the topic in depth. One example is the NBA basketball player Yao Ming who was considered the Chinese athlete who enjoyed the most successful international profile (Kaplan & Langdon, 2012). Between 2004 and 2012, Yao Ming made multi-million dollar deals with VISA, Nike, Neutral Life, Buick and Tag Heuer, amongst others. Among the brands that Yao Ming represented, only the Swiss watch brand of Tag Heuer qualifies as a luxury consumer brand. The rest are mass market consumer brands. The other example is the female Chinese tennis player Li Na. Her surprise victory at the French Open in 2011 transformed her into one of the world's most marketable athletes. Li has signed seven new sponsorship deals since her Roland Garros triumph. Among them are luxury carmaker Mercedes Benz and luxury watch brand Rolex. According to Forbes.com, she earned \$18 million to April 2012 (up \$10 million from 2011) - \$8 million shy of Sharapova's total but \$5 million more than third-placed Williams. Li Na became the highest paid female athlete on the planet, with a net worth of \$40 million dollars after she won the Australian Open in 2014 and immediately signed a couple of endorsement deals. What is notable about



Yao Ming and Li Na is the proportion of luxury brands in their endorsement deals. While Yao Ming, as a basketball player, represented mostly the mass-market brands, Li Na attracted more luxury brands targeting the tennis fan demography.

What is common between these players is the huge Chinese consumer market behind them that would help them to attract significant contracts from international brands. Observations that were summarised from these examples indicate that luxury brands have taken an increasing proportion of all endorsement contracts signed with Chinese sports celebrities in the years since the 2008 Beijing Olympics. Also the contract values have been also on the rise. The sports celebrities involved are generally active in sports such as tennis, basketball, and football, but not necessarily China's strong sports events. The other observation is particularly relevant to the study of how the sports celebrity endorsement could be effective in the Chinese market as there lacks a strong association between public interest and those sporting events. Answers to such questions deserve to be explored further in this thesis.

Besides, there is little information available as to whether these endorsement deals are effective in generating sales value for the luxury brands. It is not clear either how consumers perceived these promotions. Such inquiries have prompted this research to raise a key question regarding the sports celebrity endorsement of the luxury brands in the Chinese market, which will be introduced in the following section.

### **1.3 Research question**

This thesis studies the strategy for the luxury brands to use sport celebrity endorsements in the Chinese market and focuses on the effectiveness of such a strategy. Earlier researches on the effectiveness of sponsorships and endorsements focused on the traditional measurements of awareness indicated by recall and recognition (e.g. Miloch & Lambrecht, 2006). However the academic researchers also found that awareness as an indicator has limitations in its ability to confirm the effectiveness of sports advertising and marketing campaigns (e.g., Biscaia, et al., 2013; Menon, et al., 2004). Rather, consumer purchase intentions and purchase decisions should be assessed to measure the impacts of such a marketing strategy (Crompton, 2004; Smith, Graetz, Westerbeek, 2008). Therefore, this research will use

consumer purchase intentions and decisions as the indicators of the effectiveness of the luxury brands using sports celebrity endorsement. Consequently, the main research question is proposed as:

**How do sport celebrity endorsements of luxury brands influence the purchase intention and decisions of Chinese consumers?**

Understanding how consumers are influenced by sport celebrity endorsements in building their purchase intentions and making their purchase decisions requires analysis of a chain of elements that would affect their responses to the promotions. This thesis has identified the most important element to be the brand equity of the endorsed brands. There is earlier research on general consumer markets that argues that the enhanced brand equity would lead to stronger purchase intentions (e.g., Biscaia, et al., 2013; Cobb-Walgren, Ruble & Donthu, 1995; Menon, et al., 2004), which would probably lead to the purchase decisions. However, whether there is also a positive relationship between the luxury brand equity and purchase intentions and decisions of the luxury consumers remains to be considered. Further, in order to understand the factors that would lead to the enhanced brand equity of the endorsed brands, the thesis will also investigate the personal characteristics of the sport celebrity endorsers in terms of their attractiveness, trustworthiness, and expertise in relation to the brand equity of the endorsed products. Therefore, this thesis will explore the relationships between the sports celebrity endorsements and two critical variables: purchase intentions and purchase decisions, which are supposed to be the result of the consumer's psychological activities under the influence of the endorsement messages.

**1.4 Aim and objectives**

This is exploratory research, which means to generate original and new knowledge in an area where sports business and consumer marketing meet. It attempts to understand how a high-valued sector of consumer products can effectively reach its targeted customers through sports celebrity endorsements. Understanding the effectiveness of such marketing strategy is the key outcome.

Exploratory research is research conducted for a problem that has not been clearly defined. It often occurs before we know enough to make conceptual distinctions or posit an explanatory relationship ( Shields et al, 2013) . Exploratory research helps determine the best research design, data collection method and selection of subjects. It should draw definitive conclusions only with extreme caution. Given its fundamental nature, exploratory research often concludes that a perceived problem does not actually exist. Exploratory research tends to tackle new problems on which little or no previous research has been done. (Brown, 2006).

Exploratory research also often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies.

Rich quality information provided by exploratory research will help us identify the main issues that should be addressed in our surveys and significantly reduce a research project's level of bias if used properly. (Singh, 2007). There are normally 4 different ways people can use exploratory research in their projects, which include 1) Focus Groups; 2) Secondary Research; 3) Surveys; 4) Interviews with Open-ended questions. ( Rick Penwarden, Fluidsurveys University,2014)

Therefore the aim of this thesis is *to investigate the responses by Chinese consumers to the sport celebrity endorsements of luxury brands in order to understand the functioning of the key factors that would enable them to have purchase intentions and to make purchase decisions.*

In order to achieve this aim, this thesis delivers in a systematic and planned way the following research objectives:

- (1) This thesis constructs an understanding of the generally applied models of celebrity endorsement and the fundamental practices of the luxury brand management to form the theoretical basis that guides the inquiry.

- (2) This thesis produces an initial primary research from the luxury brand manager perspective to understand their expectations and ambitions to the Chinese market and Chinese consumers.
- (3) This thesis critically analyses the theoretical findings and the brand manager perspectives to postulate the essential elements and their functions to motivate Chinese consumers to be interested in or to buy the luxury brands endorsed by sports celebrities.
- (4) This thesis builds a comprehensive understanding of the characteristics of Chinese luxury consumers and explores the assumptions of their responses to the endorsement messages.
- (5) This thesis further conducts an in-depth investigation of Chinese consumers to understand their thoughts and views of the assumptions that were made about them to ensure the reliability and validity of the analysis findings.
- (6) This thesis analyses the qualitative and quantitative data collected through the research process to develop a theoretical framework that explains the factors that lead to consumer purchase intentions and decisions.

Through accomplishing the six-step objectives as described above, this thesis achieves its central research aim and provides the answers to the research question. In order to deliver these objectives, this research will adopt a suitable research methodology, which will be discussed in the following section.

## **1.5 Research methods**

This section outlines the key points of research methodologies to be applied in the research. This research is to discover not only consumers' actions but also their attitude. Also it will look at the issues from both the commercial message senders and the receivers. That said, it will rely on primary research data generated from both the luxury brand managers and the consumer sides.

There are two important characteristics of the methodology employed by this research in its primary study stages. Firstly, it will adopt a methodological triangulation approach to ensure the reliability of the data and the findings.

Secondly, it employs a mixed research method by collecting and analysing both qualitative and quantitative data.

In addition to the primary studies, this research also builds its initial findings upon the first-stage secondary research, which mainly involved the literature review of two types of produced knowledge. The first type is sports business management literature with a particular focus on endorsements. The second type of literature is related to luxury brand management. In addition to these two aspects, the literature review study also investigates existing information about the Chinese market in luxury consumption and sports celebrity endorsements.

The considerations for taking a methodological triangulation approach for this research are mainly based on the need for data reliability and validity for such a complex study covering the two domains of consumer and sports management studies. Methodological triangulation is also called multi-method, mixed-method, or methods triangulation (Barbour, 1998; Greene & Garacelli, 1997). It combines more than one research method to collect research data for the purpose of studying one research question. In this project, the first research method used is to conduct semi-structured interviews with brand managers and professionals of luxury brands to collect their views about using sport celebrity endorsers in the Chinese market. These interviews allow the research to collect textual data for qualitative analysis.

The analysis of such data enables the identification of six research variables that would be critical to answering the research questions. These six variables are attractiveness, trustworthiness, expertise, brand equity, intention, and decision to purchase. Details of these variables will be explained in the following chapters. The second research method applied is an online questionnaire survey, which means to collect responses from Chinese consumers. Quantitative data analysis of the survey responses identifies the key demographic and behavioural characteristics of Chinese luxury consumers. In the mean time, the quantitative analysis of the data also means to explore the relationships between the six variables. The third component of the methodological triangulation is the re-confirmation interviews with six Chinese luxury consumers in one of the most important luxury consumption markets in

China. The interview collects qualitative data from the consumers and the analysis of these data aims to reaffirm the findings of the previous stages of the study, particularly the findings from the consumer survey. The most important outcome of the final step of data analysis is the proposal of a three-level factor theoretical framework that describes the personal, social, and commercial factors that make a consumer establish purchase intention and make purchase decisions under the influences of the sport celebrity endorsements of luxury brands.

Therefore, this thesis applies the methodological triangulation research approach, which also enables the triangulation of research data so that qualitative and quantitative data are collected and analysed to ensure the reliability and validity of the data and the resulting findings. However what is achieved by this mixed-method and mixed-data research is not only to ensure the confidence of the findings; the final data analysis suggests new knowledge that enables the development of an original theoretical framework.

## **1.6 Thesis outline**

The structure of this thesis follows the steps that are necessary to achieve the objectives of the research. The outlines of all the chapters of the thesis are as follows:

Chapter 1: An introduction to the research background and the research question.

Chapter 2: Literature Review on Sports Endorsement and luxury brand management. This chapter focuses on two subjects. Firstly it reviews the academic theories on the models of effectiveness of celebrity endorsement strategies. Then, literature on luxury consumer markets is reviewed to identify the gap that exists in understanding the luxury consumers and sports celebrities. Lastly, the chapter suggests an approach to examine the luxury consumers and athlete endorsements in a Chinese consumerism perspective.

Chapter 3: Research Design and Methodology. This chapter details the methodological triangulation approach as the basic research design model. It also explains that subject to the requirement of this basic research design model, the research employs both primary and secondary research methods. The secondary

research mainly involves literature review from a wide range of sources. The primary research will employ methods including semi-structured interviews with brand and marketing managers, and online survey with Chinese luxury consumers and finally reconfirmation interviews with Chinese consumers. The analysis of collected data is to be conducted in both qualitative and quantitative approaches.

Chapter 4: Perspectives of brand managers. This chapter discusses the semi-structured interviews that collect data and information to summarise major attributes or themes that are represented by the luxury brand management and promotion professionals in China. The research method employed in this stage is part one of the methodological triangulation approach. Analysis of the collected qualitative data enables the identification of the six variables of this research regarding Chinese consumers and their responses to the influences of the sport celebrity endorsements of luxury brands.

Chapter 5: Understanding Chinese Luxury Consumers. This chapter is one of the two chapters that are based on the analysis of the quantitative data collected from the online questionnaire survey. The first step of this analysis is to study the survey data and through descriptive analysis to establish a comprehensive understanding of the luxury consumer market in China and the consumers' demographic characteristics and their luxury consumption experience. The focus of this chapter is to discover the unique behaviours of Chinese luxury consumers, or those consumers who identify themselves to be luxury consumers, and how their behaviours are related to the element of sports celebrity endorsements of the luxury brands. This chapter is composed of two parts. The first part presents the descriptive analysis of the consumer demographic and behaviour data. The second part is a synthesised analysis of the understanding of the characteristics of Chinese luxury consumers.

Chapter 6: Understanding luxury consumption and sports celebrity Endorsements. This chapter examines the primary research data in order to generate specific understanding in the Chinese luxury consumers' responses to celebrity endorsements. Emphasis is given to the sports celebrity endorsements and their effectiveness. The purpose of this analysis is to explore the relationships between the research variables. Through the analysis, this chapter suggests answers to the

main research question of this thesis. The research data analysis has two major components. The first part is an overview of the experience and impressions of the survey respondents towards the sports celebrity endorsements of luxury brands. The second part is a comprehensive analysis of their attitude towards the sports celebrity as explained by the relationships between the research variables.

Chapter 7: Verification and discussions. Developing a Theoretical Framework. As required by the research design in order to ensure the research reliability and validity, this research enters its third step, which is the final step of the methodological triangulation. As a result of this step of investigation, six Chinese luxury consumers received interviews for the purpose of verifying and further explaining the relationships between the six research variables to confirm whether their opinions and behaviours are consistent with the results of the quantitative data analysis. This chapter is composed of two parts. The first part introduces and summarises the confirmation interview findings and data analysis generated from two case studies. The second part discusses comprehensively the findings of the three-step triangulation research to build an overall understanding of the research question. As a result of the analysis, this chapter proposes a three-level factor theoretical framework which can be applied to describe the building of purchase intentions and the making of purchase decisions by Chinese consumers regarding the luxury brands endorsed by sports celebrities.

Chapter 8: Conclusion. This final chapter of the thesis aims to summarise this thesis, demonstrate the significance of this comprehensive research about the Chinese luxury consumption and its relationship with the sports celebrity endorsements. It highlights and explains the original contributions of this research to the knowledge and theoretical development of the celebrity endorsement effectiveness. Finally, this chapter proposes new perspectives for further research with considerations of the limitations and strengths of this thesis.

## **1.7 Summary**

This research is pioneering research on the sports celebrity endorsement of the luxury consumer brands. The effectiveness of sports celebrity endorsements of luxury brands has an increasing importance and significance to the Chinese market



because of the nation's economic development and the rapid rise of luxury consumerism to make it one of the world's biggest markets for luxury products. This thesis argues that the central effectiveness of sports celebrity endorsements of luxury brands is indicated by the intention and decision of purchase made by the consumers. In order to investigate the most fundamental factors that would enable the consumers to build such intentions and to make such decisions, this research adopts a methodological triangulation research design to collect qualitative and quantitative data from the luxury brand management professionals as well as the luxury consumers. Analysis of such research data will help to develop a theoretical framework that can be applied to explain the social, personal, and commercial factors that lead to such effectiveness. The research contributes original knowledge to the areas of sports marketing and luxury consumption studies. It also contributes to the practical knowledge that sports marketing and luxury brand management professionals need to manage the communications strategies targeting their Chinese customers, with whom they should maintain the most important business relationships of all.

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## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The aim of this thesis is to investigate how Chinese consumers respond to sports celebrity endorsements of luxury brands. The consumer responses are an important method of testing the effectiveness of such celebrity endorsement campaigns (Hollensen & Schimmelpfenning, 2013; Tantisenepong, Gorton & White, 2012; Veer, Becirovic & Martin, 2010). However no existing literature provides adequate knowledge of the particular area of luxury consumerism in China in terms of endorsements by athletes and their effectiveness.

This chapter aims to achieve four objectives. Firstly, it explores academic theories of the effectiveness of celebrity endorsement strategies. Then, it conducts a critical review of contemporary literature regarding sports celebrity endorsements and summarises their key characteristics. Thirdly, previous findings about the luxury consumer market will be reviewed to identify the gap that exists in understanding luxury consumers and sports celebrities. Lastly, the chapter suggests a way of examining luxury consumers and athlete endorsements in a Chinese perspective.

### **2.2 Models of effectiveness of celebrity endorsement strategies**

Academic studies since the mid-1900s have dedicated much attention to the topic of effectiveness of celebrity endorsements. The topic was studied using various instruments and under the umbrella of broader topics such as consumer cognitive and psychological perceptions (Silvera & Austad, 2004), audience motivation (Austin, Vord, Pinkleton & Epstein, 2008), consumer behaviour (Atkin & Block, 1983), consumer culture (Hackley, 2002; Solomon & Englis, 1994), and consumer research (Mowen & Brown, 1981). The studies were also conducted through the academic lenses of business strategic management (Carroll, 2008; Spry, Pappu & Cornwell, 2011), advertising studies and marketing (Bailey, 2007; Kamins, Brand & Moe 1989; Silvera & Austad, 2004), psychology (Pornpitakpan, 2004), communications, political science and the public sphere (Austin, Vord & Pinkleton, 2008; Jackson & Darrow, 2005). The topic not only applies to local, national, and regional markets, but also is of global and cross-cultural interest (e.g., Biswas, Hussain & O'Donnell, 2009; Choi,

Lee & Kim, 2005; Money, Shimp & Sakano 2006) and among different demographic groups such as young adults and middle-class women and men (Kelaber, Cawson, Miller, Kavanagh Dunt & Studdert, 2008; Premeaux, 2006).

Two foundational level questions have been thoroughly researched and answered by previous scholars. They are: how to define celebrity endorsement as a concept, and what its purposes are. Thus a brief review of the existing answers is provided as the first step to discuss the theories of models of effectiveness, which is related to the central theme of this research. However, it is necessary to point out that scholars would normally consider celebrity endorsement to be a one-sided concept.

McCracken (1989) described the celebrity endorser as “any individual who enjoys public recognition and who uses this recognition on behalf of a consumer good by appearing with it in an advertisement (p.310)”. Despite being widely cited and its use of term “any individual” that indicates its wide extension of covering, this definition was limited by its unilateral focus on a consumer good and advertisement. It was a continuation of Friedman and Friedman’s description (1979) of the celebrity endorser as an individual who is known to the public for his or her achievements in areas other than that of the product endorsed.

It is necessary to note that celebrity endorsement does not confine itself to consumer products and brands. It also applies to the public sphere, political campaigns, social organisations and their agendas. The terms “celebrity” and “endorsement” are also applicable to public figures and politicians and their influences on the public in shaping or limiting political agendas (Garthwaite & Moore, 2008; McCracken, 1989; Pease & Brewer, 2008; Wood & Herbst, 2007). Although political celebrity endorsement is beyond the scope of discussion of this research, it is still important to point this out in order to produce a complete view of this concept.

Many scholars have correctly pointed out the ubiquity and popularity of celebrity endorsements in modern marketing (Carroll 2008; McCracken 1989; Meenaghan and O’Mahony, 1998). They have also summarised the benefits of celebrity endorsements of consumer products and brands. These benefits can be generalised as mainly three types. Firstly, celebrity endorsements of products and brands would help to achieve a high degree of consumer attention and recall (Bailey, 2007; Misra & Beatty 1990;

Schlecht, 2003). Secondly, the business behaviour would help business brands to create positive and distinct associations in the psychological sphere of the consumers (Bergstrom, Landgren & Muntzing, 2007). Thirdly and most importantly, the endorsements would help consumers to build intentions of making purchases (Atkin & Block, 1983; Friedman, Termini & Washington, 1977; Kamins et al., 1989).

Delivering any or more than one of these benefits is a sign of celebrity endorsement effectiveness. An interesting question that should be asked is how advertisers and companies make decisions regarding choosing and strategies of using one or more famous persons to be the celebrity endorser(s). Over the past six decades, researchers have developed at least three models that the advertising decision-makers seem to have used. The three models are: source credibility model, source attractiveness model, and expertise match-up model.

### **2.2.1 Source credibility model**

It is widely believed that two Yale University researchers, Hovland and Weiss, who were psychology scholars studying information communication perceptions, first coined the concept of *source credibility* in 1951. They discovered that the audience's perception of identical facts acquired through identical channels differed significantly corresponding to the audience's prior awareness of the source of communication being either credible or untrustworthy (Hovland & Weiss, 1951). Scholars of later times have applied the Source Credibility concept to explain celebrity endorsement by putting the endorsers in the position of information sources. The model suggests that in commercial advertising and information involving famous people, the effectiveness of the message relies on the evidence of trustworthiness conveyed by the celebrity as the source and also on whether the audience has confidence in such trustworthiness. Pornpitakpan (2003) explained that the trustworthiness was defined by the audience's confidence in the general believability of the endorser and messages. Hovland, Janis & Kelly (1953) provided a definition of such quality as "the extent to which a communicator is perceived to be a source of valid assertions" (p. 21).

Hovland et al. (1953) published a collection of studies on the effectiveness of arguments and appeals, personality factors underlying susceptibility to persuasion,

and the influence of social roles on resistance to the acceptance of new ideas. By stressing the importance of motivation and the problems of effective mass communication, they argued that the basis of the Source Credibility model was that the consumers' perceived level of trustworthiness of the celebrity endorser determined the effectiveness of the messages in commercial promotions. In the following half century, scholars have studied the evidence of the effect of credibility of the message source on persuasions. Pornpitakpan (2004), in a critical review of the 50-year records of research, made recommendations for practitioners as to when to use a high- or a low-credibility source. He suggested that the studies of source credibility on persuasion seemed to indicate the superiority of a high-credibility source over a low-credibility one. A summary of the variables found to interact with source credibility could be categorised into five categories: source, message, channel, receiver, and destination variables. He argued that the most intensively researched variables were the message and receiver variables.

What these researches suggested was that a credible source might influence the purchase behaviours of consumers (Lafferty, Goldsmith & Newell, 2002). They identified a psychological process called internalisation, which takes place when the audience or receivers of messages accept a source influence according to their perceived personal attributes and values. Kelman (1958) was one of the earliest scholars to use the psychological concept of studying attitude change when a receiver consolidated and embedding one's own beliefs, attitudes and values. Later scholars argued for the impact of internalisation as a process through which the credible sources could effectively influence consumers' beliefs, attitudes and behaviours (Ohanian 1991, Erdogan, Baker & Tagg 2001, Shank 2008).

The Source Credibility model inevitably explains only part of the motivation for consumers being influenced by celebrity endorsers as information sources. It is necessary to examine other theories of endorser effectiveness in order to give a full picture.

### **2.2.2 Source attractiveness model**

The source attractiveness model could be used to explain why some information communicators who have been involved in scandals and controversies still possess

the power to influence an audience. The concept has its origins in social psychological research and is a component of the "source valence" model of McGuire (McGuire 1985). The concept also originated in social psychological studies on persuasion and attitude changes. The source attractiveness model can be understood as an expansion to the source credibility model by adding three dimensions and traits. The attractiveness model suggests that the effectiveness of a message depends on the source's "familiarity," "likeability," and "similarity," and therefore that a combination of these would result in "attractiveness" to the respondent (Ohanian, 1990).

Later researchers further defined the attributes that enable "attractiveness". For example, the source likeability is embodied in physical appearance, personal behaviour, personality and character, and professional or athletic ability (Erdogan, 1999; Shank, 2008). Repeated media exposure in the meantime helps building the source familiarity (Shilbury, Westerbeek, Quick & Funk Westerbeek, 2009). The perceived similarities between the sources of information and the receivers are also one of the key factors in constructing the source attractiveness, as well as the symbol of success that ordinary people would aspire to. Ewen (1988) argued that the public consider a successful endorser to be attractive for the reasons that "people not only find a piece of themselves, but also a piece of what they strive for" (p. 96). Ohanian (1990) concluded that the audience consistently liked the attractive (versus unattractive) communicators and would respond positively to products which they are associated with.

These researchers certainly testified to the effect of source attractiveness to enhance the audience and receivers' attitude towards messages. A few researchers attempted to study the model's influence on consumers' intentions of making purchases. Kahle & Homer (1985) offered a social adaption theory perspective an explanation that attractive celebrity sources could more easily influence purchase intentions and participants' involvement with products than unattractive celebrity sources.

The source credibility and source attractiveness models have evaluated the endorsement effectiveness using the defining factors of trustworthiness, familiarity, likability and similarity. Ohanian (1990) developed

a scale for measuring celebrity endorsers' perceived trustworthiness and attractiveness. The scale was validated using respondents' self reported measures of intention to purchase and perception of quality for the tested products. The research suggested that the source models could be transformed into a valid scale of measurements to evaluate consumers' purchase intentions as a response to the effectiveness of source endorsements.

However, the researchers did not stop with generating the two source models of endorsement effectiveness. Meanwhile, not all studies indicated that endorsers would enhance purchase intent. Till and Busler (2000) discovered that a match-up effect was found as an athlete was most effective as an endorser in increasing brand attitude, but not purchase intent. The concept of "match-up" was used to explore in detail how to choose the right celebrity endorser to match up with the right product. The match-up hypothesis that will be discussed in the next section would have especially strong significance in terms of luxury products and brands, which are the main research topic of this study.

### **2.2.3 Product and expertise match-up**

The product match-up hypothesis originated from advertising researchers that examined how different types of endorsers, who were often celebrities, would make impacts on the endorsed brand (Till & Busler, 2000). The concept is self-explanatory. It aims at suggesting matching the right endorsers with the right products for the desired effectiveness. However the questions regarding who the right endorsers are, what the right products are, and how to define effectiveness all required close studies by scholars.

Friedman & Friedman (1979) was one of the early-stage researches attempting to explain how the effectiveness of celebrity endorsements varied by product. Their research confirmed that the difference existed but didn't suggest a match-up model. Years earlier, Kanungo and Pang (1973) had looked into matching male and female models with different types of products to identify differences in effectiveness. It is important to note that Kanungo and Pang's research was not about celebrities and instead they used ordinary models.

Till and Busler (2000) were right to point out that much of the match-up hypothesis research before the 21<sup>st</sup> century focused on physical attractiveness. Kahle and Homer (1985) in their analysis found that physical attractiveness of celebrity endorsers has a positive influence on consumers' brand attitudes, purchase decisions, brand recall, and recall of advertisement arguments. The research found out that match-up hypothesis predicts that attractive celebrities are more effective when the endorsed products functions to enhance their attractiveness. However, the research only focused on product and seemed to be narrow in its scope. Kamins (1990) conducted a full-range test on the hypothesis that the physical attractiveness of a celebrity endorser may only enhance both product-based and advertising-based evaluations if the product's characteristics “match-up” with the image conveyed by the celebrity. The researcher used cross-pairing of physically attractive and unattractive celebrities to respectively match up with attractiveness-related and attractiveness-unrelated products and summarised the differences in the effectiveness. The research collected data on seven dependent measures, namely advertiser believability, advertiser credibility, spokesperson believability, spokesperson credibility, brand attitude, attitude toward the ad, and purchase intention. The match-up hypothesis predicts celebrity attractiveness by product type interaction.

The social elite status of a celebrity endorser has the potential power to influence consumers. Scholars argued that celebrity endorsers' “expertise” played a particularly important role in campaigns to promote products with high social and psychological risk (Friedman & Friedman, 1979; Atkin & Block, 1983). The Till & Busler (2000) research advanced beyond the scope of attractiveness and used expertise as the additional match-up factor. By using the expertise factor, the research found that a celebrity athlete endorser was most effective as an endorser of a matching product in increasing public attitude to the brand, but not effective in enhancing purchase intention.

The literature reviewed so far has examined the “source models” (which combines the source credibility and source attractiveness models together) and the match-up hypothesis, which emphasises the endorser's expertise. The analysis suggests that



the characteristics of the endorsers in their attractiveness, trustworthiness, and expertise are three of the critical elements for endorsement effectiveness.

## **2.3 Sports celebrity endorsement**

This section reviews researches into the use of sports celebrities in advertisements to endorse brands and products and why they are believed to be effective. After examining the communication models in the previous section, further efforts are taken to study the definition of celebrities as endorsers, the unique characteristics of sports celebrity endorsements, and the perceived benefits and disadvantages.

### **2.3.1 Sports celebrity endorsers**

Two scholarly works are widely cited as the foundations on which the definition of sports celebrity endorsements is built. Friedman and Friedman (1979) describe the celebrity endorser as an individual who is known to public for his or her achievements in areas other than that of the endorsed product class. Here it is important to note that the definition is limited to describe “typical consumer endorsers” and excludes those famous people who would speak for their own professional area. For example, if Tiger Woods endorses the game of golf, he is not considered a typical celebrity endorser. This definition apparently has its limitation when being applied to sports marketing and advertising, because sports celebrities often endorse or represent a product directly related to their profession, such as basketball, football shoes, and golf clubs. The endorsers are used in such endorsement messages because of their expert status; and such specialist expertise endorsements are common in today’s consumer special interest products such as sports. Therefore, the “typical consumer” endorser (Friedman and Friedman 1979; McCracken 1989) definition appears to be based on shaky ground.

Another widely cited definition of celebrity endorser was provided by McCracken (1989) as “any individual who enjoys public recognition and uses this recognition on behalf of a consumer good by appearing with it in an advertisement” (p. 310). McCracken gave this broad definition to include not only the usual movie and television stars, but also individuals from the world of sport, politics, business, art, and the military. He also categorised celebrity appearance in endorsements into four

modes: the explicit mode ("I endorse this product"), the implicit mode ("I use this product"), the imperative mode ("You should use this product"), and the co-present mode (i.e., in which the celebrity merely appears with the product, such as how Disney Company uses their animated characters in "tie-in" promotion advertisements). In a thoughtful observation, McCracken further applied this definition to a range of endorsement roles, in which the celebrity is also an expert, is associated with the manufacturer in some long term capacity, or has no special knowledge of or association with the products in question.

Because of the attributes of being trustworthy, attractive and likable, and the expertise match-up with the products of their representation, these celebrity endorsers function as role models for a large group of people, who are the consumers that the brand owners, product manufacturers, and advertisers would want to appeal to. Marketers exploit these qualities of a celebrity to influence the consumer purchase decision. Academic research found that celebrities can be used to communicate and reinforce commercial marketing communications and positioning effectively and make the advertisement believable to the consumers (Erdogan, 1999).

Murray and Price (2012) summarised: "In order to be successful celebrity sports endorsers must have two features. Firstly, they must be at the top level in their respective sport. In other words, they must be champions and winners. In addition, they must be able to project a likable and trustworthy image to potential consumers. No matter how successful the celebrity sport star is in their chosen sport, without the ability to connect with a potential consumer market – i.e., being likable and trustworthy – their potential as an endorser is limited" (p.85).

Braunstein-Minkove, Zhang and Trail (2011) researched through empirical investigation about the effectiveness of sports celebrity endorsers for non-sports products and summarised a five-factor model, namely Athlete Identification, Sport Identification, Match-up, Perceived Value, and Purchase Intention. They argued that there exists high risk in selecting an athlete to endorse products that do not have an intrinsic link to the sport in which he or she is employed.

### **2.3.2 Benefits and risks**

The use of celebrities as endorsers appears to be ubiquitous in advertising (McCracken, 1989). Miciak and Shanklin (1994) further argued that using sports celebrities as endorsers is a widespread and continued practice for businesses and advertising agencies. While Erdogan, Baker and Tagg (2001) discovered that celebrities such as sports stars can bring desired attention to a product in a cluttered marketplace and can give a product or brand attractive qualities through various means of associations, many researchers have also studied the risks of using sports celebrity endorsers as well as its benefits.

From the numerous studies of the benefits and advantages of sports celebrity endorsement, this literature review has uncovered a pattern they have followed. The discussions followed the ideas of marketing communications in terms of brand awareness, brand equity, and consumer responses. The key element that serves as the basis on which these levels can be established is that sports celebrities can create positive associations through qualities such as physical appeal and likeability, and thus help to build distinct and credible brand personalities (Kamins 1990; Ohanian 1990). These analytical approaches are in line with the celebrity endorsement models.

The escalating levels of the benefits resulting from using sports celebrity endorsements, therefore, can be briefly reviewed in the sequence of generating brand awareness, enhancing brand equity, and ultimately incurring consumer responses.

On the first level of generating brand awareness, the use of sports celebrity endorsement can generate the opportunity for companies to quickly establish brand awareness among their potential customers. Celebrity endorsements can help companies differentiate their products and build instant brand name recognition (Henriks, 1996) and break through the “advertising clutter” (Erdogan, Baker & Tagg, 2001; Miciak and Schanklin, 1994). By doing this, the brands would successfully gain and hold consumers’ attention (Atkin & Block, 1983).

On the second level the effects or benefits of a sports celebrity endorsement campaign featuring positive associations would start to increase the brand equity through changing consumers' attitudes. Brand equity increases resulting from the marketing campaigns positively influence a consumer's thoughts on the competitive advantages associated with a firm's products and services (Erdogan, 1999). Bush, Martin & Bush's (2004) research argued for the benefits of celebrity endorsements and concluded that they would include increasing brand loyalty and enhancing favourable reaction by word-of-mouth, or consumer goodwill. In an interesting older research, Atkin and Block (1983) found out that advertisements featuring celebrities were rated interesting, strong and effective and the products associated in those advertisements were rated as more pleasant and enjoyable. Therefore the expected results of such communication campaigns would be to positively impact brand equity and consumer goodwill (Friedman & Friedman, 1979; Kamins, et al., 1989).

On the third level, scholars reasonably anticipated that celebrity endorsements would result in affecting consumers' attitudes strongly enough so that they would take actions to pay for the endorsed products. Friedman & Friedman (1979) speculated the "increased purchase likelihood". Sports celebrity endorsements are expected to drive sales and consumption (Boyland, Harrold, Dovey, et al., 2013; Lear, Runyan & Whitaker, 2007; Ohanian, 1990). It is important to note that the Boyland et al. (2013) research studied the sports celebrity endorsement's effect on children, who are consumers without the direct power of making purchase decisions. The research concluded that the influence of a celebrity endorser on food intake in children extends beyond his or her role in the specific endorsed food commercial, prompting increased consumption of the endorsed brand even when the endorser has been viewed in a non-food context. Carlson and Donovan (2008) observed that purchase intention for endorsed products increased when a consumer identifies strongly with the sport celebrity endorser.

It can be inferred from this analysis that academic research into the benefits of sports celebrity endorsements centred on their effectiveness in influencing the consumer's psychology, from making an impression (awareness) to increasing the awareness strength and building goodwill (brand equity), and finally to the level

where consumers make purchasing decisions. It is realistic to expect such a sequence would happen in an ideal situation when nothing could have gone wrong. However, in the real world, there has not been a shortage of occasions when sports celebrity endorsement campaigns got into trouble. What would have caused and imposed risks to such commercial communication efforts also deserves review and analysis.

### **2.3.3 Risks of sport celebrity endorsements**

Existing academic research has made strong cases and discoveries about the risks and disadvantages associated with sports celebrity endorsements. Most of the literature on the risks and/or disadvantages of sports celebrity endorsement has focused on the first two levels of marketing communication in which brand awareness and brand equity are built.

Previous researchers have generally discussed three kinds of risks in using sports celebrity endorsements, namely overuse, mismatch, and negative exposure.

In their comparatively early research, Tripp, Jenson and Carlson (1994) conducted two studies to examine the effects of multiple product endorsements by celebrities on consumer attitude and purchase intentions. By investigating the number of products endorsed by a celebrity and the number of exposures the celebrity made, they found out that the greater the number of products endorsed by the celebrity, the less favourable became the consumers' perceptions of celebrity credibility, likability and the consumers' attitude toward the advertisement. They concluded that multiple endorsements by a celebrity would have a negative impact on the consumers' perception of the endorser's credibility. They also suggested that when as many as four products were endorsed, celebrity credibility and likeability and consumer attitude towards the advertisement would be negatively affected. Erdogan (1999) also pointed out the issue of celebrities endorsing many diverse products, thus indicating their greed, and resulting in overexposure.

Such findings have been further confirmed and investigated by recent researches that argued that it is up to the sports agents and athletes to decide to represent multiple brands and make numerous appearances, which often leads to the overuse of celebrity endorsements (Cortini, Vicenti & Zuffo, 2010; Roy, 2012; Srikanth,

Saravanakumar & Srividhya, 2013). Roy (2012) in his research moved a step further to compare the differences of effectiveness between overexposed and underexposed celebrity endorsers. The research suggested that an underexposed celebrity might be as effective in generating favourable consumer attitudes as an overexposed one. Also, the research argued that even though the overuse and overexposure of a celebrity indicated his or her popularity, the overexposed celebrity was not able to generate more favourable consumer attitudes than the underexposed ones.

Beyond that, the researcher also found out that risks associated with the overused endorsers are higher than with underexposed endorsers. Roy (2012) pointed out that in cases when the celebrity is overexposed, the misfit between the endorser and the products may cause more negative purchase intention, whereas in the case of an underexposed celebrity, the misfit did not cause the purchase intention to decline, rather it increased. This “misfit” concept is the same as the “mismatch” that other scholars have identified. In their important book that discussed advertising and promotion from an integrated marketing communications perspective, Belch, Belch, Kerr and Powell (2008) argued that marketers must find the celebrity who can best fit and represent the images of the product and their meaning. The mismatch is the antinomy of the match-up model discussed earlier in this literature review. Kamins (1990) argued that the effectiveness of an endorser may be diminished by the fact that the type of product being endorsed did not match the endorser’s attributes. The factors that would affect the matching of the endorser with correct product types are many. In an interesting piece of research, Martin (1996) argued that the athlete’s profession played one of the most important roles. In order to test that the sport from which the athlete comes may be an important factor in producing a favourable consumer response, the research investigated the effects of the type of sport on endorsement evaluations. The research found out that the endorser’s profession, or the sport he or she practised, can enhance or detract from the effects of the personality and appearance of the athlete making the endorsement.

One of the results of the overuse and mismatch of sports celebrity endorsements is the “vampire effect” (Evans, 1988) who described the phenomenon where the celebrity has sucked the life-blood of the product dry and the consumers only remembered the celebrity but not the product or brand. Erdogan (1999) and Byrne,

Whitehead and Breen (2003) also confirmed the vampire effect as that the celebrity overshadowed the endorsed products and therefore the purpose of the advertising was not fulfilled.

The third type of risk related to sports celebrity endorsement is caused by the negative exposures of the endorsers. Till and Shimp (1998) confirmed that the use of celebrity endorsers had its risks and studied how negative information about a celebrity could affect the brand and the celebrity endorsers. Their studies used a fictitious but realistic celebrity and an actual celebrity. They found that negative information about a celebrity resulted in a decline in attitude toward the endorsed brand only for the fictitious celebrity, but they also acknowledged that varying degrees of research size, timing of the negative information, and the strength of the link between the brands and the celebrities also influenced the research results significantly. However, this research also left the question of how consumers' familiarity with the endorsers would affect their attitude. This gap was effectively bridged by Doyle, Pentecost and Funk (2013), who conducted a comprehensive study on the effects of familiarity on associated sponsor and event brand attitudes following negative celebrity endorser publicity. They found out that negative publicity surrounding celebrity endorsers has the capacity to weaken attitudes towards associated events and sponsor brands, however, any negative impact was tempered by an individual's familiarity with the respective brand, indicating that brand familiarity has a moderating effect on brand attitudes within the sports marketplace. They also found out that attitudes towards the selected sponsor and the event brands were significantly reduced after negative publicity surrounding an associated celebrity endorser emerged. Murry and Price (2012) conducted research to investigate how consumers' gender and their level of sports participation would impact their trust in sports endorsers, particularly when the endorsers generated negative exposures. They found out that negative publicity significantly influenced the perception of trust of a sports endorser and was equally detrimental to consumers' attitudes and purchase intentions towards the endorsed brands and products. The most interesting finding of this research was that female consumers and consumers more actively playing sports were significantly more influenced by negative publicity of a sports celebrity. This finding would be highly relevant to

luxury consumers in China, where women are generally considered to outnumber men in this demographic group.

This section has studied the literature regarding sports celebrity endorsements to understand their basic characteristics, definition, and associated risks and benefits. In the following section, further literature review study will examine the concept of sports celebrity endorsements in China and see how it is understood, interpreted, and studied.

## **2.4 Sports celebrity endorsement in Chinese perspectives**

The study of athlete endorsements and sports celebrity advertising in China began in the first decade of the 21<sup>st</sup> century. Scholars on such topics have observed the fast growing of sports events and industries in the country accompanied by the prosperity of sports marketing and advertising (Hung, Chan and Tse, 2011; Liu, Huang and Minghua, 2007; Zhang, Shang and Zhang, 2013). Though the quantity of research on this subject has been steadily increasing since then, it does not necessarily match the massiveness and comprehensiveness of the activities of sports celebrity endorsements in the country.

### **2.4.1 Rise of sports celebrity endorsement in China**

Based on the research of existing literature up to this stage, it can be argued that the main purpose of sports celebrity endorsement is to transfer the meaning that the sports celebrity represents to the product, in order to stimulate the public's attention and the product or brand's visibility (i.e. building awareness), to enhance the public's interest in and acceptance of the product (i.e. increasing brand equity), and to increase the authority of advertising and to give the products more added value, one of which would be to affect consumers' purchasing decisions. A brief review of how sports celebrity endorsement was originated and developed will provide an interesting illustration of how it went through these progressive stages.

China's first sports celebrity endorsement dates back to March 9, 1979. On that night Shanghai TV transmitted a live broadcast of an international women's basketball match in Shanghai. During the time off period, one of the commercials showed a then-famous men's basketball player, Zhang Dawei, drinking with his teammates



"Happy Cola", a Chinese-produced version of Coca-cola. This TV commercial was widely cited as the beginning of the sports celebrity endorsements of commercial products in modern China (Zhang, Guo & Guo, 2006). This incident came and went before the industry was ready to understand it. Therefore, no report and studies about its influences and effectiveness can be traced.

The first historical phenomenon of sports celebrity endorsement took place around the time of the 1984 summer Olympic Games in Los Angeles, USA. It was the first time that Communist China competed in the modern Olympics and it won 15 gold medals. Two stars shone in the Chinese debut in the 1984 Olympics. The men's gymnastics champion Li Ning, and a soft drink brand named Jianlibao that provided "official drinks" for Team China. After the Los Angeles Olympics, Li Ning signed up with Jianlibao to become one of the earliest high-profile sports celebrity endorsers as well as the most successful one in China (Wan, 2010). The Jianlibao Group, headquartered in south China's Guangdong province, became famous overnight, and its reputation as "magic water" has doubled its sales and also placed Jianlibao drinks in the international market, thus expanding sales and promoting its development (Lu, 1992). Since then sports celebrity endorsement has become more and more popular in China.

With the deepening of China's reform and opening up, China's sports also developed in a professional direction, with many sports celebrities appearing frequently after Li Ning. The sports celebrity endorsement market has become increasingly prosperous. In the 2004 Athens Olympic Games, at the age of 21, Liu Xiang won the gold medal in the 110-metre hurdles, achieving a historical breakthrough for Chinese men's track and field. After the Olympics, advertisers flocked to Liu Xiang. In the following four years prior to the 2008 Beijing Olympic Games, the Liu Xiang endorsement brand advertising reached 14 different products and earned more than 100 million Yuan, which is roughly equivalent to US\$17 million (Zhu & Zhang, 2007).

#### **2.4.2 Uniqueness of Chinese consumers**

Previous researchers applied the established theoretical frameworks to study the phenomenon in China. They have generally produced little progress in terms of theory development, however some of them have identified unique characteristics of

the practices of sports celebrity endorsement in China. Such characteristics are worth noting and can be used as a frame of reference to guide the design and analysis of the research into how sports celebrity endorsements affect Chinese consumers' purchasing intentions of consuming luxury brands and products.

China is regarded as one of the fastest growing sports industries in the world (Yang, Sparks, & Li, 2008). However, it can be learned from the review of the existing literature that sports celebrity endorsement as a business marketing tool is perceived and accepted rather primitively by the public in an economically developing country. Liu, Huang and Minghua (2007) identified the term of "celebrity-chasing" that is particularly popular among young consumers. Hung, Chan and Tse (2011) mentioned the similar concept of "celebrity-worship". As a demonstration of the mentality of celebrity worship, Chinese consumers have paid more attention to the endorsers' fame and attractiveness than other factors such as product match-up and meaning transfer.

In their study on the relationships between endorser attractiveness and match-up in terms of how the two factors would affect Chinese consumers' purchase attention, Liu, Huang and Minghua (2007) studied endorsers with high, middle and low levels of attractiveness who would endorse different types of products with high and low levels of match-up. On the one hand, their findings showed that regardless of whether the attractiveness level is high, middle, or low, a high level of match-up between the endorser and the products would generate a higher purchase intention than the low endorser-product match level would. On first sight this finding would suggest that Chinese consumers value endorser-product match-up more highly than their attractiveness. However the study further discovered that the purchase intention generated by the high-attractive endorser with low match-up level would be higher than that generated by the low-attractive endorser with a high level of match-up. The researchers suggested that the Chinese consumers consider the factor of attractiveness to be very important.

Chinese consumers' attention to the attractiveness of sports athlete endorsers was further tested and confirmed by Liu and Brock (2011). To take the study first

authored by Liu in 2007 one step further, or more precisely one step deeper, the researchers conducted a study similar to the 2007 one to look into selecting a female athlete endorser in China with consideration to the effect of attractiveness, match-up and consumer gender differences. This was one of the first researches to look into the issue from the gender difference perspective and provided valuable insights into how female athletes would affect Chinese consumers in different gender groups. The researchers found out that in terms of triggering purchase intentions, there is no difference between a middle- attractive female athlete endorser and a low-attractive one when both are in a low endorser-product match-up condition. While the use of middle-attractive female athlete endorsers works only in a high match-up condition with female consumers, it is certain that high attractiveness always works better than low attractiveness. Overall, the research suggested that female athlete endorsers' attractiveness affects a typical Chinese consumer's purchase intention more than match-up levels between the endorser and the endorsed products or brands.

Another interesting phenomenon the researchers have identified is the shortage of available sports celebrities compared to the massive demand from brands and products to be endorsed. Companies flock to only a few Olympic champions. Hung, Chan and Tse (2011) pointed out that Chinese national celebrities would often each endorse more than 20 brands. This has led to the commercial value of these being diluted. Liu Xiang, for example, has endorsed more than 20 brands, but those brands that can be remembered by consumers are brands like Nike, Coca-Cola, Amway, VISA, Yili, and Tsingtao Beer. Most of the other brands are submerged because of overuse of endorsement. The same with Li Na who unprecedentedly won in the 2011 French Open championship and recently the 2014 Australia Open; in the space of a few months, Li Na has now endorsed close to 15 brands. In their research, Huang, Chan and Tse pointed out that celebrity endorsement is a salient executional strategy in China driven by three core Chinese cultural values: collectivism, risk aversion and power distance. Under these values, consumers' celebrity-worship has led to value-transfer and therefore affected brand purchase intentions. They have found that celebrity worship by the consumers was a significant antecedent to endorser effects whereas the over-endorsement by a celebrity was an important moderating factor.

All the research reviewed so far has illustrated Chinese consumers' perception to sports celebrity endorsements based on their celebrity-worship attitude, and therefore the implications are that they value celebrity attractiveness more than other values. Such views leave more questions open. For example, how different are Chinese consumers from those in other country's' markets? Are Chinese consumers unique? Schaefer, Parker and Kent (2010) conducted some research into the comparison of American and Chinese consumers' attitudes towards athlete celebrity endorsers, and shed some insightful light on how to answer such questions. They used surveys conducted in classrooms of 147 college students in the U.S. and China to compare how consumers in these two markets differ in their receptiveness to the strategy of athlete endorsements. The research has found out that the Chinese consumers tended to more willingly accept the recommendations of athlete celebrity endorsements than those in the U.S. They further suggested that the Chinese consumers might be especially likely to refer to celebrities for guidance when faced with purchase decisions. This research only surveyed the overall attitude of the consumers instead of examining such attitudes in the context of specific product types. However it very interestingly applied Hofstede's (2001) theory of five dimensions of national culture and particularly used the concept of power distance to explain the difference. The author categorised Chinese culture as a high power distance culture that is prone to a hierarchical structure in which people expect to receive and would tend to follow directions from leaders. Therefore, the athlete endorsers' messages were more effective in influencing consumers. In the United States where the culture is in a low power distance, or more flattened, people are more likely to seek factual evidence and reasoning relative to a specific course of action (Hofstede, 1991). The researchers suggested that compared to low power distance cultures, people in high power distance cultures tend to unquestioningly follow the advice of authority figures and other high-status individuals. This research provided a unique perspective to explain why the celebrity endorsers influence Chinese consumers more easily. The cultural reasons are certainly convincingly explained. However, the researchers may have overlooked a rather obvious fact – that the sports athlete endorsement is a comparatively new phenomenon in China compared with the United States. Such new phenomena tend to attract followers and

believers more easily whereas in a more commercially mature culture, consumers would tend to be more critical and judgemental.

No research on sports celebrity endorsement in China would be detached from an understanding of the stages of development and status of the development of sports as a social system and the sports business and marketing as one of the system's components in the country.

### **2.4.3 National system versus individuality**

State sponsorship is the foundation of the Chinese sports system. The Chinese government centralises the management of teams and athletes who hope to perform well in the Olympics, world cups and international championships using state-allocated budget and resources. Chinese scholars argued that the development of China's sports industry couldn't be realised if detached from the current nationalised system (Lu, Zhang & Zhou, 2008; Miao, Li & Zhang, 2006; Shi & Chang, 2005). Under the existing system of sports, athletes are all state officials with their training fees and other expenses provided for and covered by the state. For anything to do with business events and commercial activities, athletes must go through the management.

Researchers in China have identified that there exists a conflict between the national system and the individuality involved in a sports athlete's commercial interest if they are to increase their celebrity value. Zhang (2006) pointed out that the guardians of the entrenched interests in Chinese sports are one of the resisting forces that would negatively affect the development of Chinese sports. Development of sports celebrity endorsements relies on the commercial operations of the individual's rights, including image rights and the name rights among others. However, in China the image rights, as well as the name rights belong to the sports associations and governing offices, which paid for the athlete's career. Therefore the rights of the sports celebrity and the advertising revenues are also partly owned by the state (such as Sports Foundation, associations, clubs, sports teams representatives). Due to the above reasons, the management of the sports celebrity, the image rights of the sports celebrities, and market operations are varied.

Some Chinese researchers have pointed out that although China has had hundreds of Olympic and world champions, the choice of athletes for commercial endorsements is rather limited (Ma, Wang & Chen, 2008). The conflicts between the national system and the individual athlete's commercial interests could be one of the reasons for such a shortage. This also explains why among the 51 gold medals won by China in the 2008 Olympics, only a very few sportsmen have become real celebrities, which is decided not only by their personal achievements, but also by the value of the sport itself as well as the policy allowance provided by the state. Most companies believe that there are only a few Chinese sports celebrities that have real commercial value. From 2004 to 2013, there have only been three truly world-class sports celebrities, namely Liu Xiang, Li Na, and Yao Ming. These three world top-class athletes' value as endorsers was also determined by their profession, because track and field, tennis and basketball are the mainstream sports, and this also determines the value of those who achieved the highest level in the sport, and thus will certainly make a worldwide impact. However, despite their outstanding achievements, the badminton player Lin Dan and snooker world Champion Ding Junhui have found it difficult to get international exposure and treatment similar to other sports because of the non-mainstream status of their sports.

Despite the limitations of the political system and event specialties, China has inevitably become more and more commercialised and the interaction between sports business and the rise of consumerism is closely intertwined (Tan & Houlihan, 2013). Yang's (2008) research suggested that China has entered into a consumer society and therefore the sports celebrity endorsement as a business strategy is not only necessary but also requires modernisation. The researcher argues that sports celebrity endorsement in China needs to have a clear appeal strategy, emphasizing athlete-product matchup and avoiding overexposure. Such findings are not new internationally, but are considered new ideas in the emerging Chinese market.

So far this literature review has studied the effectiveness models of celebrity endorsements, sports endorsement characteristics, and their status in China, the focal market of this research. The following section will be focused on luxury brands and consumers, so that we can understand the basic theories of the luxury market and the characteristics of Chinese luxury consumption and consumers.

## 2.5. Luxury brand and consumers

Luxury has been a part of world culture since the dawn of human civilisation (Kapferer & Bastien, 2012). As a commercial sector, however, its golden time came in the 1900s and since then it has been going through booms (Dubois & Laurent, 1994) and historic changes that reshaped this family craft for the small number of social elites into a sizable consumer sector (Coste-Maniere, Panchout & Molas, 2011; Truong, McColl & Kitchen 2009). China as the world's second biggest economy joined the global bandwagon of luxury consumption at the beginning of the 21<sup>st</sup> century and within a decade took one of the top three positions, and has been challenging the leader positions of the United States and Japan while rivalling the whole of Europe (Chevalier & Lu, 2009).

Heine (2010) suggested that researching luxury consumer behaviour was still a relatively new area of academic enquiry, and such research as was done relied largely on paid surveys and on student samples. This literature review would argue that it could not be more irrelevant to use students as luxury consumer samples. However it is a notable phenomenon that student consumers constitute a significant demographic group of contemporary young Chinese luxury consumers (Bian, 2010; Zhou & Nakamoto, 2001). Therefore, how to identify who the luxury consumers are remains a puzzling question. Heine further suggested two reasons for researchers to hesitate to target luxury consumers. Firstly there is still no recognized definition in business literature as to what constitutes a luxury consumer, leading to confusion as to how they are distinguished from non-luxury consumers. Secondly, accessing and motivating luxury consumers to participate in consumer surveys were difficult. Therefore identification and motivation of luxury consumers remains a problem unsolved.

Despite such difficulties, Truong et al. (2009) were able to identify that global growth of the luxury market had led to an increase in interest. Plenty of literature exists which explores the topics of marketing luxury brands and goods to mass consumers (e.g. Nueno & Quelch, 1998; Vickers & Renand, 2003); global consumers' status consumption behaviours (e.g. O'Cass and Frost, 2004; Eastman, Fredenberger, Campbell & Calver, 1997; Eastman, Goldsmith & Flynn, 1999); conspicuous

consumption at the turn of the 20<sup>th</sup> and 21<sup>st</sup> centuries in the context of modern consumerism (e.g. Shipman, 2004; Trigg, 2001; Mason 2001); the practice of trading up for new luxury goods and the emergence of “masstige” brands (e.g. Silverstein and Fiske, 2003 & 2005; Truong et al., 2009); and discussions about how to construct luxury brands and how to measure their critical characteristics and related issues (e.g. Dubois and Paternault, 1995; Luxury Institute, 2008; Vigneron and Johnson, 2004).

In the meantime, studies on luxury consumerism and market in China have also flourished. The topic of study has drawn attention not only from domestic researchers, but has also intrigued international academics. It is worth noting that while western researchers demonstrated strong theoretical insights and applied established theories to study the Chinese market, Chinese researchers provided significant value in understanding the uniqueness of Chinese luxury consumers, with, for example, questions of why Chinese luxury consumers like to make purchases outside China (e.g. Li and Hu, 2011) and how China should build its own luxury brands (e.g. Lin, 2012).

This section of literature review aims to understand the basic theories of the luxury market and the characteristics of Chinese luxury consumption and consumers. It will also help to identify a knowledge gap that the existing literature does not cover regarding sports athletes' endorsements of luxury products and brands in China.

### **2.5.1 Brands**

The American Marketing Association (1960) proposed the following company-oriented definition of a brand as: A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

This definition has been criticised for being too product-oriented, with emphasis on visual features as differentiating mechanisms (Arnold, 1992; Crainer, 1995). Despite these criticisms, the definition has endured to contemporary literature, albeit in modified form. Watkins (1986), Aaker (1991), Stanton et al. (1991), Doyle (1994)



and Kotler et al. (1996) adopt this definition. Dibb et al. (1997) use the Bennett (1988) variant of the definition which is:

A brand is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers.

The key change to the original definition are the words "any other feature" as this allows for intangibles, such as image, to be the point of differentiation. The particular value of this definition is that it focuses on a fundamental brand purpose, which is differentiation. It should not be forgotten that brands operate in a market environment where differentiation is crucially important. Even where monopolies exist, companies may choose to position their brand(s) with a view to future competition. The other key feature of this definition is that it takes the corporate perspective rather than emphasising consumer benefits.

Tony Tollington, Senior Lecturer at Middlesex University Business School explained that a brand asset is "a name and/or symbol (a design, a trade mark, a logo) used to uniquely identify the goods or services of a seller from those of its competitors", with a view to obtaining wealth in excess of that obtainable without a brand. A brand asset's unique identity is secured through legal recognition which first protects the seller from competitors who may attempt to provide similar goods and/or services and, secondly, enables it to exist as an entity in its own right and therefore be capable of being transferred independently of the goods and/or services to which it was originally linked.

Ambler (1992) takes a consumer-oriented approach in defining a brand as: the promise of the bundles of attributes that someone buys and provide satisfaction.

### **2.5.2 Luxury brand**

It is necessary to clarify what a luxury brand is because in the Chinese consumer market there are confusions between the luxury brands and the well-known premium western brands (Wang, 2010).

A good starting point to understand luxury is provided by Kapferer and Bastien (2012) in their authoritative book on luxury strategy as exhibited in Figure 1.

### Figure 1 Why the confusion between premium and luxury brands?

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The first impression a consumer might have about luxury is its high price. However, Kapferer and Bastien (2012) argued, “products other than luxury have high prices” (p.44). They proposed that since the early 1990s, some premium products have been more expensive than the equivalent luxury products. Figure 1 shows several defined trends and separates luxury consumption from daily commodities and trade-up premium products. Firstly, in the modern world, there has been a steady increase of consumer purchasing power. This has been proven by the rise of the new economies represented by China. Secondly, technology and globalisation have made it possible for fast moving consumer goods (FMCG) to become increasingly cheaper. Thirdly, manufacturers are increasingly allocating resources to produce premium products for which they can charge consumers higher prices, leading to higher profit margins. Fourthly, the entry-level price for luxury products has remained unchanged and is therefore eclipsed by high-priced premium products. Fifthly, the overlapping zone of entry-level luxury and trading-up premium brands has been expanding. Last but not least, the top of the range luxury brands have also been able to increase their prices as a result of growing consumer purchasing power and therefore stronger demands.

But it would be misleading to use this figure alone to infer the definition of luxury consumption. Although the price constitutes one of the two indexes, price, though important, is generally considered to be just one of the factors to describe what luxury is. Defining luxury has been attempted by numerous scholars and authors

with each of them coming up with a different definition. The Kapferer and Bastien (2012) study sought to summarise six items of the most common features used in the attempted definitions, which are: hedonistic experience, high price, heritage, controlled distribution, personalised service, and social privilege.

All these criteria are necessary to define the concept of luxury. It can be summarised from these criteria that a luxury product must be able to provide its consumers with values that satisfy their need much beyond the level of bare necessities. Heine (2011) pointed out that luxury is anything that is desirable and more than necessary and ordinary. Dubois, Laurent & Dzellar (2001) made a similar attempt to define luxury by also summarising six major attributes and values including: excellent quality, very high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history, and superfluosity (See Table 1).

**Table 1 Definition of luxury by Dubois, Laurent & Dzellar (2001)**

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The above two definitions demonstrate strong similarities. Luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functionality. Such definitions provide the conceptual foundation of the understanding of luxury as a social, cultural, and commercial organism in human society. The question that remains unanswered is that these definitions may not be

able to describe what can be seen in the reality of the luxury consumer market. For example, many people do not care about the cultural heritage of luxury products and brands or would not consider it when making purchasing decisions, except in some situation that the seller would let the buyer know about the history of the brand. Also, it can be observed that luxury is relative to people. Some consumers would associate golf with luxury, but many would not. Yachting is obviously a luxury, but its price is becoming more and more accessible for the newly rich people in emerging markets, who drive non-luxury vehicles and live in ordinary urban houses.

Therefore, to understand what luxury is requires further investigation of luxury consumers. Otherwise, it will not be possible to understand how to identify luxury consumers and the essential value propositions that motivate their purchasing intentions.

### **2.5.3 Brand equity**

Aker (1992) demonstrated that brand equity is equal to brand value, which is closely associated with the brand's capability to generate financial income for the brand owner. The source of such brand value is the level of familiarity of the brand to consumers, based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well-known name, as consumers believe that a product with a well-known name is better than products with less well-known names. The literature review in the previous chapters suggests that brand equity increases as a result of the marketing campaigns positively influencing a consumer's thoughts on the competitive advantages associated with a firm's products and services (Erdogan, 1999). The expected results of such communication campaigns would be to positively impact brand equity and consumer goodwill (Friedman & Friedman, 1979; Kamins, et al., 1989). Brand equity consists of three elements: brand awareness, brand image, and brand responses.

#### **I. Brand awareness**

The interview data suggest that brand awareness includes the process of enabling brand recognition and brand recall. The data also provide sufficient evidence that the

main reasons why luxury brand managers use sports celebrity endorsers are to increase brand awareness and achieve 'cut-through' as widely suggested in the literature and expressed in Erdogan, Baker and Tagg (2001) study. The example was given of Diego Maradona (Argentinian football legend) who generated great media coverage thus creating brand awareness because of his endorsement of Hublot, the Swiss luxury watch brand during the 2010 FIFA World Cup in South Africa. Luxury brand managers also acknowledged that sports celebrities often generated increased media exposure and publicity, which would be a positive boost to consumers' brand recognition and recall.

All the luxury brand managers felt sports celebrities helped increase awareness and brand recognition and brand recall, in line with the findings of Erdogan, Baker & Tagg (2001) and Miciak and Schanklin (1994). It is important to note that all the brand managers and professionals considered sports celebrity endorsement an area of growing importance. They all took part in celebrity endorsement to ensure that a relationship was developed with the customer. The investment in celebrity endorsement made the brand interesting and attainable and raised brand awareness.

One of the most important findings related to the concept of awareness was the versatility of sports celebrity endorsement in terms of its popularity and precision of targeted appeals. Sports celebrity endorsements were believed to be able to generate brand awareness among a wide range of mass consumers (e.g. football fans from youths to millionaires), while in the mean time tennis stars could help in building brand awareness among more selectively "qualified" groups of consumers. It is therefore possible to conclude from the inputs of the brand managers and professionals that the effects of brand awareness generation can be widely applied to consumers of different age groups and social status. However in the mean time, they can also be used as a precision-targeting tool to generate brand awareness of luxury brands among rich consumers.

## **II. Brand image**

Luxury brand managers acknowledged that positive consumer attitudes towards sports celebrities could be transferred to the brand, supported by the literature

(Erdogan et al. 2001). Some respondents indicated that the perceived credibility of a sports celebrity was particularly useful in delivering marketing messages, again confirming the literature (Ohanian 1990, Pornpitakpan 2003) and consistent with Erdogan, Baker and Tagg's (2001) findings. The findings suggest that enhancing the brand image is the second step after generating brand awareness in order to build brand equity. As the Hublot example suggests the Hublot brand was already globally well-known, but using international sports icons as endorsers would help it build the brand image that is considered a further step forward.

The research findings also suggest that one of the key factors that would help build the brand image is the role played by the mass media to give the brand positive exposure. The reason that the media follow sports athletes is to cover their personal stories. The findings suggest that athletes are more effective messengers as storytellers, and help the audience remember the message for longer, because using a popular celebrity or athlete as the 'voice' or 'message carrier' was more effective than having the often dry messages employed in social marketing delivered by the organisation itself. One such example was to employ Andrei Agassi, former tennis player and now the founder of the Agassi Foundation, to deliver through sports various kinds of commercial messages, particularly for luxury watch brands.

One of the respondents emphasised the memory retention duration of such endorsement exposures. If generating awareness is the first-step success, positive brand image would move this success one step further to be retained by the consumers in their memories as the springboard to the next level responses. However, such retentions are closely related to the matching of the celebrity with the brand. The higher the level of the match, the higher the level of possible remembrance. This matching effect will be further discussed as one of the next topics.

According to luxury brand managers, sports celebrity endorsement is intended to create aspiration in consumers. For example, when consumers see Maradona wearing Hublot, and because they like Maradona, they also want to wear the same watch in order to feel close to their idol. However this may be the targeting strategy

from the brand management side, but can only be reconfirmed during the survey among consumers.

### **III. Brand responses**

Brand responses are the highest level of a customer's reaction caused by the perception of the brand equity. Consumer responses are an important element to testify the effectiveness of celebrity endorsement campaigns (Hollensen & Schimmelpfenning, 2013; Tantisenepong, Gorton & White, 2012; Veer, Becirovic & Martin, 2010). Although it is a common understanding that the ultimate consumer response is for them to make a purchasing decision and actually to buy the products, the brand managers and professionals are cautious when answering the questions related to the brand responses. Those who did answer gave divided opinions.

The data suggest that most brand managers and luxury brand professionals expect sports celebrity endorsement to generate positive recognition of the brand equity which eventually leads consumers to buy the products. Therefore, they would choose to sponsor the sports events in which the chosen brand ambassadors would participate so as to engage with the sports fans who are expected to follow every move their icon athletes make. Such expectations are strong and reasonable, but the realisation of such expectations is certainly hampered by many unexpected factors. It is beyond this research's scope to identify those hampering factors, but they are a reason why the brand managers and professionals are unsure about consumers' responses, particularly as to whether they would make purchase decisions. Those who answered that consumers' responses are normally positive would be vague about whether the term of positive responses simply means making purchase decisions, while at least one respondent clearly suggested that purchase decisions are desirable but not guaranteed.

This uncertainty around consumers' ultimate responses by making purchase decisions suggests not only the reality of the business but also the validity of this research's central question. Based upon the brand managers' and professionals' expectations, it is possible to identify brand equity as one of the variables that can be used as a measurement of the effectiveness of sports celebrity endorsement of luxury

brands and products to generate positive responses by the consumers to buy the products. However, the relationship between the brand equity and the consumers' intentions and decisions of making purchases needs to be explored through further research that directly asks consumers about their opinions and attitudes.

#### **2.5.4 Luxury consumers**

Understanding the concept of luxury cannot be separated from an understanding of the consumers. One of the earliest such research on luxury consumers was Dubois and Laurent (1994)'s quantitative study on consumer attitudes towards the concept of luxury. The researchers used a two-step survey methodology to explore the meanings attached to the word "luxury". They first had a professional psychologist conduct in-depth interviews with 16 consumers selected from a universe of candidates with widely different social profiles and an equal gender distribution. After a qualitative analysis of the interview scripts, the researchers developed a set of attitudinal terms and indexes and used them in a survey of 440 French consumers. It was interesting that the selection of these consumers was not random. Rather, Dubois and Laurent implemented a quota set that limited the survey participants' gender, age and geographical locations. They even decided to choose more female respondents than male respondents and to select less low-income respondents than higher-income ones. In the interviews that were carried out with the survey participants, the questionnaire included many questions about specific product categories including perfumes, jewellery, etc. The researchers, however, eventually only used the results connected with the qualitative research and the general attitudinal statements in their final report.

The two-step research method and the sampling techniques used by Dubois and Laurent's (1994) research provided a great amount of inspiration and reference value to this study. As one of the earliest studies on luxury consumers' attitude, the researchers employed the double methods of interview and survey in order to maximise the accuracy of the research findings. Besides, the first step of interviews was used as the basis in an interpretive approach to develop what the researchers called attitudinal items to guide the second step of questionnaire surveys. Although the research method is one step short of being a complete triangulation study, it still



can be considered a comprehensive mixed-method study. Also, this research could be potentially criticised for the small sample in the first step interview and the biased sampling in the second. However the different demographic profiles of the first 16 participants to some extent compensated for the limitations of the small number of participants. The literature review would argue that the second-step sampling had the proper justification for the preferential selection of the samples, because the study was about the attitude of luxury consumers rather than the general consumers' attitude to luxury products. It could be argued that only those consumers who had some experience of luxury consumption would have a meaningful attitude to the brands.

One of the very interesting findings of Dubois and Laurent (1994) was the so-called "ambivalence" of consumers' feelings in terms of associating luxury with both good taste and bad taste. This kind of attitude sometimes exists with the same people in that luxury items provoked avoidance reactions at the same time as generating attraction reactions. For many respondents, the researchers discovered that luxury products are desirable when contemplated at a distance and at a day-dreaming level; whereas when a specific purchase is considered, guilt feelings arise and the act of buying is experienced by many as a transgression, a not totally excusable attempt to break off daily routine and run away, at least temporarily. In other words, the researchers have identified a complex love-hate sentiment among the French consumers of 20 years ago towards luxury. Another important finding of the research was that feeling knowledgeable about luxury constituted one of the important reasons for people to like luxury, regardless of whether the knowledge came from personal experience or family tradition. In the meantime, the appetite for luxury goods can also be viewed on a more abstract and symbolic basis, out of the consumers' perception of luxury as a source of fascination and enlightenment. These consumers tended to think that luxury products made them dream of and contribute to a more beautiful life. This kind of perception of luxury is also the most hedonistic of all in nature, as revealed by the strong correlations obtained with the items related to pleasure.

What can be learned from this research is the complexity of consumers' attitude towards luxury. Such complexity can be attributed to the previously discussed

concept of luxury of being desirable and exceeding necessity and ordinariness (Heine, 2011) and the concept of internalisation (Lafferty, Goldsmith & Newell, 2002). The ambivalent attitude possessed by some consumers towards luxury could explain their perception being controlled on one hand by their strong wish for luxury consumption and on the other hand by the realisation of luxury being something not compulsory for bare necessity and ordinary living. However, although pioneering in nature, the research was conducted in the early 1990s in France, when the economic and social circumstances were completely different from today's France, not to mention its difference from today's China, although France is generally considered the global headquarters of luxury heritage and consumption and enjoys the top status in the world of luxury (Tungate, 2009). What is most important is that the research provided rare insights into the fundamental attitudes reflecting the human nature factor of luxury consumers.

This seminal research stimulated further researches on the evaluation of luxury brands and contributed to the development of studies on luxury acquisition attitude and consumption behaviour. Inspired by the work of Dubois and Laurent (1994), Kapferer (1998) and Dubois et al. (2001) on the evaluation of luxury brands, Vigneron and Johnson (2004) developed a Framework of Luxury brand Index. They proposed that luxury consumers could have their decision-making process explained by five main factors that form a semantic network as exhibited in Figure 2. These factors included non-personal perceptions, namely, conspicuousness, uniqueness, and perceived quality, and personal perceptions, which were perceived hedonism and the extended self. Vigneron and Johnson (2004) reviewed the structure of and the interrelations among the primary meanings of the luxury concept that underlie the decision-making process that occurs when assessing luxury brands.

**Figure 2 Vigneron and Johnson's framework of luxury brand index**

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*Source: Vigneron & Johnson (2004, p.488).*

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As one step further, Wiedmann, Hennigs & Siebels (2007) conducted a research in measuring consumer luxury value perceptions and set their study in a cross-cultural framework. What is also important was that the research pointed out that the luxury market had “transformed from its traditional conspicuous consumption model to a new experiential luxury sensibility marked by a change in the way consumers define luxury” (p.333). The main contribution was to develop an integrated conceptual framework of consumer luxury value perception for researchers and marketers of luxury goods to measure the dimensions of individual luxury perception as a general basis for marketing strategies to improve purchase value for different segments of consumers around the world. Their model, as displayed in Figure 3, illustrates that individual and social as well as financial and functional dimensions significantly impact the consumer’s luxury value perception and consumption on an international level.

### Figure 3 Luxury value

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*Source: Wiedmann, Hennigs & Siebels (2007)*

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Using the Schultz and Zelenzy (1999) definition of values as being what can be regarded as beliefs that guide the selection or evaluation of desirable behaviour or end states, Wiedmann, Hennigs and Siebels (2007) argued that all relevant present and potential value sources of consumers' luxury perception should be integrated into this single model. The model indicates that different types of values influence consumer purchase choices. They are not simply social aspects of displaying status, success, distinction and the human desire to impress other people, but also the nature of the financial, functional and individual utilities of the particular luxury brand. The researchers pointed to the fact that luxury value lies in social and individual as well as functional and financial aspects, and attempted to synthesise all relevant cognitive and emotional value dimensions in this multidimensional model. Analysing this model would generate an interesting understanding of the psychological factors that determine a consumer's luxury consumption decision. It is obvious that the price factor, which is usually the first attribute that could be

associated with luxury products, is just one of the many constructs to establish the higher level of values. However, it is also important to note that price value alone constructs the entire Financial Value in what the researchers called the First Order Latent Variables. Besides the Financial Values, the researchers also summarised three other First Order Latent Variables: the Functional Value, which is constructed by usability, quality, and uniqueness; the Individual Value, which is related to the psychological and internal cognitive elements that a consumer would have in self-identity, hedonism, and materialism; and lastly the Social Value which comes from the effect of the consumer's luxury possession on other people's mentality and awareness, which is determined by conspicuousness and prestige values.

When compared with the Vigneron and Johnson's (2004) Framework of Brand Luxury Index, the Wiedmann, Hennigs & Siebels (2007) model of luxury values made comprehensive progress in providing more itemised indexes to the understanding of luxury consumers. By doing this, the latter researchers put the consumers as individuals in their social context and provided guidance for future researchers to study the subject with broader and more detailed perspectives. They have provided a clear roadmap for future studies on luxury consumers from both academic and managerial aspects.

### **2.5.5 Luxury consumption - the Chinese perspective**

To start understanding Chinese luxury consumers, it is necessary to review the concept of *masstige* brands, which is a new luxury brand positioning strategy that Truong, McColl and Kitchen observed to have led to the phenomenon of the democratisation of the luxury market (2009). The democratisation of the luxury market is indicated by the fact that the new luxury products tend to be more accessible to the middle-class or even lower-class consumers and are sold at reasonable price premiums. As suggested by Silverstein and Fiske (2003), the seemingly and practically affordable new luxury brands were successful in establishing a reasonable level of perceived prestige to differentiate them from middle-range products, and in the meantime, they were sold at prices that were only slightly above those of comparable middle-range products in order to reach a broader target than the niches of traditional luxury brands.

This literature review argues that studying the masstige and consumer trading-up theories is relevant to the Chinese market because of the characteristics exhibited by Chinese luxury consumers. This however does not imply that the Chinese luxury market is a masstige market, but there is no doubt that it is a new type of luxury market with unique and striking characteristics that requires close study. From the initial literature review, it is possible to summarise a few leading discoveries that will lead this research to ask further questions that are relevant and unanswered about this dynamic market.

One of the well-cited market reports, called the China Luxury Market Study (Bain & Company, 2010) summarised six key trends that had been identified in the China luxury products market. These trends are, firstly, there is a continued trend of increased domestic shopping (vs. overseas) of luxury products by Chinese consumers; secondly, outside the leading Tier 1 metropolises of Beijing, Shanghai and Guangzhou, the second-tier and third-tier cities continue to become the new battleground promising an increase in consumer purchasing power and sales opportunities; thirdly, Chinese luxury consumers are increasingly becoming sophisticated and experienced, expecting comprehensive and differentiated service; fourthly, Chinese luxury consumers have demonstrated a strong interest and motivation to choose to purchase luxury products from online platforms; fifthly, marketers of luxury brands are tending to make brand-building efforts through more localised campaigns that are customised to attract and satisfy local needs; and sixth and lastly, buying luxury products for others as gifts has been an increasingly popular consumer behaviour and their choices of products and brands has become more diversified and no longer concentrated on a few brands. This report does not provide information regarding the role of celebrity endorsements in luxury marketing. In general, celebrity endorsements of luxury brands in China have become a frequently used marketing strategy in China, but research into this area is rare.

The Bain & Company research also indicates that China is the principal target in the luxury brands' global marketing programs as the emerging middle class in China is trying to improve their quality of life, and this is one of the main drivers of the growth of luxury sales in China. The report presented a comparison that in 2009 the

global sales of luxury brands decreased by 16% in the US, 10% in Japan, and 8% in Europe, but increased by 12% in China. The rapidly growing appetite for luxury brands in the emerging economies of Asia, especially China, has helped boost the growth of the luxury market in recent years (Li, Li & Kambele, 2011). Understanding Chinese consumers' luxury consumption behaviour is a complex matter that requires more than conventional and traditional marketing theories. It has to be based upon empirical data and analysis of this. This literature review makes such an argument based on the fact that Chinese luxury consumers have demonstrated some distinctively different characteristics from traditional luxury consumers defined by classic researches. For example their youthfulness constitutes a dramatic contrast with the purchasing power that they possess. These young luxury consumers are known as *nouveaux riches*. The *nouveaux riches* are upper-class consumers who have acquired a great deal of status and wealth in their own lifetimes. They like to collect items that are symbols of acquired wealth and power, such as furniture, art objects, cars, fine jewellery, or customised jets with luxurious interiors. As the wealthy classes grow, China's high-end consumer market has also boomed, developing so rapidly that no luxury brand can now afford to ignore its potential.

There is no doubt that the Chinese luxury market will soon be the largest in the world. Given such a prospect, Li, Li & Kambele (2012) examined Chinese consumers' willingness to pay for luxury fashion brands and studied such willingness in relation to their fashion lifestyle and perceived value. In this quantitative consumer attitude research, they found that practicality fashion lifestyle, perceived social and emotional value, perceived utilitarian value, and perceived economic values had significant influences on the willingness of Chinese consumers to pay for luxury fashion brands.

Zhan and He (2012) also adopted a quantitative approach to investigating the underlying motivations for luxury consumption among Chinese middle-class consumers. They tested the relationships between psychological traits and attitudes towards the best-known luxury brands. The three psychological traits were value consciousness, susceptibility to normative influence, and the need for uniqueness. They argued that these three traits made Chinese consumers unique compared to their global peers. The research found out that consumers evaluate the best-known brands more favourably as they become more value conscious, indicating that luxury

products are not necessarily extravagant purchases in China. In addition, the susceptibility to normative influence also positively relates to brand attitudes, which suggests that social influence is an important driver for luxury consumption. The relationship between the need for uniqueness and brand attitudes depends on consumer knowledge. It was identified that if consumers learn more about different luxury brands, they evaluate the best-known brands more negatively as seeking uniqueness becomes a more important goal.

## **2.6. Purchase intention and decision**

Given the central importance of purchase decision and intention, I will, in this section of the literature review, deal with research into these constructs and positioning them for the study.

### **2.6.1 Purchase intention**

According to Law Dictionary, purchase intention is the plan in which a person intends to buy a particular goods or service sometime in the near future. The plan is to buy an item but the timing is left to the individual to plan.

Also according to MBASchool.com, Purchase Intention is the willingness of a customer to buy a certain product or a certain service is known as purchase intention. Purchase intention is a dependent variable that depends on several external and internal factors. Some of the factors are as follows:

- Stimulus/Trigger: The cue that triggers a buyer towards considering a product or a brand to be included in their consideration set. This might be the attributes of a product or simply its packaging
- Outcome expectation: The outcome expected out of the use of a product or a service
- Aspirational Value: The product might satiate some aspirations of a buyer. For example, a luxury car
- Recommendation: Recommendation by a trust worthy or reliable source
- Emotional association: Being emotionally associated with a product or a brand owing to the brand's perceived personality
- Other factors can be perception about the product, associated risks and costs.



Purchase intention means the likelihood that a consumer will buy a particular product; the higher the purchase intention, the greater the purchase probability. Fishbein and Ajzen (1975) confirmed that purchase intention can be used as a key index in predicting consumption behavior; it represents consumers' subjective preferences for purchasing products and in recommending products to their family and friends.

Whitlark, Geurts and Swenson (1993) define purchase intention as a purchase probability associated with an intention category at the percentage of individuals that will actually buy product.

In the current study, we define consumer purchase intention as consumer who make a repetitious purchase and would return back to their preferred luxury brands. Seeing that purchase intention is a subject of great interest to policy makers and business practitioners, knowing which variable that influence purchase intention are the most important to a particular customer group and help luxury brands to make predictions on consumers' choice of brand.

## 2.6.2 Purchase decision

Consumers go through variety of processes before buying a product and purchase decision helps in buying value.

Engel, Blackwell and Kollat have developed in 1968 a model of consumer buying decision process in five steps: 1) Problem/need recognition, 2) information search, 3) evaluation of alternatives to meet this need, 4) purchase decision and 5) post-purchase behavior. (Engel et al, 1968)

Process by which (1) consumers identify their needs, (2) collect information, (3) evaluate alternatives, and (4) make the purchase decision. These actions are determined by psychological and economical factors, and are influenced by environmental factors such as cultural, group, and social values.

The recognition of a need by a consumer can be caused in different ways. Different classifications are used:

- Internal stimuli (physiological need felt by the individual as hunger or thirst) which opposes the external stimuli such as exposure to an advertisement, the sight of a pretty dress in a shop window or the mouth-watering smell of a French “pain au chocolat” when passing by a bakery.
  
- Classification by type of needs:
  - Functional need: the need is related to a feature or specific functions of the product or happens to be the answer to a functional problem. Like a computer with a more powerful video card to be able to play the latest video games or a washing machine that responds to the need to have clean clothes while avoiding having to do it by hand or go to the laundromat.
  - Social need: the need comes from a desire for integration and belongingness in the social environment or for social recognition. Like buying a new fashionable bag to look good at school or choose a luxury car to “show” that you are successful in life.
  - Need for change: the need has its origin in a desire from the consumer to change. This may result in the purchase of a new coat or new furniture to change the decoration of your apartment.
  
- The Maslow’s hierarchy of needs: Developed by the eponymous psychologist, this is one the best known and widely used classifications and representations for hierarchy of needs. It specifies that an individual is “guided” by certain needs that he wants to achieve before seeking to focus on the following ones:
  - Physiological needs
  - Safety needs
  - Need of love and belonging
  - Need of esteem (for oneself and from the others)
  - Need of self-actualization

Once the consumer has evaluated the different solutions and products available for respond to his need, he will be able to choose the product or brand that seems most

appropriate to his needs. Then proceed to the actual purchase itself.

His decision will depend on the information and the selection made in the previous step based on the perceived value, product's features and capabilities that are important to him.

It is the fourth stage, where the purchase takes place. According to Kotler, Keller, Koshy and Jha (2009), the final purchase decision can be disrupted by two factors: negative feedback from other customers and the level of motivation to comply or accept the feedback. For example, after going through the above three stages, a customer chooses to buy an luxury car. However, because his good friend gave him negative feedback, he will then be bound to change his preference. Secondly, the decision may be disrupted due to unanticipated situations such as a sudden job loss or the closing of a retail store.

## **2.7. Summary**

This comprehensive literature review has so far studied the main concepts of sports celebrity endorsements and luxury brand and consumer studies. This section summarises the main knowledge gap identified as well as the key findings. Based on this summary, it proposes a research approach for this study.

This literature review of the definition of luxury, its characteristics and luxury management leads to the conclusion that luxury brands require a relevant, clear and defined marketing communication strategy. The strategy is intended to demonstrate to consumers the values of luxury products, so that they will be positively influenced and motivated to make purchase decisions. The values of luxury brands and products are decided by many factors, among which are excellence in quality, high price, rarity, aesthetics, uniqueness and symbolism of social status, and owner's high class, history and heritage, hedonism, and conspicuousness all played vital roles. Although Heine (2011) summarised these factors as more than necessary and ordinary characteristics, and Dubois and Laurent (1994) correctly observed the sense of guilt when consumers indulge themselves in unnecessary hedonism and extravagance, the evolution of the luxury industry at the end of the 20<sup>th</sup> century and the emergence of

new luxury brands provided mass prestige, or “masstige” (Silverstein and Fiske, 2003) products to meet the needs of as many consumers who chose the style of trading up consumption. This trend has caused two different schools of thoughts in terms of luxury branding and marketing. On the one hand, Kapferer and Bastien (2009) argued for turning the traditional marketing rules upside down to address the specificity of luxury brand management. On the other hand, classic marketing theorists and many practitioners are still arguing for the traditional methods of marketing by using strategies such as segmentation, positioning, promotion, etc. The success of masstige brands appears to testify to the effectiveness of traditional marketing methods. However, the deciding issue of whether such apparent success is substantiated depends on the definition of masstige products, whether they are luxury products or not.

In the meantime, sports celebrity endorsement as one of the widely used marketing communications strategies has been thoroughly studied by academics, who have successfully summarised its various models and explored its benefits and associated risks. This literature review discovered that the various models and the benefits and risks reflect the stages of market communication. The first stage is brand exposure and product awareness; the second stage is brand equity enhancement or consumer goodwill building; the third stage is to positively influence consumer attitude so that purchase intention is confirmed and decisions are made. It is also discovered that these entrenched theoretical models have been effectively applied to the study of the Chinese market. To date, several studies of sports celebrity endorsements of brands in China have been published, including a study examining consumer responses to sports celebrity endorsements in China using an experimental design to determine the source attractiveness model's impacts on the Chinese market; Liu, Huang, & Minghua, 2007, a study of Chinese advertising practitioners' perspectives on the selection of celebrity endorsers (Song, Chaipoopiratana & Combs, 2008); and a comparative study of American and Chinese consumers' attitudes towards athlete celebrity endorsers (Schaefer, Parker & Kent, 2010). It can be concluded from these studies that Chinese consumers are less sophisticated. This is not a negative factor. It suggests there is great room for the development of sports celebrity endorsement in the market and therefore the prospect of generating new studies in this field.

The most important knowledge gap that has been identified is that no literature has been applied to study the relationship between sports celebrity endorsement as a marketing strategy and its effectiveness on Chinese luxury consumers. The literature review suggests that these are two distinctively different areas and many intricacies exist to describe the uniqueness of the Chinese market. What has been missing from the existing literature on Chinese luxury consumers is the discussion on how celebrity endorsement and advertising in general would influence local Chinese luxury consumers. It is known that research findings are uncertain concerning whether consumers are more likely to purchase goods and services endorsed by celebrities (Dyson & Turco 1998; Erdogan & Kitchen 1998). It is a research gap that needs to be bridged. Also it is not clear how the sports athlete endorsers of luxury brands would influence Chinese consumers. With China in the progress of developing its sports in both competitive arenas and the sports business fronts, more and more sports athletes are representing various kinds of consumer brands, among which luxury brands are becoming a significant sector. For example, the 29-year-old tennis player Li Na, soon after she won the French Open title in 2011, she signed 7 deals among which 4 of them are luxury brands including German carmaker Daimler AG's Mercedes-Benz brand and Swiss watch brand Rolex Group. To identify and understand such a relationship remains a challenging question that needs to be answered by this thesis. Such clarification is particularly important for studying the Chinese market. Rapidly becoming the biggest luxury market in the world yet in the early stages of luxury consumption culture and sports marketing, China has seen the traditional marketing mix theory implemented in China. However, Chinese consumers create many puzzles for researchers. They are extraordinarily young, their incomes are not high, but they are extremely adventurous in making purchasing decisions and their purchasing power is astonishingly strong. Empirical studies provided evidence that Chinese luxury consumers' behaviour and psychological activities can be explained and even quantified by using traditional market and consumer study theories (e.g. Li, Li & Kambele; 2012; Zhan and He, 2012).

To fill this knowledge gap, this thesis proposes a consumer-focused research approach, which will collect primary data directly from luxury consumers in China to

understand their attitudes and responses to the sports celebrity endorsements of luxury brands. This approach, however, cannot be detached from the established theoretical frameworks. Therefore, the effectiveness models of the celebrity endorsements will be the guiding frameworks, under which the critical concept of brand equity will be studied as the yardstick to measure the consumer's intention and decision to purchase. This research approach will also use a triangulation of data and views from both luxury brand management professionals and consumers to ensure the research validity and reliability. It will also attempt to further develop the theoretical frameworks developed by the Vigneron and Johnson (2004) luxury brand index and the Wiedmann, Hennigs & Siebels (2007) luxury brand value models. Such a research approach will be realised by the corresponding research design and methodology that will be explained in the following chapter.

###

## CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

### 3.1 Introduction

This chapter presents the research design and methods of this thesis. It begins with introducing the research question, indicating that no single research method is sufficient to answer the question. It then explains the methodological triangulation research design and its components. The chapter also discusses the specifics of implementing each of the research method components. Lastly it sums up the effectiveness of such a research design and the methods applied.

### 3.2 Research design

This thesis follows the principle that the appropriate research design should meet the requirements of the type of research question asked (Creswell 2009; Marczyk, DeMatteo, & Festinger, 2005). Therefore the discussion of the research design should first consider the research question of this thesis.

#### 3.2.1 Research question

The research question of this study asks *how sports celebrity endorsements of luxury brands influence the purchase intentions and decisions of Chinese consumers*. It attempts to explore the relationship between sports celebrity endorsements and two critical variables: purchase *intention* and purchase *decision*, which are supposed to be the result of the consumer's psychological activities under the influence of the endorsement messages. The most important psychological activity in question is attitude. A strong attitude towards endorsement messages would result in purchase intention. In turn, a strong enough purchase intention would result in purchase decision, which will ultimately lead to purchase actions. Lafferty, Goldsmith & Newell (2002) defined such activities of attitude change as the process of internalisation.

The literature review suggests that these two variables are related to another variable, which is the *brand equity* of the endorsed luxury brands. It is assumed that the greater the perceived brand equity of the endorsed products, the stronger the targeted audience's intention, leading to making the purchase decision. A further look at the variable of brand equity suggests that it is related to three variables

summarised from the celebrity endorsement effectiveness models: endorser *attractiveness, trustworthiness*, and product match-up with their expressed *expertise*.

Therefore to answer the research question requires exploring the relationships between the variables listed above in at least two steps. It will be necessary firstly to find out what relationship exists between the perceived brand equity of the endorsed brands and the three variables of attractiveness, trustworthiness, and expertise, and secondly what relationship exists between the brand equity and the variables of consumer purchase intention and decision.

### 3.2.2 Data and collection methods

The analysis of the research questions leads to the consideration of what data are needed to measure and describe the variables in order to answer the research question convincingly (Vaus, 2006).

To decide what data are needed, the below Table 2 summarises the research question variables and the data needed correspondingly.

**Table 2 Research variables and type of data required**

Variables	Variable Type		Data Type		Data Collection Methods	
	Continuous	Categorical	Quantitative	Qualitative	Interview	Survey
Attractiveness	Y	Y	Y	Y	Interview	Survey
Trustworthiness	Y	Y	Y	Y	Interview	Survey
Expertise	Y	Y	Y	Y	Interview	Survey
Brand equity	Y	Y	Y	Y	Interview	Survey
Intention	Y	Y	Y	Y	Interview	Survey
Decision	Y	Y	Y	Y	Interview	Survey

This summary of the variables suggests that all these six variables can be both continuous and categorical. Continuous variables can have any value along a



continuum, and categorical data can only have specific value in a defined range (Marczyk et al, 2005). The analysis of the variable types suggests that all of the variables have a strong tendency to be continuous and can be measured by how they are perceived by the consumers. Therefore, measuring consumer attitude with quantitative data is one of the key methods of measuring these variables. The appropriate data collection method of measuring consumer attitude is through consumer survey. When the categorical nature of the variables is considered, qualitative data are needed to define their values. For example, an athlete's attractiveness can be described in detail through their physical or moral appeal. This research will choose interviews as the means of collecting qualitative data.

For the sources of the research data collection, it is possible to answer the research question using the data collected from the consumers only. There are examples of successful consumer researches on the celebrity endorsement effectiveness using consumer data (e.g. Bailey, 2007; Biswas, Hussain & O'Donnell, 2009; Gupta, 2007). However the research question makes the inquiry in a cross-discipline manner spanning both the sports marketing and luxury consumer study areas. Sports marketing is a highly professional practice originated and managed by brand professionals and marketers, whereas consumers are just receivers of the messages. Therefore, an inquiry into the sports marketing strategy, in this case the strategy of brand endorsement using sports celebrities, becomes necessary. Hence to answer the research question it is necessary to collect research data from both luxury brand management professionals and luxury consumers in China.

To collect data from different sources would require different methods that are suitable for the types of data collected. This research will adopt a mixed-method research design, which will be introduced in detail in the following sections.

### **3.2.3 Methodological triangulation**

In social research, triangulation is based on the idea of using two or three different methods to explore the same subject. Cohen and Manion (1986) define triangulation as "an attempt to map out, or explain, more fully, the richness and complexity of human behaviour by studying it from more than one standpoint" (p.254). This research approach is also known as mixed method research. When combining

several research methods to study one subject, triangulations can overlap each other, and can be complementary at times and contradictory at other times. This has the effect of balancing each method and giving a richer and probably truer account of the phenomenon being researched.

One of the earliest scholars to define triangulation as a social research approach was Denzin (1989) who suggested it was "the combination of methodologies in the study of the same phenomenon" (p.297). Denzin came up with this simple definition as early as the 1970s and expanded the concept in various later editions of his widely cited book. During the process of revision the definition has remained the same. The author suggested that sociologists should examine their problems from as many different methodological perspectives as possible. Therefore he even defined each single research method as a triangulated perspective, such as survey and participant observation, and further argued that sociologists should meaningfully combine these methods so that fully grounded and verified theories can be generated.

According to Bryman (2011), the use of triangulation in social research aims at enhancing the validity of the research results because of the mutually supplementary and supporting effects between each single-method approach. Bryman raised two important points. First, the combined use of quantitative and qualitative research methods can potentially generate more research findings than what can be found out by using a single method of research. Second, quantitative and qualitative research methods are suitable for crosschecking with each other to examine the validity of researches. These mutually supplementary effects, if used in a proper research design, would cancel out the bias of each single method (Jick, 1979).

Denzin (1989) identified four forms of triangulation. The first form is *data triangulation*, which employs the technique of data collection using multiple sampling strategies to gather various bits of data at different occasions, social settings, and among different sample populations. The second form is *investigator triangulation*, which means involving more than one researcher to study the same topic using the data collection and analysis methods of their choice. The third form is *theoretical triangulation*, which means that more than one theoretical framework is employed to interpret the same set of data in order to enhance the confidence of the

research result. The fourth form of triangulation is called *methodological triangulation*, which means employing more than one method to study the same phenomenon. Whereas the first three forms are infrequently used, the fourth form, methodological triangulation, is the most commonly used research method. Denzin further differentiated between *within-method* and *between-method* triangulation approaches. The within-method approach means using variations of techniques within the same method to collect and analyse the data related to a research issue. For example, in a questionnaire survey there might be two questions using contrasting scales to measure the attitude of the participants towards the same issue. However, it might cause the problem of self-conflicting answers, which would render the data useless. Between-method triangulation employs completely different research methods. For example, survey, interviews, and text analysis can be used in a study to form a typical methodological triangulation.

Some academics call for caution when using this research method. Olsen (2004) argued that triangulation was not aimed merely at validation but at deepening and widening researchers' understanding. Regardless of whether the primary reason for using methodological triangulation is or is not for the purpose of validation, sociologists have increasingly been arguing for the use of a combination of quantitative and qualitative methodologies in sociological research (Jick, 1979; Morse 1991; Olsen 2004).

Having considered the issues raised in the above section, this study will move on to discuss a triangulation research design that will involve both qualitative and quantitative research methods.

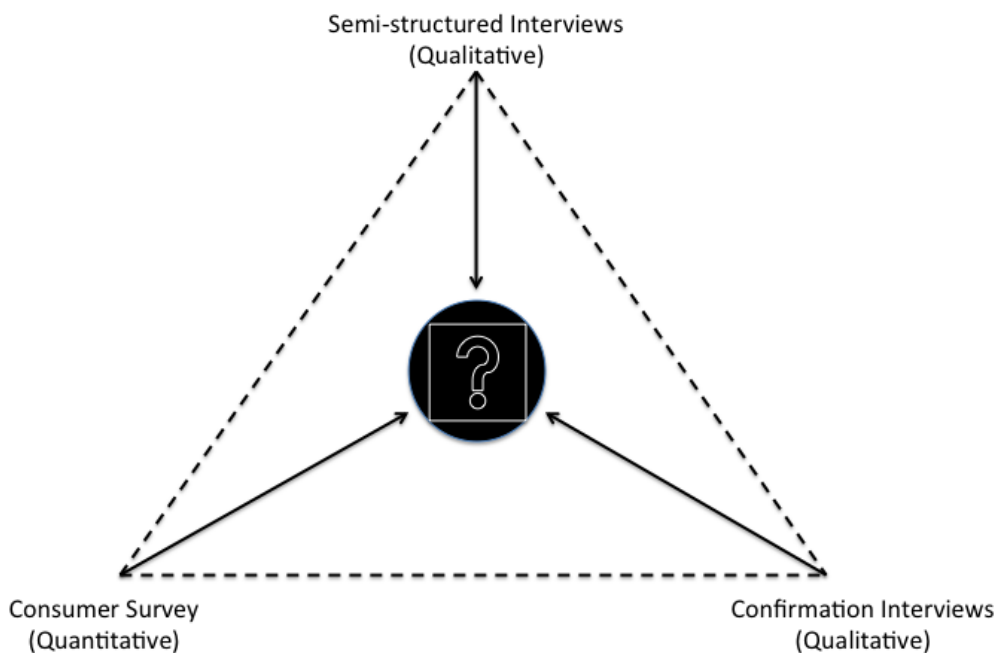
### **3.2.4 Triangulation research design**

As was concluded in earlier discussions, using a single method research design may not be sufficient to solve the complex issues raised in this consumer attitude research. Although this research aims primarily to explore the attitude of Chinese consumers towards luxury brand equity under the influence of sports celebrity endorsements, it is equally important to point out that consumers are not the only party involved in this communication process. Wright (1973) proposed a set of four advertising communication models and pointed out that some of the key purposes of

advertising are to assist managers to set complete advertising objectives, help creative specialists to articulate purpose, and increase the validity of advertising pre-tests. The researcher made it clear that advertising communication models are theories or models that attempt to explain and describe, at the individual buyer or consumer level, the process by which advertising communicates with and effectively persuades individuals to take action. Managers carry out their work following such theories or models, explicitly or implicitly, when they create, approve, or distribute advertising. Such findings suggest that it is not enough to study the consumer attitude alone; this research should also study the expectations and points of view of luxury brand managers and marketers in China in order to understand how they aim to deliver sports marketing messages to consumers.

Therefore, this study employs a methodological triangulation research design, as exhibited in Figure 4.

**Figure 4 Methodological triangulation model**



Methodological triangulation has the characteristics of using multi-method, mixed-method, or methods triangulation. It has the advantage of combining both qualitative and quantitative research methods to study one subject. In this research project, there are mainly three components of the research process to comprise a

methodological triangulation. These components are: semi-structured interviews; consumer questionnaire surveys; and reconfirmation interviews with selected consumers. An overview of the research design is provided below.

**Planning and Secondary Research as Preparation:** The initial conceptualisation and preparation of the research is aimed at making evaluations and choices about which research and data collection methods can be most effectively applied to find the answers to the project's research questions. After having achieved its critical factor of identifying the research topic and having defined the research question as presented in the earlier discussions, the data collection tools have been chosen to be semi-structured interviews, consumer surveys, and structured reconfirmation interviews. In the second stage, the research tool development involves a further firming up of the interview and survey questions. The third stage involves defining the universe of the samples to be surveyed and interviewed. Finally, the researcher implements the plan by interviewing and surveying research participants and then interviewing some consumers again to confirm what has been found in the results of previously used data collection methods.

Also when planning this research, the author relied on secondary research, using existing sources to find information. Those existing sources include journal articles, industrial white papers and government statistics, as mentioned in the literature review. The secondary research, as discussed in the Chapter 2 Literature Review, aims at generating fundamental knowledge in the relevant areas of study pertinent to the research subject. During the literature review stage, basic questions regarding sports celebrity endorsements, luxury brands, Chinese luxury consumerism and marketing strategies were examined. Based on the findings of the literature reviews, this research project has acquired a foundational understanding of celebrity endorsement models, the definition of sports celebrity endorsement as a marketing communication practice, its characteristics, and how it is practised in the emerging Chinese market. As the selection of celebrity endorsers is a difficult job, many scholars have made an effort to construct models to assist in the selection of celebrity endorsers. They include the Source Credibility Model Hovland et al (1953), the Source Attractiveness Model (McGuire, 1985), and the Match-up hypothesis (Kamins, 1989; Kamins et al, 1990). Furthermore, a literature review of luxury

products and brand management and promotion also clarified the concepts and definitions of luxury brands and their characteristics. Comprehensive primary research is necessary to discover further and sufficient information about sports marketing's role in luxury consumer branding and marketing. The topic of sports celebrity endorsement of luxury brands is a subject that has been insufficiently studied, explored, and attended to before by the academic world. Therefore, the literature reviews have also helped to identify a research knowledge gap, showing that little understanding exists of the relationship between sports celebrity endorsement promotional and advertising campaigns organised by luxury brand managers and their influences on Chinese consumers. Another important function that the secondary research has produced is to provide basic theoretical and practical guidance to conducting the further data collection required by this research.

**Semi-structured Interviews:** With the findings of the secondary research resulting from the literature review, this study employs as the first stage of fieldwork the research method of conducting semi-structured interviews with eight luxury brand professionals whose companies have operations in the Chinese market. An interpretive approach is implemented in analysing the semi-structured interview scripts. This approach allows for core concepts and findings to emerge organically from within the data by pursuing data and exhausting available sources until all relevant and necessary data is collected. Using the interpretive theory approach, the key concepts mentioned in the interview scripts are extracted, grouped, and categorised. Based on these key concepts and ideas, this research identifies the need to examine the relationships between the six variables identified from the discussion.

**Questionnaire Survey:** The next step of the methodological triangulation is a questionnaire survey designed to explore the relationships between the variables. The questionnaire carried 52 questions. It was administered as an online survey with invitations sent through Chinese social media. A total of 327 completed responses were received. The questionnaire survey primarily generated quantitative data, and the analysis was conducted using SPSS. The data analysis aims to examine the relationships between the identified variables.

**Reconfirmation Interviews:** The results of the quantitative data analysis and conclusions have suggested positive relationships between the variables. In order to ensure the validity of the results and at the same time get a deeper understanding of Chinese consumers' attitude, six interviewees were selected randomly for a structured interview with questions designed according to the results of the survey data analysis. The interviewees were luxury consumers in one of China's most important luxury consumer markets. The purpose of the reconfirmation interview is to further improve the validity of the survey data analysis results. As the final leg of the methodological triangulation design, the analysis of the qualitative data collected from the reconfirmation interviews will also help to deepen and widen the understanding (Olsen, 2004) of what has been learned in the previous stages of the research. As a result of such effort, the thesis is able to propose an original theoretical framework of understanding consumer responses to the endorsement messages being influenced by social, personal, and financial considerations.

Such a research design results from the rationale that applying individual research methods, such as interviews or surveys, would not be sufficient for meeting the requirements of this study. All research methods have their advantages and limitations. Thus a methodological triangulation approach is adopted in order to testify and verify the results of the individual research methods. In the next section, detailed introduction about each component of the triangulation research is given.

### **3.3 Research methodology**

The research design of methodological triangulation requires using multiple research methods including interviews and surveys to collect qualitative and quantitative data. This section explains in detail the use of qualitative and quantitative data analyses in the study.

#### **3.3.1 Qualitative and quantitative studies**

The primary research of this study project employs both qualitative and quantitative data analysis. Brannen (2005) pointed out that qualitative and quantitative were often considered to be different and incompatible research methods. The author also argued that such a divide was not necessary. Each of the research methods has its

advantages and disadvantages. They can be combined to be mutually supplementary. The advantage of qualitative research is that it is more in-depth and focuses on getting answers to particular questions and concerns (Rubin & Rubin, 2012). This research therefore uses one-on-one interviews in semi-structured and structured forms. Quantitative research uses surveys to collect large amounts of data that can be analysed statistically.

Another consideration for using both qualitative and quantitative data is that the data analysis results can be compared and checked against one another to reach a confirmed conclusion and to establish validity, and both approaches can be used together to gain a more in-depth complete picture. This approach of methodological triangulation was thoroughly discussed in the previous section to explain the research methods in combining interviews and questionnaires in the same study (Denzin, 1989).

Therefore, this research is for the major part a thorough look into the consumer attitude to understand the effects, attitude, purchase intention, and purchase decision as elements of their response to the influences of sports celebrity endorsements of luxury brands. The research tools include semi-structured interview questions to collect qualitative data, a survey questionnaire for the collection of quantitative data, and finally structured reconfirmation interviews with six consumers to collect qualitative data. Further details of each of the research data collection methods are provided in the section below.

### **3.3.2 Semi-structured interview**

In order to understand the landscape of the researched area, semi-structured interviews with eight luxury brand managers, marketing managers, and brand researchers in China were conducted in the first stage of data collection. The use of semi-structured interviews is a widely practiced method in social science research (Bryman & Bell, 2003); the open nature of the interviews gives the researcher an opportunity to explore and explain themes emerging from the theoretical framework (Wengraf, 2001). At the same time, the structured interview guide made it possible for the researcher and interviewees to stay focused on the specific topics that were investigated and talked about.



The semi-structured interview is also an effective research method for collecting qualitative data. Unlike self-completion questionnaire surveys, it allows face-to-face interaction between the researcher and the interviewee so that the researcher can react to the interviewee's responses and maximise the potential of collecting relevant data. More importantly, in a quantitative survey, the respondents reflect upon the researcher's concerns, whereas in qualitative interviews the researcher inquires about the interviewee's perspectives (Bryman, 2012; Bryman & Bell, 2003). This is particularly important in the early stage of research when the purpose is to formulate the initial research ideas and hypotheses. Also, unlike the structured interview, the semi-structured interview provides the extra flexibility that is necessary for exploring ideas in the early stage research. Lastly, the semi-structured interview is also unlike non-structured interviews in that the former sets a boundary and limit of discussion between the researcher and interviewees so that the conversation does not digress. Semi-structured interviews can also benefit the research project in terms of providing a strong foundation, as well as the ability to compare samples, and the expansion of the range of evidence for, or against, the validity of the substantive findings (Schatz, 2012).

**Purpose:** The purposes of this stage of semi-structured interviews were to collect data and information to summarise major attributes or themes that luxury brand managers and promotion professionals identified in relation to their use of sports marketing strategies. This was the first step towards defining the theoretical characteristics of sports athlete endorsements of luxury brands in China from the perspective of the brand management professionals. The primary result of this stage of data collection and analysis was to be able to identify the research variables and suggest their relationships. These findings would be verified in the later stages of research by the means of surveying consumer attitudes. The interviews served the purpose of providing professional perspectives for the researcher to understand their strategies and their expectations from the consumer responses. Such data would be even more meaningful when compared with the consumer research data. Besides, the interviews also helped to generate findings that would prepare the exploratory themes of this research.

**Sampling:** The researcher approached 15 luxury brand companies and research institutes who are based in Europe and China. The luxury brand managers were chosen through meetings at business conferences as well as through secondary contact referrals. Most of the luxury brands managers represent luxury brands that have a presence in China, or have a plan for the Chinese market. Eventually, eight brand managers and marketing professionals in the luxury industry and academic professors studying luxury brands management accepted the interview requests. The interviewees represent a wide diversity in terms of their roles and experiences in the luxury business in the emerging Chinese market. The semi-structured interview participants are listed in Table 3. Each of the individuals participated in the interviews are coded as “P” followed by a number.

**Table 3 Semi-structured interview participants**

Interviewee	Roles In the Industry
P1	Sponsorship & partnership manager of a luxury watch brand
P2	Marketing director of a luxury watch brand
P3	Head of public relations of a designer fashion brand
P4	Independent researcher of Digital Luxury research group
P5	Professor of marketing at an European business school
P6	Sponsorship manager of a Scandinavian car brand
P7	Olympic sponsorship director of an upmarket financial service
P8	Media expert of Luxury online media platform

**Interview Questions and Data Collection:** The interview questions aimed to find the motivations for the luxury brands to consider using sports celebrity endorsement to appeal to Chinese consumers, and the brand managers’ and business insiders’ evaluations of its effectiveness. A total of 12 questions were designed and prepared based on the findings from the previous literature interview. The interviewees were advised to answer the questions that they thought were most relevant to their roles

and points of view, according to the differences in their professional positions and organisational profiles. Therefore, the design of individual interviews and the specific focus of each conversation with the brand managers are slightly different in order to allow each respondent to express his own views and experiences.

During the semi-structured interviews, the questions do not just invite yes/no answers, but are open questions to stimulate reflection and exploration, thus enabling the researcher to generate a picture of the current market situation of sports celebrity endorsements of luxury brands in China.

The questions are listed below in Table 4.

**Table 4 Semi-structured interview questions**

<b>Number</b>	<b>Questions</b>
1	Why do you think a luxury brand would choose sports celebrity to endorse its brand?
2	What are the considerations of choosing sports celebrity when you make the decision?
3	When you choose sports celebrity, will you consider his/her sport and gender?
4	Chinese sports stars or international stars: who will be more appealing?
5	When you choose sports celebrity to endorse the brand, do you also consider sponsoring the sports event that the celebrity is involved in?
6	Are you happy with the endorsement deal in general?
7	Does the endorsement enhance the brand awareness?
8	Does it increase the sales of the product?
9	How does it increase positive attitudes of your customers towards your brand?
10	How long has the brand been involved in sports endorsement?
11	What is your market development plan in China in the next five years?
12	How many points of sales do you have now in China? How many more points of sales will you have by 2012?

The interviews were conducted from September 2011 to March 2012. Each of the interviews lasted between 30 and 60 minutes. The interviews were tape-recorded and transcribed. Each interview is followed by a detailed textual analysis of the scripts.

**Data Analysis:** Required by the research design and the purposes of the semi-structured interview, an interpretive approach was employed in designing the interview questions, conducting the interviews, and analysing the collected qualitative data. This approach allowed for core concepts and findings to emerge organically from within the data by pursuing data and exhausting available sources until all relevant and necessary data was collected to achieve an objective.

The data analysis used a two-tiered thematic analysis coding procedure, which consisted of open and selective coding (Strauss & Corbin, 1998). Thematic analysis method is a systematic methodology in social sciences involving the discovery of theory through the analysis of data (Glaser, 1998). It is mainly used in qualitative research, but is applicable to quantitative data as well. Thematic analysis method operates almost in a reverse fashion from traditional social science research. Rather than beginning with a hypothesis, the first step is data collection, through a variety of methods. From the data collected, the key points are marked with a series of codes, which are extracted from the text. The codes are grouped into similar concepts in order to make them more workable. From these concepts, categories are formed, which are the basis for the creation of a theory, or a reverse engineered hypothesis (Lopes, 2010).

For qualitative research, coding refers to the process of converting raw information or data into another form of analysis as a means of identifying and exploring core concepts and relationships within the data collected and operationalizing key constructs within a content analysis (Fielding, 2001). The initial open coding was built upon the findings of the literature review and preliminary analysis of various sports celebrity endorsement cases. Key constructs – such as the nature of sports celebrity endorsement, the nature of luxury brands, and the practical impact on the development of Chinese luxury consumer markets – formed the basis for the preliminary codes developed. Manual coding to assign the key themes to the main

attributes found in the participants' answers was used to organise the data. The findings and themes were compared with the literature on the subject area and through interviewees and other academics. The analysis was conducted on a case-by-case and then by cross-case analysis. Thereafter, the conclusions were all verified and confirmed. The cross-case analysis revealed a number of key themes that emerged from the data. The proposed themes are identified as the principal dimensions of a luxury brand. These findings are discussed in detail in Chapter 4. The semi-structured interviews and ensuing data analysis have made it possible to identify the following six variables and one assumption, which are critical for answering the research question. With this achieved, the following step, the consumer questionnaire survey, will collect data to explore the relationships between these variables.

### 3.3.3 Questionnaire survey

The following step, a consumer survey, aims at collecting data to discover the relationships between the following variables:

The relationship between a sports celebrity's *attractiveness* with luxury brand *equity*;

The relationship between a sports celebrity's *trustworthiness* with luxury brand *equity*;

The relationship between a sports celebrity's *expertise* with luxury brand *equity*;

The relationship between the luxury brand *equity* arising from the sports celebrity endorsement with Chinese consumers' *intention* of purchase;

The relationship between the brand *equity* arising from the sports celebrity endorsement with Chinese consumers' *decision* of purchase;

The *attitude* of Chinese luxury consumers towards Chinese sports celebrities in comparison with foreign sports celebrities as endorsement ambassadors of luxury brands in China.

**Purposes:** Through the online survey, this study intends to establish the understanding of Chinese consumers in the following aspects related to sport

celebrity endorsements of luxury brands: perceptions of the personal values of the endorsers, brand equity, effectiveness of the influences, and differences in the recognised effectiveness of local and international endorsement celebrities.

Therefore the survey fulfils the following objectives:

To identify the key characteristics of Chinese consumers of the luxury market;

To examine the impact of sports celebrity endorsements of luxury brands on Chinese consumers' attitudes towards luxury brands;

To investigate the effects of sports celebrity endorsements of luxury brands on consumers' attitudes;

To determine the impact of sports athlete-endorsed luxury marketing in a Chinese context on consumer purchase intentions and decisions;

To determine whether local sports celebrity endorsers are more preferable than their international peers to be luxury brand endorsers in the Chinese market.

To achieve these objectives, a questionnaire survey was developed based on previously conducted literature review research and semi-structured interviews with luxury brand management professionals. The questionnaire survey collected quantitative data. Analysis of the collected data generated findings which explore the relationships between the variables so as to answer the research question.

**Online Survey:** Social research scholars consider surveys as not only a commonly used research method, but also as what Sudman, Bradburn, and Schwarz (1996) claimed to be a cognitive and social process. Cannell, Miller, and Oksenberg also argued that the respondent's internal processes of answering a question constitute the typical cognitive models of the response process (1981). The social models, on the other hand, study the interaction between the respondents' demographic characteristics and the specific survey and look at how the interaction works on respondent behaviour (Sudman and Bradburn, 1974). The benefit of the questionnaire survey, if properly designed, is the possibility of collecting quantitative data to measure such cognitive attitudes and social behaviour. This research does not intend to take a position in comparing the advantages and disadvantages of choosing between quantitative and qualitative researches. Choosing a survey as a

research tool allows the supplementing of quantitative data with the qualitative analysis to make the research findings reflect the reality. Also, the choice of survey as the research method is also required by this stage of study, as the earlier stages of study have laid the foundation of understanding and identified the research variables. Therefore, the questionnaire survey is suitable for the second-stage research for the respondents to provide data to explore the relationship between the variables, as the survey is a tool for the participants to reflect on the researcher's concerns (Bryman, 2012; Lopes, 2010).

The choice of online survey is made on the consideration of Chinese consumers and their characteristics. The consumer population is large. The consumer culture is diverse because of differences in value systems, social status of each individual, and personal experience. Also, the language difference imposes a strong influence on survey quality and survey participation. Traditionally, researchers emphasised the language factors, but differences in communication styles have received little attention as a major factor in the survey process. There are clear differences in communication styles and other communicative dimensions in a particular social setting (Saville-Troike, 1989). Survey interaction is no exception. It is, therefore, important to investigate the influences on the interactional aspect of the survey process, with one of the most important factors under consideration being the language difference. In consideration of the cultural and feasibility factors discussed above, the survey will take the form of an online survey in the Chinese language. The online-based survey (see attached Appendix) aims at saving time and travel costs while achieving optimum coverage and response rate. The amount of responses is the critical factor for the success of this survey, which will help the researcher to be able to understand the Chinese consumers' perceptions of luxury consumption and their preferences.

**Questionnaire Design:** The questionnaire aimed at making the following five inquiries. The first inquiry of the questionnaire focused on the participants' demographic and personal features, which include age, gender, marital status, education, occupation, income, housing, etc. The second focused on the attitudes and preferences of the participants towards sports celebrity endorsement in general. The third inquiry examined consumers' attitudes towards sports and sports celebrity

endorsement of luxury products and brands, particularly in finding out the participants' perception of the endorser's attractiveness, trustworthiness, and expertise. Also, this inquiry investigated whether the enhanced endorser value would help to enhance the brand equity of the endorsed products. The fourth inquiry of the questionnaire focused on purchase intention and the likelihood of making purchase decisions by the participants towards luxury brands in relation to endorsement influences. The third and fourth inquiries were the most important investigations of this research. Lastly the fifth inquiry of the survey examined the effectiveness of Chinese sports celebrities as endorsers in comparison with foreign endorsers, to find out the preferences of Chinese consumers.

The sections of the questionnaire followed an information flow that would encourage the participants to offer information in a logical sequence without feeling tired and bored. The answers and information that could be used to examine the relations of the variables were interwoven into the questions and it will take further data analysis to extract them.

**Translation of the Survey Questionnaire:** Originally, the questionnaire was developed and written in English. Translating the survey questionnaire from English to Chinese was essential. The researcher employed a cross-translation technique to ensure the Chinese participants would go through an experience that would be exactly the same as anyone who would have done the survey in English.

Pan (2007) offered some practical guidelines for researchers involved in translating questionnaires. The literature noted, "The process of collecting data through surveys involves at least three modes of communication: filling out a survey questionnaire (either on paper or on the internet), or face-to-face interview. Each of these modes entails communication in one or more languages and visual as well as aural modes. Thus answering a survey questionnaire is a communicative event that involves the use of language and the understanding of language in its cultural environment. When dealing with surveys, respondents who speak languages other than English may not necessarily possess the same set of communication norms and interaction skills as English speakers. This affects item response and response rates for non-English speaking populations. We need to incorporate research in other disciplines to find



ways to address barriers in data collection associated with respondents' language use and cultural differences so as to increase survey participation and reduce non-response rate, as well as to ensure high quality data" (p.18). The author operationalized a five-step process for translation and evaluation based on the frameworks presented in Harkness, Van de Vijver and Mohler (2003) as a five-step process of effective questionnaire translations.

For this study, the author first drafted the questionnaire in English and had it edited and proofread by a native English academic scholar. Then the author translated the English version of the questionnaire into Chinese. Thirdly, the author invited a non-participant bi-lingual translator to translate the Chinese-language version of questionnaire back into English. As the fourth step of the cross-translation, the original and back-translated English questionnaires were compared side-by-side and modified as necessary to eliminate discrepancies between the two versions to verify the accuracy of the translation. As the last step of the translation, the Chinese version was reviewed and edited in accordance with the final English version.

**Survey Instrument Administration:** The questionnaire was uploaded and hosted onto the Bristol Online Surveys (BOS) platform provided by the University of Bristol in the United Kingdom. Coventry University encourages research students to use BOS. Through a contract with Coventry University, the BOS system is available for Coventry University researchers through an encrypted secure login, and they manage the uploaded documents as survey administrators. A survey administrator can upload, revise, and monitor survey questionnaires in the BOS system and view and use the survey results. In order to use BOS, a Coventry University advisor coordinated the details needed to open up an administrator account.

A survey participant can access the questionnaire if provided with a valid survey page web link and fill out the answers by clicking on the corresponding choice boxes. A survey participant does not have the authorisation to access other participants' survey answers and information. Before the start of the survey, the researcher invited contacts in China to test the user interface of the survey pages and verify it could be visited by using the World Wide Web from everywhere through various web browsing devices including desktop computers, notebook computers, tablets,

and mobile phones. The best participant experience, though, happens with those using non-mobile browsing devices. But several tests indicated that using mobile devices of either Apple's iOS or Google's Android operating system could complete the questionnaire without any major problems that would interrupt the process.

Particular accessibility concerns arose from China. Under the Chinese Internet censorship, people would have unexpected difficulty visiting websites that are hosted on servers outside China. Therefore a few contacts were invited to test whether the BOS website could be accessed and clicked through from within China. Luckily, the BOS Online website was not on the blacklist of the Chinese Internet firewall at the time when the survey was administered.

Language and font formatting were also a concern that had to be addressed. Because this survey is uploaded onto the BOS in Chinese, the researcher also did some tests to see if it works in Chinese fonts, as it wasn't known if any Chinese survey had been done before using the same platform. In the final stage of uploading the survey questionnaire, it became evident that one of the disadvantages of the BOS platform was that questions needed to be typed in one by one, instead of being batch uploaded. However, this difficulty in the end turned out to be a positive factor as when the researcher typed all the questions, she had the opportunity to make certain that the questions were clear and correctly written and for the last time to ensure that every question asked would make sense to the participants.

**Pilot test of the survey:** In order to make sure that the questionnaire makes sense to Chinese participants, a pilot test among eight Chinese consumers was conducted before the survey questionnaire web link was publicised online. The researcher announced the invitation to the test on the Chinese social media platform called Weibo, and within the first 24 hours received eight positive responses. As soon as the 24-hour deadline was reached, the invitation was deleted and received no further responses. Before their participation, a detailed briefing and verbal agreement of participation were secured from each of the participants. The eight participants received emails containing the questionnaire. The researcher explained it to them in the same way that she would explain to the consumers who would participate in the online survey. The only difference was that they received the questionnaire by email.

The process took less than 15 days. The establishment of personal contact ensured that the researcher could get detailed feedback from each of them and communicate with them regarding questionnaire improvements and participant experience directly, openly, more easily and clearly. The pilot tests were conducted during the period of time when Coventry University was reviewing and approving my ethics reports of this particular research project. The eight pilot test participants provided positive feedback to the questionnaire, as a result of which the researcher made some changes to its design. These changes made the questions in the questionnaire simple and direct and easily understandable to the future participants.

**Sampling:** The intended survey participants are Chinese consumers living in China and abroad. The participants were required to be older than 18 years of age. There was no limit set to the ceiling age.

As the survey was administered online, the sampling was of a nonprobability type. Probability sampling is also known as representative sampling, using typical methods such as random sampling (Barbbie, 1990; Ritchie, Lewis, & Elam, 2003). The non-probability samples used in this study are not truly representative of all Chinese consumers. There are two considerations when using the nonprobability-sampling method. The first one is the consideration of the excessively high potential costs of conducting probability random sampling among the Chinese consumers because of the size of the Chinese population and their geographical distribution. The second reason for using the nonprobability-sampling method is the researcher's intended scope of generalising the research findings to luxury consumers in China instead of general consumers. The nonprobability sampling technique may create the much-feared research "bias", but in fact luxury researchers have already used it effectively. For example, Dubois et al. (2001) selected luxury consumers as respondents for their study based on the following criterion: "all respondents had acquired at least one product they considered luxurious" (p.7). Luxury consumers are a group within and different from general consumers. The differentiation requires a purposive sampling technique.

The purposive sampling technique is a type of nonprobability sampling. Tongco (2007) pointed out that it is most effective when one needs to study a certain cultural

domain with knowledgeable experts within. Purposive sampling may also be used with both qualitative and quantitative research techniques. The inherent bias of the method contributes to its efficiency, and the method stays robust even when tested against random probability sampling. Choosing the purposive sample is fundamental to the quality of data gathered; thus, the reliability and competence of the informant must be ensured.

In order to attain such a level of quality and caution, this study also used the technique of snowball sampling, which is achieved by the researcher by asking participants of the questionnaire survey to suggest someone or to recommend someone else who might be willing to respond or who might be appropriate for this study. In general, luxury consumers are more difficult to access than general consumers, for various psychological and social reasons. Snowball sampling, as a research technique, is effective in accessing such hard-to-reach and often “hidden” sample populations (Atkinson & Flint, 2001).

The channel through which such sampling is achieved is the most popular Chinese social media platform Weibo, which means “micro-blog” and is equivalent to Twitter and Facebook in Western countries. At the time when the survey started, it was the biggest social media platform in China. Having access to the internet and being able to use social media indicate that the respondents already have a certain level of social status and education including computer literacy, therefore the sample universe was reduced by a certain amount to be more focused on consumers with the potential for luxury consumption and purchasing power.

By implementing such a sampling strategy, the research focused on accessing the universe of population with the potential for luxury consumption. During an eight-month survey period using an online platform and administered through social media, a total of 327 (n=327) respondents completed the questionnaires.

**Publicising the survey web link:** In 2011, there were more than 457 million Internet users in China, which is 25% of the 1.8 billion global online users. At the end of December 2010, China’s Internet penetration rate reached 34.3% by reaching the number of 457 million, more than 7 times the size of the population of the UK. In the

past 5 years, Chinese Internet users have increased at an average rate of 39%, so there are 18 times more than there were in 2000 (Fung Group, 2012).

In 2010-2013, Weibo has become a social media phenomenon in China. It is the Chinese equivalent of Twitter and Facebook. As the social media network is becoming very popular in marketing communications, consumers are more exposed and more open to interacting with brands by using social media. According to the China Luxury Market Study 2010, company websites (in Chinese) and online community (social networking) platforms remain critical marketing channels in China, particularly among consumers aged 25-44 (Fung Group, 2012).

The survey questionnaire link was publicised using Sina Weibo in late April 2013. The researcher regularly posted survey invitations and links on her own Sina Weibo page posting and relied on contact referrals to recruit interested respondents. In order to minimise the sampling bias, the researcher only posted survey invitations objectively, and requested, "Please broadcast this message on your Weibo postings." The researcher did not send purposeful requests of participation to any person on her social media contact list to avoid sending preferential invitations. All the participants randomly saw the posting and participated the survey voluntarily.

The researcher posted the survey invitations in the first 10 weeks every two to three days. The responses were high in the first five weeks during which more than 40% of completed responses were collected. After the 10<sup>th</sup> week, the respondent number flattened out. This might be caused by two reasons. Firstly, the researcher's social media distribution capacity reached its limits. Further referrals and invitations became less effective. Secondly and most importantly, in the second half of 2013, Sina Weibo quickly lost its users and activeness due to the newly rising social media of Wechat provided by Tencent Media, which is also known for owning the Internet brand of QQ.com. User activity and size decreased dramatically on Sina Weibo. Survey responses remained sporadic throughout the remaining months of 2013.

**Measures:** Scales developed in past researches were used to measure the construction of five-point rating scales (1=strongly disagree, 5=strongly agree). A self-administered questionnaire was used to collect data between April and November 2013. Participants listed their favourite luxury brands and used their

favourite brand as a point of reference when answering the brand-associated questions to avoid framing all responses with a single researcher chosen brand.

**Data Collection and Exportation to SPSS:** The BOS survey engine automatically collected the data from completed questionnaires. Coventry University requires quantitative data being analysed using the Statistical Package for the Social Sciences (SPSS), a statistical analysis spreadsheet software originally produced by SPSS Inc. and later acquired by IBM in 2009. Coventry University provides this research with access to licensed use of the SPSS software. The software is compatible with multiple languages including English and Chinese.

The Bristol Online survey engine's user interfaces and survey questionnaire-uploading interface also has compatibility with multiple languages including English and Chinese. Therefore the user-end questionnaire interface displays the survey question pages perfectly and users were able to choose the answers without a problem.

The researcher met severe difficulties when exporting the completed data files downloaded from BOS and using SPSS to import the data. BOS allows the researcher to download the survey response data in a CSV (comma-separated values) format file, which is a common data import format for spreadsheet software such as SPSS and Microsoft Excel. Unfortunately, language compatibility problems occurred when the CSV data file was imported into SPSS. All the Chinese characters that the users provided displayed in the SPSS as unrecognisable codes, an apparent symptom of error in digital conversion. The problem is displayed in Figure 5.

Figure 5 SPSS data import with error codes

Unique Respondent Number	Q1	Q1_Other	Q2	Q2_Other	Q3	Q3_Other	Q4	Q4_Other	Q5	Q5_Other	Q6	Q6_Other	Q7	Q7_Other	Q8	Q8_O
1	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
2	11518922	3 ä³	2	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
3	11518939	3 ä³	2	.	5 ä ä³	6 ä³ä-	9 Kuala Lumpur	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
4	11519772	3 ä³	2	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
5	11519826	3 ä³	3	.	5 ä³äð	6 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
6	11520537	3 ä³	2	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
7	11520756	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
8	11521091	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
9	11521185	3 ä³	2	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
10	11521261	3 ä³	3	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
11	11521891	3 ä³	1	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
12	11522021	3 ä³	1	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
13	11522035	3 ä³	1	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
14	11522996	3 ä³	3	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
15	11523924	3 ä³	4	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
16	11524247	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
17	11524366	3 ä³	2	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
18	11524471	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
19	11525359	3 ä³	3	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
20	11525717	3 ä³	2	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
21	11526624	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
22	11526852	3 ä³	3	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
23	11526915	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
24	11527239	3 ä³	1	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
25	11529592	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
26	11532988	3 ä³	1	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
27	11533064	3 ä³	2	.	5 ä³äð	6 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
28	11533083	3 ä³	3	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
29	11533123	3 ä³	3	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
30	11533191	3 ä³	2	.	5 ä³äð	6 ä³ ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
31	11533339	3 ä³	3	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
32	11542020	3 ä³	1	.	5 ä ä³	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.
33	11546922	3 ä³	2	.	5 ä³äð	6 ä³ä-	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	9 ä ä³	8 15000RMB/4	24999RMB	6 ä ä ä ä	.

This issue caused a severe setback and required a significant amount of time for the researcher to seek technical support from a few computer experts. Due to the prohibitively high price of using commercial IT consultancy companies to correct the coding errors, the researcher eventually chose to check each of the respondent cases manually on the CSV file and input the correct data in English into the SPSS. For the 327 completed cases, each with 52 questions and answers, it took three months to complete the task.

**Data Analysis:** At the completion of the survey data translating, coding, and re-inputting of the data for the SPSS, the SPSS database was created with variables defined and value labels added. Using SPSS, this researcher has conducted quantitative data analysis in the following approaches:

- Descriptive statistics to understand the population by calculating frequencies, measuring central tendencies and illustrating the data using graphs for next-step analysis;
- Cross-tabulation analysis to understand the relationships between the variables.

Details of data analysis and findings are discussed in Chapter 5 and Chapter 6.

### **3.3.4 Confirmation interviews**

The survey data analysis results were then cross-checked and validated against the qualitative data collected from a series of structured interviews with Chinese luxury consumers, which took place around May to July 2014 in order to reconfirm the research results. The consumers for the qualitative interviews were not those who were surveyed. Theoretically, the results of the reconfirmation interviews would reflect the findings from the survey.

**Purpose:** The primary purpose of the confirmatory interviews as the final stage of the methodological triangulation was to examine whether the data analysis of the consumer survey results was reliable. In the previous stages of the research, six variables were identified and their relationships examined. The data analysis of the consumer survey research suggested the findings that could answer the research question. The results confirmed the positive relationships between the variables and suggested that Chinese consumers had a negative attitude towards local endorsers. The reconfirmation interviews aimed to collect qualitative data to further test whether the existing findings were reliable and valid.

However the purpose of this stage of research should not only have been confirmatory for the sake of ensuring the confidence of the research. The reconfirmation interviews also generated new knowledge to expand the findings as Olsen (2004) suggested. As a result of this secondary purpose, this research summarised the findings of the reconfirmation interviews to propose a theoretical framework.

**Sampling:** The sampling of luxury consumers took place in Beijing, China during May to July 2014. The reason for choosing Beijing as the sampling location is that the nation's capital city is by all measurements the country's leading and typical luxury consumption market. As the survey data analysis suggests (See Chapter 6), Beijing has the greatest number of luxury consumers with typically high interest in luxury consumption, having high incomes and high purchasing power. Invitations to recruit interviewees were published on social media through Sina Weibo and WeChat from



January to April 2014. The researcher republished news and articles respectively related to the female Chinese tennis player Li Na and her endorsement of Rolex Watches, and the British football star David Beckham and his endorsement of Jaguar cars in the Chinese market. In each of the posts, the author noted the invitation to interview for interested luxury consumers in Beijing. Over the four months, 26 potential luxury consumers indicated interests in talking to the researcher. Exclusion rules were applied to screen out those who were not luxury consumers. The criterion for identifying luxury consumers was that they were not window-shoppers with only a casual interest. Those approached must have shown some interest in luxury consumption and demonstrated substantial interest in the brands in question. In the meantime, some of the potential respondents changed their minds and lost interest. Eventually, for each of the cases, three of those approached agreed to be interviewed by the researcher. In all, six consumers accepted the interviews.

**Data Collection:** The data collection focused on two aspects of the interviewees. The first focus was their demographic descriptive information. The demographic information collected was extremely basic, because of the considerations of not intimidating the interviewees with complex questions. The researcher made a few attempts to ask the interviewees about their income and profession. However they unanimously declined to answer such detailed questions related to their income and social engagements. As a result, the interviewees were only asked to confirm their age group. Their gender was also recorded. The second focus of the data collection was their comments and thoughts about the specific sports celebrity endorsements related to the two brands being investigated. Those who accepted the interviews answered two (2) controlling questions and nine (9) open-end questions in the interviews anonymously. The questions asked are listed as follows:

Controlling Question:

- Gender
- Age group

Open-end questions:

1. Would you name the brand ambassador of the brand?

2. What is your opinion regarding this athlete's attractiveness?
3. What is your opinion of this athlete's trustworthiness?
4. What is your opinion of this athlete's expertise in relation to the endorsed brand?
5. How do his/her attractiveness, trustworthiness, and expertise affect your attitude to the endorsed brand?
6. How does his/her influence on the brand affect your intention to buy the product?
7. How does his/her influence on the brand affect your decision to buy the product?
8. How would you describe your experience of buying a luxury brand because of a sports athlete's endorsement?
9. How would you describe your preference for international or Chinese sports celebrity endorsers?

**Data Analysis:** The confirmatory interviews with six Chinese luxury consumers collected qualitative data about the interviewees' attitudes and thoughts. The conversations were tape recorded and transcribed into a database using Microsoft Excel. The qualitative analysis seeks to examine the interconnections in the richness of the data sources. Excel has the structure and data manipulation and display features can be utilised for qualitative analysis (Meyer & Avery, 2009). Through the data analysis, it was summarised that the consumers' psychological internalisation of the effectiveness of the sports celebrity endorsement was influenced by social, personal, and commercial factors both for the messenger and the receivers. The analysis also confirmed the relations between the variables suggested in the early stage of the research. The details of the analysis are discussed in Chapter 7.

### **3.4. Summary**

The chapter has presented the triangulation research design for this research. It demonstrates that the complexity of the research topic mandates such a rigorous research methodology. The advantages of triangulation are that it is possible to gain both quantitative and qualitative data, and check the reliability of different sources, and also to check if the interpretation by the researcher is accurate. Both qualitative

and quantitative data can be compared and checked against one another to reach a confirmed conclusion, and both approaches can be used together to gain a more in-depth complete picture. With methodological triangulation, this research employed semi-structured interviews with brand managers and professionals, quantitative questionnaire surveys with Chinese consumers, and reconfirmation interviews with Chinese luxury consumers to identify and explore the relationships of the six variables and one assumption that are critical to the research. The corresponding qualitative and quantitative data analysis methods were also employed to ensure the confidence of the research results.

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## **CHAPTER 4: BRAND OWNER PERSPECTIVES**

### **4.1 Introduction**

As the first step of the triangulation research, which was discussed in the previous chapter (see Chapter 3), this chapter embarks on a journey to ask the luxury consumption industry professionals targeting the Chinese market for their opinions and thoughts about the luxury market in China and its relationship with sports celebrity endorsements.

The purposes of this stage of research are to collect data and information to summarise major attributes or themes that luxury brand managers and promotion professionals have perceived in the Chinese market. The research method employed in this stage is the semi-structured interview, a widely practiced method in social science research as the open nature of the interviews gives the researcher an opportunity to explore and explain emergent themes to build theoretical frameworks (Bryman & Bell, 2003; Wengraf, 2001). At the same time, the structured questionnaire made it possible for the researcher and interviewees to stay focused on the specific topics that were investigated and discussed.

The data analysis employed in the approach was defined by the thematic analysis (Glaser & Strauss, 1967). Guided by thematic analysis for social research, this is the first step in the process of generating and summarising research variables or theoretical characteristics of sports athlete endorsements of luxury brands in China from brand managers' perspectives.

As a result, this stage of study has identified six variables that are critical for answering the research question. Besides, the discussions also help to build an assumption about the effectiveness of Chinese endorsers versus their international peers. These variables and the assumption need to be further studied in the later stages of research by the means of surveying consumer attitudes and the reconfirmation interviews with Chinese luxury consumers.

## 4.2 Research instruments and data grouping

The interviews were conducted from September 2011 to March 2012, and consist of eight interviews with brand managers, marketing experts in the luxury industry and an academic professor with expertise in luxury brand management. The interviewees are listed in Table 3 (See Chapter 3).

Each of the interviews lasted between 30 and 60 minutes. The interview questions attempt to find the motivations for luxury brands to consider using sports celebrity endorsements, and their evaluations of the effectiveness. A total of 12 questions were prepared, but the interviewees were advised to answer the questions that they thought were most relevant to their roles and points of view, given the difference in their professional positions and organisational profiles. The questions are listed below, and the rationales for asking each of these questions are also explained. In general, the questions are based upon the findings from the literature review on sports celebrity endorsement and luxury consumption (see Chapter 2). These 12 questions are applications of the theoretical concepts in the reality settings. The following is a question-by-question explanation of the questions and the rationales of asking them.

Q1. Why do you think a luxury brand would choose a sport celebrity to endorse it?

Rationale and theoretical basis: This open-ended question aims to invite the interviewees to provide insights into their general strategic thinking about employing sports celebrity endorsements in luxury brand management and promotion. The data generated by their answers may have been covered by the literature review concepts, and therefore can be used as either confirmation of or supplements to the existing theoretical framework.

Q2. What are the considerations of choosing a sport celebrity when you make the decision?

Rationale and theoretical basis: This question aims to discover the basic theoretical models of effectiveness of a brand company's decision to use a sports celebrity endorsement. The collected data would suggest whether the source credibility (e.g., Erdogan, et al. 2001; Hovland and Weiss, 1951; Kelman 1958), the source attractiveness model (e.g., Erdogan 1999; McGuire 1985; Till and Busler, 2000), and the product and expertise match-up model (e.g., Friedman & Friedman 1979; Kahle and Homer, 1985; Kamins, 1990) would be applied to explain the brand managers' decision-making considerations and the expectations behind their thinking.

Q3. When you choose a sport celebrity, will you consider his/her sport and gender?

Rationale and theoretical basis: As Liu and Brock (2011) suggested, the importance of the sports celebrity endorser's gender difference in influencing the consumers' purchasing decision-making, particularly female athlete endorsers' attractiveness, affects a typical Chinese consumer's purchase intention more than match-up levels between the endorser and the endorsed products or brands. This question will collect data to find out whether this is a valid consideration that would affect a brand manager and professional's strategy decision.

Q4. Chinese sports stars or international stars: who will be more appealing?

Rationale and theoretical basis: There is little understanding of the effectiveness of choosing Chinese athletes or international sports celebrities in endorsement activities that would appeal to the Chinese consumers. However this is a very important variable that needs to be determined and measured. This question will collect data that would indicate the brand managers' opinion.

Q5. When you choose a sport celebrity to endorse the brand, do you also consider sponsoring a sports event in which the celebrity is involved?

Rationale and theoretical basis: This question intends to investigate the brand management company's consideration in terms of source-credibility and the product and expertise of match-up models. A sports athlete is not a stand-alone celebrity. He or she should be associated with the sport and his or her profession in order to deliver the maximum level of source credibility. Whether to endorse the sports event that the athlete engages with aims to test to what level the brand management company values this athlete's source credibility value and match-up values.

Q6. Are you happy with the endorsement deal in general?

Rationale and theoretical basis: This is the question that starts to evaluate the opinion of the brand manager and professional of the effectiveness of the sports celebrity endorsement. To be happy is a general term to measure their opinion and perception, however this question means to invite follow-on comments that would generate insights about the effectiveness.

Q7. Does the endorsement enhance brand equity?

Rationale and theoretical basis: One of the most important variables to measure the endorsement effectiveness is whether the campaign generates customer good will and consequently brand equity to the brand and products (Atkin & Block, 1983; Erdogan, Baker & Tagg, 2001; Miciak and Schanklin, 1994; Henriks, 1996). This question would ask the brand manager and professional's opinion of the effectiveness of brand equity enhancement and the building of consumer good will.

Q8. How does it increase the positive intention of purchase of your customers towards your brand?

Rationale and theoretical basis: One of the expected results of brand communication campaigns would be to positively impact brand equity and consumer good will (Friedman & Friedman, 1979; Kamins, et al., 1989; Till,

Stanley, and Priluck, 2008). Such good will should lead to increasing brand loyalty and enhancing favourable word-of-mouth, that will eventually lead to the intention of purchase. This question investigates the purchase intention variable and how the brand managers would evaluate such effectiveness.

Q9. Does it increase the sales of the product?

Rationale and theoretical basis: The literature review suggests that celebrity endorsements will result in affecting consumers' attitudes strongly enough for them to buy the endorsed products. Friedman & Friedman (1979) speculated on "increased purchase likelihood". Sports celebrity endorsements are expected to drive sales and consumption (Boyland, Harrold, Dovey, et al., 2013; Lear, Runyan & Whitaker, 2007; Ohanian, 1990). In this question, such effectiveness is tested and investigated.

Q10. How long has the brand been involved in sport endorsement?

Rationale and theoretical basis: This is one of three final questions that investigate the company or the brand's history in China and therefore provide an evaluation of its experience and learning in the market.

Q11. What is your market development plan in China in the next five years?

Rationale and theoretical basis: To invite the brand manager or professional to foresee the company's five-year development plan will further test whether the company possesses a positive attitude to the market as well as the effectiveness of the brand marketing strategy, particularly in the area of using sports celebrities to endorse the luxury brands.

Q12. How many points of sales do you have now in China? How many more points of sales will you have by 2012?



Rationale and theoretical basis: This is the last question, which intends to evaluate the company's current business size and its anticipated growth and expansion in about a year's time. Insights and information collected through this question will further reflect the company's opinion of the market and the effectiveness of its strategies.

The design of individual interviews and the specific focus of each conversation with a brand manager are slightly different in order to allow the respondents to express their own views and experiences.

An interpretive approach was employed in analysing the interviews. In order to analyse the interviews manually, a two-tiered thematic analysis coding procedure was employed, which consisted of open and selective coding (Strauss & Corbin, 1998). The initial open coding was built upon the findings of the literature review and a preliminary analysis of various sports celebrity endorsement cases. Key constructs – such as the nature of sports celebrity endorsement, the nature of luxury brands, and their practical impact on the development of Chinese luxury consumer markets – formed the basis for the preliminary codes developed.

The cross-case analysis revealed a number of key themes that emerged from the data collected from the semi-structured interview transcripts. The proposed themes are identified as the principal dimensions of a luxury brand, as listed on the left column of Table 5. The following presentation of the key research findings is developed from the evidence from the interview data, which is identified by participant number.

**Table 5 Semi-structured interview evidences**

Key Themes	Evidence from the interviews
1. Brand awareness	P1: In China, probably the most important, and the most difficult step, is to make your brand known, to create <b>awareness</b> . Therefore, when you come through football, basketball, or Formula 1, which is popular, and when you come through Jet Li, which is popular, then you create large

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**awareness.** And that is what we are trying to do. And once you have achieved **awareness**, then you have the influence on a huge crowd of which part of it are your customers. Also football is popular, yes, every billionaire, and every millionaire watches football also. So you get the whole landscape.

P3: Chinese visitors soared to become the top demographic on our dedicated site; 85% of Chinese site visitors were new. This has brought **increased awareness** of our brand among a qualified audience of tennis fans and reinforced the brand's connection with tennis, a sport growing in popularity in China.

P4: Leveraging soccer players, especially international icons at international level has helped Hublot build awareness among the targeted audience.

P7: Sport celebrities do not have the barrier of language and culture differences, which make them **universal and preferred** by global brands.

P6: **Brand awareness**, definitely yes; Sales, not sure yet."

P7: **Brand awareness** tracking normally enhances with celebrity endorsement and if related advertising is successful.

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## 2. Brand image

P4: Hublot is already a well-known brand among watch specialists; one of the goals for Hublot is to become a global **top brand**. Hublot is not yet at the same level as brands such as Omega, or Rolex. Thus, leveraging soccer players, especially international icons at international level has helped Hublot build **brand image** among the targeted audience.

P5: Sports celebrity endorsement has created a lot of brand recognition as well as **positive media coverage**, and hopefully brand recall from consumers.

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	<p>P7: The influence of sports celebrity endorsement could last for more than 3 years because customers remember the <b>image</b> and the connection between the sports celebrity endorser and the brand/product he represents.</p>
<hr/>	
3. Brand responses	<p>P3: Sports fans will be following every step of key sports events so what better way for the brand to underline its engagement with them than by sponsoring the event that their ambassador is taking part in.</p> <p>P7: Positive, very positive. Newly rich people need to measure their success with iconic products.</p> <p>P6: Brand awareness, definitely yes; <b>Sales</b>, not sure yet.</p>
<hr/>	
4. Attractiveness	<p>P3: Liu Xiang is not only the best in his sports; he is also physically very <b>attractive</b>.</p> <p>P7: Sports celebrities are different from entertainment celebrities in that no one can tell the result of a sport competition until the very end of the game. The <b>attractiveness</b>, the excitement and passion of the sport experience make sport celebrities more closely connected with audience than any other engagement.</p>
<hr/>	
5. Credibility	<p>P5: If there is not a fit, then it lacks <b>credibility</b>, and if it lacks credibility, then it lacks persuasiveness.</p> <p>P6: We believe Jeremy Lin's character, intelligence, perseverance, and pursuit of excellence is perfectly in tune with the Volvo car owner's characteristics of appreciating smart understand luxury with <b>a human touch</b>.</p>
<hr/>	
6. Trustworthiness	<p>P1: Li is our first Asian ambassador as well as the first film star to work as a Hublot ambassador. Li also <b>convince</b> the public of his mastery in Chinese Kung Fu. We are going to do a special watch with Jet Li, and we are going to do</p>

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special promotions.

P7: Sports celebrities do not have the barrier of language and culture difference, which make them **universal and preferred** by global brands.

P8: Sports celebrities have less negative publicity than other celebrities, which is why more and more luxury brands choose sports celebrities because they represent higher achievements and goals and consumers tend **to trust** them more.

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7. Match-up of expertise

P2: Different brands would use different sports.

P3: While we are looking at the athlete's performance, we are also looking at their PR skills, and their ability and willingness to communicate with our audience

P4: Because these kind of personalities are in line with the luxury brand value. If you look at the watch industry, for example the brand TAG Heuer, their main values are innovation, performance, key words like that. If you talk about innovation, then it has direct link to the motor sports. And in performance of all kinds of sports, there is pressure, commitment required of the sportsmen; for brands like TAG Heuer, sportsmen are the best they can find for their brand.

P6: It depends on a lot on the positioning of the brands; less established brands, or less institutional brands would collaborate with sports celebrities. There needs to be a link between the brand equity and what the sports celebrity could represent.

P6: Some brands decide to have an association with the sportsmen, to do a kind of **match-up**, in order to transfer, acquire the value from the sportsmen and associate the value with the brand.

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	<p>P7: Different genders and sports make the connection with brand and product variable.</p> <p>P8: If the luxury brand has endorsed sports (F1, sailing, golf) as a core part of its lifestyle communication (take Ralph Lauren and Polo for instance), then choosing an acknowledged figure from that same universe brings additional legitimacy to the brand image and might attract "aficionados" of those sports as well as being a driver for co-branding opportunities.</p>
8. Multiple endorsement	<p>P3: <b>Multiple endorsements</b> happen in China a lot because only a very small number of sports celebrities are of real commercial value, and every brand wants to have the same endorser.</p> <p>P6: Exclusivity is important. So we won't sign with sports celebrities who <b>multi-endorse</b> brands.</p> <p>P7: Sports celebrities should endorse no more than 10 brands otherwise the <b>multi-endorsement</b> will confuse the consumers.</p>
9. Negative PR & publicity	<p>P5: <b>Negative publicity</b> can be a risk of sports celebrity endorsement, so choosing the right sport and right endorser is vital.</p> <p>P7: Sports celebrities are less risky than entertainment stars in terms of <b>negative PR</b> coverage.</p> <p>P8: Sports celebrities have less <b>negative publicity</b> than other celebrities, so that's why more and more luxury brands choose sports celebrities because they represent higher achievements and goals and consumers tend to trust them more.</p>
10. Friends of brands	<p>P2: We have a very special relationship with those sports</p>

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celebrities. Not only in sports, but also in the cinema industry, this relationship is quite exclusive. We call it “**Friends of brands**”. We didn’t pay anything to Zizu for him to do this. Nor would you see any advertising about this, no facial image of those celebrities. He is a friend of our brand.

P4: There are two types of brand endorsers: You have brands who consider celebrities as **friends of the brands**: they will do some appearances with the brand, they will claim that they like the watch, but not as official ambassadors, because they are not used in the advertising campaigns. This is very typical for brands that don't have massive marketing or communication budgets, but try to develop this kind of relationship. The other is called **brand ambassador**, which refers to an exclusive contract with celebrities which will cost a lot, and which also has a lot of constraints on how to use the images of the celebrities apart from the exclusive contract.

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11. Local heroes/local stars/Chinese stars

P1: We are also developing some activities with the blogger Han Han, who is also a very famous rally car driver. So those two elements, Jet Li and Han Han, are a specific strategy used for China.

P2: Chinese athletes who could achieve international success will be more preferred with stronger local linkage. At the same time, international stars could enhance the global image of the brand, so the best practice will be to have both a Chinese and an international star.

P4: I think for China, what should be considered, first of all, is to choose a **local celebrity** rather than international. Secondly, leverage the most popular sports celebrities locally and adapt to the local trends.

P5: He brings different things to China because of his One foundation **charity**, which represents good and

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controversial areas. Only those local celebrities who have international appearances and profiles will do. Thanks to the movies, both in the US and China, people from around the world know him.

P6: **Chinese star** with international fame. Jeremy Lin is the pride of the whole Chinese population, and we are excited to work with him.

P7: International ambassadors are not that popular in China. So the first thing for those brands is to identify **local ambassadors**.

P8: I would not be surprised to see LV using a local athlete to reinforce their position in the Chinese market in the near future.

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#### 12. Increased sales

P1: Every time Hublot create a new partnership with a celebrity, they create a new Limited edition, associated with that endorser, and because it is a limited edition, people want to buy.

P4: We have an aggressive distribution plan in 2 tier cities in China in the next 5 years. However, I cannot share with you the numbers at this moment.

P6: Brand awareness, definitely yes. **Sales, not sure yet.**"

P5: We will have 40 POS by 2015. We have 24 by now.

P6: Volvo Cars has 131 dealer shops in China up to now. The number will **definitely increase** in the year 2012.

P7: Sales increase depends mostly on brand awareness and connection enhancement. With the condition that the activation campaign is successful, it is almost guaranteed that sales will increase.

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The 12 key themes generated from the initial open coding process require further explanation and analysis in order for the coding process to move into the selective stage, in which the key concepts can be generated for the next stage research to examine.

### **4.3 Data analysis**

In the following section, these 12 key themes are further grouped under four subsections to be studied in more detail. These subsidiary sections respectively represent initial findings related to the concepts of brand equity, integrated marketing communication, the China market, and consumer buying behaviour.

#### **4.3.1 Integrated marketing communication strategy**

As Kapferer and Bastien (2012) found out, all luxury brands must have invested their financial resources in marketing communications strategies, although their methods of executing the strategies may differ significantly. This research discovered that to increase brand awareness and a luxury fashion brand proposition, the luxury brand managers employed all or a combination of marketing communication tools including advertising, PR, direct marketing and celebrity endorsement. As to the sports celebrity endorsement, it is mainly related to two areas of marketing communication, namely public relations and advertising. However, the luxury brand managers interviewed also revealed that the following factors were taken into their consideration when selecting sports celebrity endorsers: credibility, attractiveness, trustworthiness, match-up, risks associated with negative publicity, and multiple endorsements. One of the interviewees stated that consideration of these factors constitutes the main element of a framework that would enable an integrated marketing communication strategy. In the following section, data from the interviews that are related to these factors are presented and analysed.

##### **I. Attractiveness**

Quite a few luxury brand managers mentioned celebrity attractiveness. This is consistent with much of the consumer-based literature (Kamins 1989, Ohanian 1990, Miciak & Shanklin 1994) but contrary to Erdogan, Baker and Tagg (2001) and Erdogan & Kitchen's (1998) studies. The quality of being attractive is mainly related



to two aspects of an athlete: the athlete's physical appearance and the athlete's sport event. For example, Liu Xiang, China's Olympic champion of the 110m hurdles sprinting event, was considered to be very attractive. But more importantly, the nature of his sporting event is also considered to be attractive. And it can be argued that the attractiveness of the sporting event can be supplementary to the athlete's personal charms. However, it is important to point out at this stage that being attractive is perhaps the most basic appeal that a celebrity athlete can deliver. It is the most easily achievable quality of a sports talent. The advertising practitioners would consider it a given feature that celebrities and celebrity athletes are inherently attractive to their fans.

## **II. Credibility**

Solomon (2002) suggested that the central goal of marketing communication is the persuasion of customers and the attempt to change consumers' attitude towards brands. In this respect, the credibility of a sports celebrity endorser plays an important role in convincing the target audience of the attractiveness of the brand. Till and Shimp (1998) further suggested that pursuing a celebrity endorsement strategy would enable brand managers to project a credible image in terms of expertise, persuasiveness and objectiveness.

The research data suggest that credibility is the second-level factor that an integrated marketing communication strategy aims to deliver to influence the targeted consumers. As one luxury brand managers noted, "if there is not a fit, then it lacks credibility, and if it lacks credibility, then it lacks persuasiveness". From this statement, it is obvious that the credibility of the athlete is the bridge to persuasiveness. Also, the data makes a reference to "the human touch". There can be many explanations of what a human touch means. The most fundamental meaning, nevertheless, is that it is of a real human being, which means it is something real. To be real suggests being credible. Therefore, it can be understood that the "human touch" factor also connotes the factor of credibility.

## **III. Trustworthiness**

It can be argued that trustworthiness is the same as credibility. But this research

suggests that it is one step further than credibility. Erdogan (1999) suggests that the use of the word 'trustworthiness' in the celebrity endorsement literature refers to the honesty, integrity and believability of an endorser. However Desphande and Stayman (1994) studied the factors that influence the trustworthiness of celebrity endorsers, and found that their ethnic status would affect their trustworthiness, because people trust individuals who are seen as comparable to them. Therefore, the factor of trustworthiness emphasises the inner bond between the quality of the endorser and their acceptance by the consumers.

Luxury brand managers suggested that when selecting a local sports celebrity endorser their ethnic background has to be considered, especially when the brand targets the local market. The factor of generating the audience's trust in these celebrity sources is of primary concern. One of the brand managers noted the power of Jet Li, a Chinese Kung Fu movie star, to convince the public of his professional skills and abilities. Although this is debatable, given that one interviewee suggested that sports celebrities have less negative publicity than other celebrities, it is nevertheless important to note that what this interviewee emphasised was actually the ability of sports celebrities to gain consumers' trust. Therefore, trustworthiness is also one of the most important factors in the consideration of integrated marketing communication strategies.

#### **IV. Match-up of expertise**

Literatures such as Till & Busler (2000) and Erdogan et al. (2001) support the answers by most of the interviewees that the decision to use a sports celebrity was dictated by the campaign message and the celebrity's fit with the brand.

Most of the luxury brand managers provided opinions that sports celebrity endorsement could be a very effective marketing communication and promotional strategy, as long as there was an appropriate fit between sports celebrity, luxury brand and message. One example given of a good fit was celebrity footballer Zidane's endorsement of IWC during the Volvo Ocean Race, although Zidane himself has nothing to do with the sport of sailing.

The importance placed on celebrity-product and target audience match-up is consistent with the literature (Kamins 1989 & 1990, Ohanian 1990), and with the other studies. As one luxury brand manager stated, “There’s a potential risk that the sport personality can become bigger than the brand itself – that’s why the fit has to be credible... just having a sports person there for the sake of having a sports person can be detrimental to the brand”.

However, several suggested the importance of fit with the target audience, not mentioned in Erdogan, Baker and Tagg’s study. One example given of poor fit was the use of Liu Xiang endorsing a tobacco company. As stated, “it’s pretty obvious to the reasonably intelligent person that he’s doing it for the money”. One example given of a good fit was the use of Jet Li (a Chinese martial arts master as well as a film star) by Hublot to kick off its charity project with Jet Li’s One Foundation. As stated, “He’s successful, he’s rich and famous, and he cares for others”.

Another example of good fit is the newly released LV advertising which used the US swimming legend Michael Phelps to endorse its Core Values campaign, right after he got his record of 22 medals at the London Olympics. After featuring astronauts, musicians and actors in past Core Values ads, Vuitton moved on to athletes this year, first with a moving image of Muhammed Ali and his grandson. After the spectacle of the London Olympics captured the attention of people around the world, it was only natural that Vuitton should turn next to the man who is arguably the greatest Olympian of all time. Vuitton’s Core Values campaign is intended to show the brand’s classic products used in “real” life and by “real” people, instead of the seasonal bags that are featured alongside models in the company’s traditional ad campaigns.

When asked whether the gender of the sports celebrity is an issue for the image of the product he/she endorses, all the luxury brand managers except for one agreed that gender is not an issue. This echoes the research by SM Choi (Choi, Lee, and Kim, 2005) that male and female celebrities appeared evenly in US commercials, whereas Korean commercials employed more male celebrities (56%) than females (44%). Most of the luxury brand managers mentioned Li Na, the Chinese tennis player who won the French Open in 2011. Although there is no current study into the gender

issue in sports celebrity endorsement, it could be an interesting research in the future.

However, the luxury brand managers thought that sport category does matter. The interviews revealed that a few brand managers were not aware of Guo Jingjing, twice Olympic gold medallist in diving between 2004 and 2008. Most of the luxury brand managers think diving is not an elite sport, which also explains why Guo Jingjing has not had many endorsement deals with luxury brands. Another example of a sportsman is Xu Lijia, the sailing gold medallist of 2012 London Olympics. Before the London Olympics, BMW, as official sponsor of the Chinese Olympic Committee, used three images of sportsmen to make its Olympic commercials: Liu Xiang from athletics, Lei Sheng from fencing and Xu Lijia from sailing. Both Lei Sheng and Xu Lijia won gold medals at London 2012. When talking about the reasons for choosing Xu Lijia and Lei Sheng, the brand manager from BMW in a later interview explained that they chose elite sports that represent the elite spirit of BMW.

## **V. Multiple endorsements**

The literature review suggests that celebrities endorsing multiple products risk overexposure, lessening the impact and distinctiveness of each product relationship as well as diminishing consumer perceptions of celebrity credibility and likeability (Tripp, Jensen & Carlson 1994, Dyson & Turco 1998, Erdogan & Kitchen 1998). It is common knowledge amongst consumers that sports celebrities accept endorsement deals as income generators and that they are tempted by lucrative payments to endorse a wide range of products.

The research data suggest that luxury brand managers would prefer to have celebrity athletes offering exclusivity, but their opinion of the reality differed significantly. Roy (2012) pointed out that if the celebrity is overexposed, the misfit between the endorser and the product might cause negative purchase intention. According to the interviews of the luxury brand managers, exclusivity and availability are very important while most of the luxury brand managers don't like multiple endorsements. The risk of the sports celebrity overshadowing the brand by overexposure through multiple endorsements is reflected in the interviews. This is

also related to the findings from Miciack & Shanklin's (1994) study. The luxury brand managers ranked the value of multiple endorsements low. As one luxury brand manager stated, "As a general rule, we would be very hesitant to use somebody that was connected strongly with another brand... chances are the consumer would be going "oh that's the person from Master Card ... rather than ours".

In the mean time, another interviewee noted that if exclusivity is not possible, an athlete should not endorse more than 10 brands. From exclusivity to 10 brands there exists a significant discrepancy. However, it is the common understanding by the brand managers and professionals that overexposure would negatively influence consumers' recognition and perception of any brands involved. Whether this is true will be tested in the consumer opinion survey.

## **VI. Negative public relations & publicity and risks of using sports celebrities**

This semi-structured interview asked the luxury brands managers and professionals about their satisfaction with the publicity of sports celebrity campaigns. This topic was not widely discussed in the literature. The interview data suggest that the luxury brand managers were generally satisfied with the increased brand awareness and media exposure generated by sports celebrities. Several commented that ineffective campaigns were generally the result of other factors, not merely the endorser.

The interview data suggest there is a risk that using a sports celebrity endorser with a negative public image may overshadow the brand, and negative publicity was frequently mentioned, echoing the ideas of the literature (e.g., Doyle, Pentecost & Funk, 2013; Murray & Price, 2012; Till and Shimp, 1998). As one luxury brand manager noted, "the reality is with sports celebrities you can't control their private life as well as their performance on the field so you need to be very careful". Several mentioned the need to assess life stages, especially for sports celebrities who generally face shorter active playing careers than their celebrity counterparts, recognising "you're not always going to be the one who is the best".

The most commonly mentioned factors by the luxury brand managers were the risk of negative publicity and the cost of hiring celebrities. This finding conflicts with

Miciack & Shanklin's (1994) study where these factors were judged least important. In Erdogan & Baker (1998)'s study, the risk of negative publicity was considered less important than the cost of hiring the celebrity. However, in Erdogan et al.'s later findings, hiring costs and negative publicity risks were considered important. The luxury brand managers' interview results could reflect current sports celebrity endorsement fees, as well as celebrity scandals such as Tiger Woods that have occurred since Michiak & Shanklin's work in 1994.

Despite the high risks and high potential costs, however, brand managers and professionals generally regard sports celebrities as a safer type of celebrity in comparison with others such as entertainment business stars. One of the interviewees noted that sport celebrities are less risky than entertainment stars in terms of negative public relations coverage. Another interviewee further noted that sports celebrities have less negative publicity than other celebrities, which is why more and more luxury brands choose sports celebrities because they represent higher achievements and goals and consumers tend to trust them more.

#### **4.3.2 China particulars**

From the strategic side of luxury brand management, luxury brands normally tend not to pay attention to mass consumers. As in every other market in the world, maximising profit in the Chinese market is the goal for luxury brands. So their strategies need to be modified for the local market and it needs to be established whether the strategy of sport celebrity endorsement works in China.

It will take foreign luxury brand managers some time to learn about Chinese local culture as well as the local people's preference for different sports. Taking the brand manager of Hublot as an example: at the beginning of the brand's entry into China, Hublot did not realise how popular sport badminton is in China. The brand's marketing managers also did not know about the fame of Mr Lin Dan, who is China's number one men's singles player and has been an unchallenged world champion for many years. After Lin Dan defended his Olympic gold medal in the men's singles finals competition at the 2012 London Olympics, Hublot was the first luxury brand that invested in a marketing strategy surrounding this most popular sport in China.

In the mean time, the image of the sport celebrity athlete Lin Dan himself also played a vital role in adding value to the marketing strategy. Lin Dan, for example, not only achieved his personal career best, but he was also a charismatic and fashionable sports celebrity. His personal characteristics were identified as a match-up with the image of the Hublot brand itself.

Several concepts were identified in the interview that the brand managers believe should be applied to the special market situation found in China. In the earlier literature review and secondary research stages, this research has identified a few market characteristics of the luxury consumption and sports businesses in China, such as a new, rapidly rising market, broad inclusion of middle-class brands in the luxury category, and needs in vanity buying by consumers who do not necessarily have a large income. The particularly relevant elements of the data findings are listed below. One theme that needs special attention is the effectiveness of using international celebrities versus local heroes. China does not present many choices of high calibre sports celebrity for luxury marketing purposes, especially when their sports event is one of the considerations of using them as the endorser. For example, in both the Olympics of 2008 and 2012, the majority of Chinese medals were won in events of shooting, weightlifting, diving, table tennis, and badminton. Most of these events do not produce match-up to luxury consumerism. In such a case, international luxury brands have to look very hard for appropriate representatives from the world sports arena as endorsers and try to make them appeal to Chinese consumers.

The key themes identified from the semi-structured interviews as relevant to China are listed below:

### **I. Friends of brands**

Among the eight interviews that took place for the purpose of this research, all of the interviewees agreed that sports celebrity endorsement is an effective marketing tool. However, the activation of the endorsement differs between brands. The interviews reveal that there are several different methods of endorsement. One of them is referred to as “brand endorser”, and the other is called “Friends of brands”.

It is interesting to note that the term “Friends of brands” was frequently mentioned by brand managers and industry experts but rarely referred to by the academics. Searches through academic literature databases have generated few results related to this term. However, this research interview has indicated that the term should be established as an academic topic or an important concept in the area of brand management theory.

A brand endorser refers to a person who acts as a representative or promoter of a specified brand in some commercial activity. “Ambassador” is used for a high-profile representative of various entities, mainly cultural and charitable organisations, often as willing figureheads to attract media attention, such as film and pop stars making appeals to the public at large for activities, sometimes during press-hyped visits in the field.

As to friends of brands, according to the luxury watch manager, they refer to those who like the brands, but do not have commercial deals with the brands.

One of the interviewees who was identified as the independent researcher noted, “There are two types of brand endorsers: you have brands who consider celebrities as friends of the brands: they will do some appearance with the brand, they will claim that they like the watch, but not as official ambassadors, because they are not used in the advertising campaigns. This is very typical for brands that don't have massive marketing or communication budgets, but try to develop this kind of relationship. The other is called “brand ambassador”, which refers to an exclusive contract with celebrities which will cost a lot, and which also puts a lot of constraint on how to use the images of the celebrities outside the exclusive contract.”

A typical case of brand ambassador was identified as the Hublot, a premium watchmaker, using Argentina football legend Diego Maradona as its great endorser during the 2010 FIFA World Cup. Mr. Maradona received an undisclosed fee from Hublot to appear on public occasions in match arenas conspicuously wearing Hublot Big Bang watches on both wrists. This endorsement deal as well as the advertising campaign that followed brought a very strong promotional drive for Hublot. The campaign created a strong football-related image of Hublot, which made the brand stand out as being perceived as unique, rebellious, and futuristic.



For IWC Schaffhausen, it was a totally a different approach. It was the first time that IWC was the official timer for the Volvo Ocean Race 2011-12. At the same time, IWC also sponsored one of the participating boats, Abu Dhabi. During the first stopover of the race in Alicante, Spain 2011, the famous football legend Zidane was at the Abu Dhabi Pavilion. He was also on the Abu Dhabi boat when it sailed off the shore and he also did a VIP jump into the sea. However, IWC Schaffhausen didn't want to use either the word "endorsement" or "ambassador", according to one of the brand managers, who said, "We have a very special relationship with those sports celebrities. Not only in sports, but also in the cinema industry, this relationship is quite exclusive. We call them 'Friends of brands'. We didn't pay anything to Zizu for him to do this. Nor will you see any advertising about this, no face image of those celebrities. He is a friend of our brand". The immediate media buzz proved that IWC Schaffhausen did tell a very interesting story.

## **II. Local heroes**

China is regarded as one of the fastest growing sports industries in the world (Yang, Sparks, & Li, 2008). To reach this market, international marketers are increasingly turning to sports celebrity endorsers (Tschang, 2009). All the brand managers and professionals spoke positively about using Chinese sports celebrities to endorse luxury brands in Chinese marketing, so creating a local bond between the brands and Chinese consumers.

The research data suggest that the interviewees believe Chinese consumers would prefer local sports heroes to endorse luxury brands. Those local celebrities named included Han Han, a young writer who is also an enthusiastic race car driver, Jet Li, who is a Kung Fu film star, and Jeremy Lin, who is a Chinese-American NBA basketball player.

However it can also be concluded from the data that it is imperative for Chinese athletes to have achieved international success and fame in order to endorse an international luxury brand. Such celebrities are more preferred with strong local connections. One of the interviewees noted, "Chinese athletes who could achieve international success will be more preferred with stronger local connections. At the

same time, international stars could enhance the global image of the brand, so the best practice will be to have both a Chinese and an international star.” This statement is supported to some extent by McCracken’s (1986) argument that celebrity endorsers could serve to transfer cultural significance from the celebrity to the advertised product.

As for the choice of local heroes, the brand managers suggested that mass appeal is the most important factor to be taken into consideration. One of the interviewees noted, “I think for China, what should be considered, first of all, is to choose a local celebrity rather than international, Secondly, leverage the most popular sports celebrities locally and adapt to the local trends.”

There are reasons for brand managers to have great confidence in the appeal of the local heroes. Also, according to the Independent researcher of DLG, sports celebrities transcend geographical lines. China is the only country where local celebrities (and not international stars) win in awareness and popularity. Take Jet Li, the ambassador for Hublot for example: he and Chiling Lin (Longines) account for more than 60% of brand ambassador related searches. While Tiger Woods, the most popular sports celebrity worldwide for the last three years, accounts for 16% of ambassador searches globally, but only 0.4% in China.

### **III. Increased sales**

The main purpose of all the branding, promotion, endorsing, marketing communication, etc. conducted by luxury brands using sports celebrities is to make consumers buy the products. Data collected in the semi-structured interviews indicates that the brand managers delivered various levels of confirmation of the effectiveness of driving sales, with some being positive and some avoiding the question.

Some luxury brand managers confessed that sports celebrity endorsements had already brought increased sales because of increased brand equity, and that consumers had responded positively to such campaigns. One of the interviewees indicated that sales increases depend mostly on brand awareness and the consequent enhancement of brand equity, and therefore, assuming that the

activation campaign is successful, it is almost guaranteed that sales will increase. The Hublot watch manager echoed such reasoning and said, "Every time Hublot created a new partnership with a celebrity, they created a new limited edition to be associated with that endorser. Because it is a limited edition, people want to buy." Such information indicates that increased sales would be an expected result of luxury brand endorsement by sports celebrities in China.

At least two brand managers disclosed information related to the significant expansion of the Chinese market. However, whether such expansion directly results from the marketing strategy is open to question. This would be a research question that is beyond this research's scope. Some interviewees are more conservative, and they need a period of time to evaluate the results of an endorsement deal before they reach a conclusion. However, it was noted that using a sports celebrity or a professional athlete does not always guarantee increased sales or action, echoing the sentiments expressed by some of the luxury brand managers.

Such a mixture of responses was expected in the research design stage of the project, hence it is planned that checking with consumers to find out their attitude, and whether their buying intentions and decisions are affected by endorsement promotions, are key points to be investigated in the following research stages.

#### **4.4 Summary**

The luxury brand managers noted that the use of sports celebrities as endorsers was increasing. They felt that the reasons for using sports celebrities were the same as for other celebrities, but they would more likely consider an athlete for sporting goods and services, consistent with previous research findings (e.g., Shank 1999).

Overall, the data analysis of this first stage of study show that luxury brand managers consider factors mainly in the four areas of brand equity, marketing communications, China market particulars, and driving sales. These are the key concepts that will be used in the next stage of research. These key concepts can also be broken down to some specific variables that would determine the values of the concepts. In particular, the analysis suggests that the increase of brand equity as perceived by consumers in endorsement marketing communications directly results from how the

consumers are convinced by the endorsers' attractiveness, trustworthiness, and expertise match-up with the endorsed brands. Consequently, enhanced brand equity would also result in the consumer's intention of purchase and decision of purchase, which would result in increased sales. How and whether these variables would affect the Chinese luxury market with its particular characteristics is also dependent upon on the effectiveness of using local endorsers or foreign sports celebrities.

The analysis, therefore, has made it possible to identify the following seven variables that are derived from the research data. Understanding these variables and their functioning will be critical elements for the next stage of this research to answer the research question. The variables are: 1) attractiveness, 2) trustworthiness, 3) expertise, 4) brand equity, 5) intention or willingness of purchase, and 6) decision or action of purchase. In addition to these variables, there is also a need to explore 7) the effectiveness of Chinese sports celebrity endorsers versus their foreign peers.

As required by the thematic analysis building process, the first stage of data collection and information analysis has identified these main variables that will be used as selective coding themes for the next stage of data collection and analysis. Responding to the four themes, and six variables, and one assumption, the next stage of research will use consumer survey data to explore the relationships between and among the variables. Such exploratory investigation will focus on the following aspects:

**1:** *The relationship between a sports celebrity's attractiveness and luxury brand equity.*

**2:** *The relationship between a sports celebrity's trustworthiness and luxury brand equity.*

**3:** *The relationship between a sports celebrity's expertise and luxury brand equity.*

**4:** *The relationship between the increased brand equity arising from the sports celebrity endorsement and people's intention and willingness to buy the product.*

**5:** *The relationship between the increased brand equity arising from the sports celebrity endorsement and people's decision to buy the product.*

**6:** *Whether a Chinese sports celebrity is a preferable endorsement ambassador of luxury brands in China to international sports celebrities.*

Exploring these relationships will generate data that provide answers to the research question of this thesis. In the following stage of research, a consumer survey will be used as the main instrument of the exploratory research, as introduced in the following two chapters.

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## **Chapter 5: LUXURY CONSUMERS IN CHINA**

### **5.1. Introduction**

The previous chapter of this thesis examined the views of luxury business management professionals including luxury brand managers, marketers, and researchers with regard to their expectations and analysis of the relationships between the luxury consumer market and sports celebrity endorsements in the Chinese market. As a result of the textual data analysis, six research variables were identified and one assumption was made. According to the research design as introduced in Chapter 3, an online consumer survey set out to collect data that are relevant to the variables and assumption. The ensuing data analysis explores the relationships between and among these variables.

The exploratory analysis is a two-step process. This chapter sets out to discuss the questionnaire survey of 327 Chinese consumers. The first step of this analysis is to study the survey data and through a descriptive analysis to establish a comprehensive understanding of the luxury consumer market in China in terms of consumers' demographic characteristics and their luxury consumption experience. The focus of this chapter is to discover the unique behaviour of Chinese luxury consumers, or those consumers who identify themselves as luxury consumers, and how their behaviour relates to the use of sports celebrity endorsements of luxury brands.

Several researchers have identified Chinese luxury consumers to be a unique and different group featuring characteristics such as a fast-rising interest in and demand for luxury consumption, their young age, their social status of being *nouveaux-riches*, and their insufficient knowledge of luxury brands (Li, Li & Kambele, 2012; Zhan and He, 2012). However, because of the data collected from the online consumer survey, this research is in a position to generate a first-hand understanding of this group of consumers, particularly with regard to sports marketing. The understanding of Chinese luxury consumers will be useful for the next steps of the study, which will further analyse the survey data in order to examine the relationships between the

variables that are used to measure consumer attitudes. The second-step analysis is introduced in the next chapter, which is Chapter 6 of this thesis.

This chapter is comprised of two parts. The first part presents a descriptive analysis of consumer demographics and behaviour data. The second part is a synthesised analysis of the relationships between the variables in order to understand the characteristics of Chinese luxury consumers.

## **5.2 The design of the survey questions**

The online survey is comprised of 56 questions. In the following paragraphs, I will explain question by question where the questions come from.

Question 1-9 (SEE APPENDIX I)

These are questions for finding out demographic characteristics of the survey population. Those demographic characteristics include gender, age, marital status, education, occupation, location and income. Those are common questions for survey.

Questions 10-16(SEE APPENDIX I)

We introduce some initial questions regarding the habits of consumption as the survey is focused on purchase intention and decision influenced by sports celebrity endorsements. Those questions are created based on the findings from the literature review.

Question 17: (SEE APPENDIX I)

This question aims at finding out how the originality of the luxury brands will affect the purchasing behaviour.

Question 18: (SEE APPENDIX I)

This question aims at finding out where the actual purchase takes place.

Question 19: I think celebrity sports athletes are attractive.

Question 20: As luxury brand endorsers, celebrity athletes are attractive.

Question 21: I will be willing to buy the brand endorsed by the athletes who I consider attractive.

Those above three questions aim at finding out how the attractiveness of the endorser influence the consumer's purchasing decisions.

Question 22: The endorsing athletes whom I consider trustworthy easily influence my purchase intention.

This question aim at finding out how the trustworthiness of the endorser influences the consumer's purchasing intention.

Question 23: Sports celebrity endorsement makes a luxury brand easier to be remembered and recalled in my memory

The question is based on the findings from the journal on Celebrity Spokesperson and brand congruence: An assessment of recall and affect. (Shekhar Misra and Sharon E. Beatty, 1990)

Within the theoretical framework of social cognition, celebrity-brand congruence is found to enhance effectiveness of advertising. a) Recall is found to be enhanced when the celebrity and brand are matched, as predicted by the filtering model. b) Transfer of affect from spokesperson to brand is found to be facilitated when the two are matched. c) Affect toward the brand is also found to be higher when brand and spokesperson are matched. The usefulness and importance of schemas in information processing of advertising are discussed.

Question 24: Sports celebrity endorsement makes a luxury brand more recognisable.

This question is based on the findings from Amanda Spry, Ravi Pappu, T. Bettina Cornwell, (2011) "Celebrity endorsement, brand credibility and brand equity", it is expected that endorser credibility would support brand recall and recognition of the brand itself.

Question 25: I have confidence in the brand equity of a luxury product if an attractive athlete endorses it.

According to the findings from Amanda Spry, Ravi Pappu, T. Bettina Cornwell, (2011): Results suggest endorser credibility has an indirect impact on brand equity



when this relationship is mediated by brand credibility. This mediating relationship was moderated by type of branding. However, the “endorser credibility-brand credibility” and “endorser credibility-brand equity” relationships did not vary according to the type of branding employed.

Question 26: I am willing to know more about a luxury brand if it is endorsed by sports celebrities

I created the question myself.

Question 27: Sports celebrities have rather high professional expertise.

Based on Roobina Ohanian. (1990)'s findings on Construction and Validation of a Scale to Measure Celebrity Endorsers' Perceived Expertise, Trustworthiness, and Attractiveness, this study developed a scale for measuring celebrity endorsers' perceived expertise, trustworthiness, and attractiveness.

Question 28: sports celebrity endorsement shortens the distance between the endorsed luxury products and me.

I created the question myself.

Question 29: I think buying luxury products endorsed by sports celebrities makes me feel trendier.

I created the question based on interview with brand manager.

Question 30: I think buying luxury products endorsed by sports celebrity enhances my self-esteem in front of my friends and colleagues.

I created the question based on interview with brand manager.

Question 31: As luxury brand endorsers, celebrity athletes have rather high level of professional expertise.

Roobina Ohanian. (1990). Construction and Validation of a Scale to Measure Celebrity Endorsers' Perceived Expertise, Trustworthiness, and Attractiveness.

Question 32: I think the luxury brands endorsed by sports celebrities enjoy higher brand equity than other luxury brands.

According to the findings from Amanda Spry, Ravi Pappu, T. Bettina Cornwell, (2011): Results suggest endorser credibility has an indirect impact on brand equity when this relationship is mediated by brand credibility. This mediating relationship was moderated by type of branding. However, the “endorser credibility-brand credibility” and “endorser credibility-brand equity” relationships did not vary according to the type of branding employed.

Question 33: I think celebrity sports athletes are trustworthy  
The impact of celebrity endorsements on consumers  
Authors O'Mahony, Sheila; Meenaghan, Tony. Irish Marketing Review 10.2  
(1997/1998): 15-24.

Question 34: As luxury brand endorsers, celebrity athletes have rather high level of trustworthiness.

The impact of celebrity endorsements on consumers  
Authors O'Mahony, Sheila; Meenaghan, Tony. Authors Irish Marketing Review 10.2  
(1997/1998): 15-24.

Question 35: An endorsement matched up with the sports celebrity's expertise will enhance the brand equity.

Kamins, M. A. and Gupta, K. (1994), Congruence between spokesperson and product type: A matchup hypothesis perspective. Psychol. Mark., 11: 569–586.  
doi: 10.1002/mar.4220110605

This study tested the matchup hypothesis regarding choice of celebrity spokesperson by examining the fit or congruence between image type and the product advertised from an Identification and Internalization viewpoint (Kelman, 1961). Spokesperson type (celebrity versus noncelebrity) was varied, along with congruence between spokesperson image and product (higher versus lower congruence) in a 2x2 factorial design. Results showed that increased congruence for the spokesperson/product combination resulted in the perception of higher believability and attractiveness of the spokesperson and a more favourable product attitude. The implications of these and other findings for advertising and marketing strategy are discussed.

Question 36: Because I am a fan of an attractive athlete endorser, I will buy the endorsed brand.

I created the question myself.

Question 37: I tend to be easily influenced by advertising by celebrity sports athletes.

I created the question myself.

Question 38: I wish to buy luxury products endorsed by sports celebrities.

I created the question myself.

Question 39: Sports celebrity endorsements to brands matching their professional expertise makes willing to buy the products.

The question is referred to the findings from Roobina Ohanian. (1990), the journal article about Construction and Validation of a Scale to Measure Celebrity Endorsers' Perceived Expertise, Trustworthiness, and Attractiveness.

Question 40: Sports celebrity endorsements to brands matching their professional expertise make me decide to buy the products.

The question is referred to the findings from Roobina Ohanian. (1990), the journal article about Construction and Validation of a Scale to Measure Celebrity Endorsers' Perceived Expertise, Trustworthiness, and Attractiveness.

Question 41: I buy luxury products endorsed by sports celebrities.

I created the question myself.

Question 42: Because of the enhanced brand equity of the products endorsed by celebrity athletes, I am willing to buy them.

I created the question myself.

Question 43: I buy luxury products because sports celebrity endorsements have enhanced their brands.

I created the question myself.

Question 44: It is easier for me to decide buying the luxury product endorsed by a trustworthy athlete

I created the question myself.

Question 45: If I trust a sports athlete, I will have a stronger preference to the products he or she endorses.

I created the question myself.

Question 46: I will buy the multiple brands endorsed by my favourite sports celebrity.

I created the question myself.

Question 47: Although endorsements add costs and prices, I still buy the endorsed products because of the added values.

The question is created based on the discussion with Brand manager.

Question 48: I will buy luxury products endorsed by my favourite sports celebrities regardless of their nationalities.

I created the question myself.

Question 49: I think the most trustworthy sports celebrities are Chinese sports stars.

I created the question myself to find out consumer's general attitude towards sports celebrity endorsement from China.

Question 50: I am inclined to buy luxury products endorsed by Chinese sports celebrities.

I created the question myself to find out consumer's general attitude towards sports celebrity endorsement from China.

Question 51: I am inclined to buy luxury products endorsed by foreign sports stars.

I created the question myself to find out consumer's general attitude towards international sports celebrity endorsements.

Question 52: I buy luxury products endorsed by Chinese sports celebrities because my family relatives also favour the brands.

I created the question myself to find out consumer's general attitude towards sports celebrity endorsement from China.

Question 53: Buying brands endorsed by Chinese sports celebrities would enhance my social status because of their high brand equities.

This question is created based on my interview with brand managers.

Question 54: I think Chinese sports celebrity endorsements would add more brand equity to the endorsed brands than foreign sports stars would.

I created the question myself to find out the preference of consumer's general attitude towards sports celebrity endorsement.

Question 55: I think Chinese sports celebrities are more attractive than foreign sports stars.

I created the question myself to find out consumer's general attitude towards sports celebrity endorsement from China.

Question 56: The luxury brands endorsed by Chinese sports celebrities match up with the expertise of the athletes whom I admire.

I created the question myself to find out consumer's general attitude towards sports celebrity endorsement from China.

### **5.3 Population of survey respondents**

The online survey for this thesis started at the end of April 2013. By the end of the planned 10-week data collection period, a total of 221 completed responses were collected. The survey's response frequency flattened out after July 2013. In order to collect the targeted 300 completed responses, the survey was kept open till the end of November 2013 and collected 327 completed responses (See Table 6).

Dates	Frequency	Per cent	Cumulative Per cent
2013/04	32	9.8	9.8
2013/05	106	32.4	42.2
2013/06	83	25.4	67.6
2013/07	31	9.5	77.1
2013/08	18	5.5	82.6
2013/09	23	7.0	89.6
2013/10	14	4.3	93.9
2013/11	20	6.1	100.0
Total	327	100	

**Table 6 Survey responses by month**

### 5.2.1 Descriptive statistical information about the respondents

Table 7 provides an overview of the demographic characteristics of the survey population (n=327). The following sections of this chapter will first provide an itemised analysis of the demographic variables and secondly attempt to analyse some of the relationships between the variables.

**Table 7 Demographic characteristics of survey respondents**

Variables	Frequency	Per cent	Variables	Frequency	Per cent
	n=327			n=327	
<b>Gender</b>			<b>Education</b>		
Female	211	64.5	Senior High	8	2.4
Male	116	35.5	Undergraduate	203	62.1
			Graduate	109	33.3

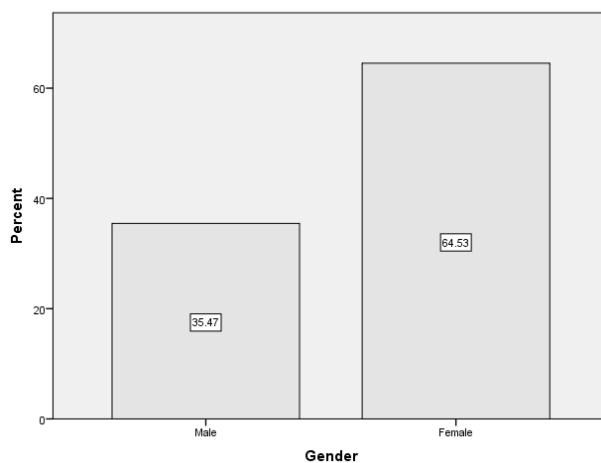
Age			Doctoral	7	2.1
19-30	110	33.6			
31-40	109	33.3	<b>Occupation</b>		
41-50	82	25.1	Management	41	12.5
			Higher Education		
51-60	24	7.3	Teachers	17	5.2
61-70	1	0.3	Government	20	6.1
71-80	1	0.3	Student	30	9.2
			Company Employee	97	29.7
<b>Marital Status</b>			Freelance	23	7
Single	153	46.8	Self-employed & Private	25	7.6
Married	150	45.9	Other	74	22.6
Separated	18	5.5			
Other	6	1.8	<b>Monthly Income (RMB)</b>		
			1999 and below	80	24.5
<b>Residential location</b>			2000-4999	51	15.6
Beijing	57	17.4	5000-14999	113	34.6
Shanghai	44	13.5	15000-24999	46	14.1
Guangzhou	34	10.4	25000-34999	12	3.7
Tianjin	25	7.6	35000-49999	11	3.4
Hangzhou	30	9.2	50000 and above	14	4.3
Chongqing	18	5.5			
Chengdu	22	6.7	<b>Housing</b>		
Other	97	29.7	Rent	57	17.4

Own	162	49.5
With Parents	63	19.3
With Friends	14	4.3
Other	30	9.2

## I. Gender composition

There were more female respondents than male. Among the total population of 327, there were 211 female respondents and 116 male respondents. The female respondents account for 64.5% of the total (See Figure 6).

**Figure 6 Gender of survey respondents**

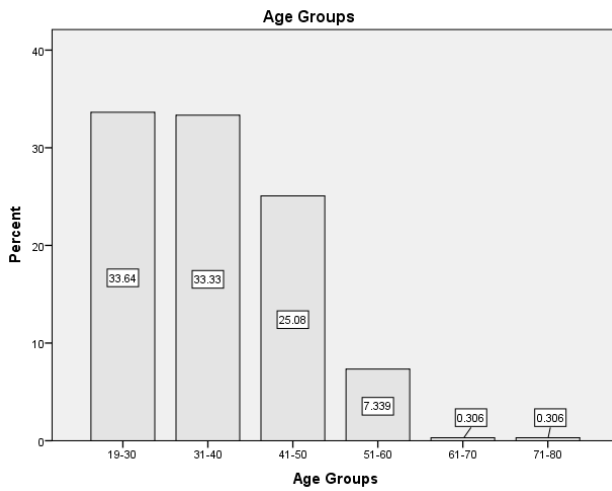


## II. Age groups of the survey respondents

The majority of the survey respondents are younger than 40 years old. There are 110 people in the age group 19-30, accounting for 33.6% of the total. There are 109 in the age group 31-40 (33.3%). The numbers of respondents in these two groups are almost equal and collectively account for 67% of the total. The third largest age group are the 82 people between 41-50 years old, accounting for 25.1%. It is followed by those who are 51-60 (7.3%). Figure 7 below indicates that the distribution of the age groups is strongly skewed to those younger than 40 years old.



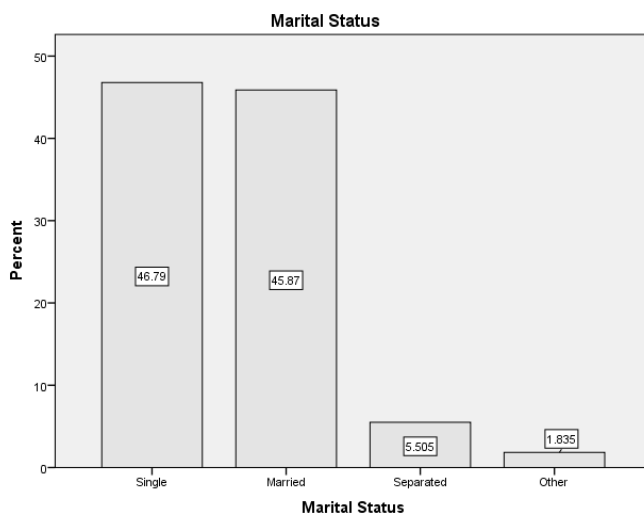
**Figure 7 Age groups of survey respondents**



### III. Marital status

The number of respondents who are married (45.87%) is roughly equal to the number of those who are single (46.79%). However if the separated (5.5%) are counted with the single, those who are not married account for 52.3% of all the respondents. The statistics of the marital status of the respondents are indicated in Figure 8.

**Figure 8 Marital status of survey respondents**



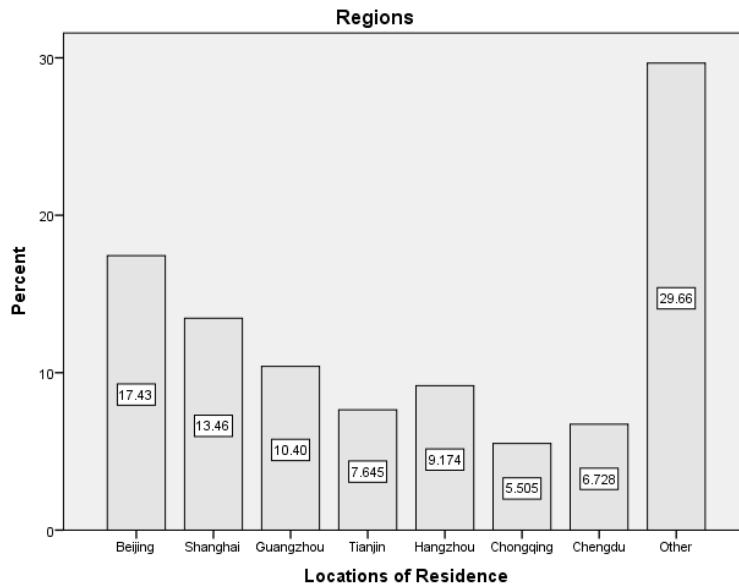
#### IV. Residential location

Location of residence is an important indicator of a consumer's consumption status because the economic conditions of the region of residence influence the wealth and income levels of the residents and consequently their purchasing power. The distribution of survey respondents in terms of geographical location is consistent with the activeness and richness of Chinese regional economic power. Those from the first-tier cities of Beijing, Shanghai, and Guangzhou collectively account for 41.3% of the total. Those from typical second-tier cities of Tianjin and Hangzhou in the rich and prosperous East and those from Chongqing and Chengdu in the inland southwest also proportionally reflect those regions' economic development levels. Also, the proportion of those who reside in other locations accounts for 29.7%. These people are nearly twice as many as those in Beijing. Table 8 below lists the geographical distribution of the survey respondents and Figure 9 illustrates the distribution.

**Table 8 Residential locations of survey respondents**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Beijing	57	17.4	17.4	17.4
	Shanghai	44	13.5	13.5	30.9
	Guangzhou	34	10.4	10.4	41.3
	Tianjin	25	7.6	7.6	48.9
	Hangzhou	30	9.2	9.2	58.1
	Chongqing	18	5.5	5.5	63.6
	Chengdu	22	6.7	6.7	70.3
	Other	97	29.7	29.7	100.0
	Total	327	100.0	100.0	

Figure 9 Residential locations of survey respondents



There were 97 respondents (29.66%) who reported living in “other” locations, but about two-thirds of them did not provide their specific locations. Table 9 below lists the geographical locations of those respondents who reported living in the “other” locations and specified their locations. The data indicate that 10 of them live outside China. Also, 6 of them live in Shandong Province in eastern China and 4 in Henan province in central China. Shandong Province is one of the richest provinces in China, whereas Henan is considered a less developed inland province. There were also 3 and 2 coming respectively from Jiangsu and Guangdong provinces, which are the richest provinces of the country.

**Table 9 "Other" locations reported**

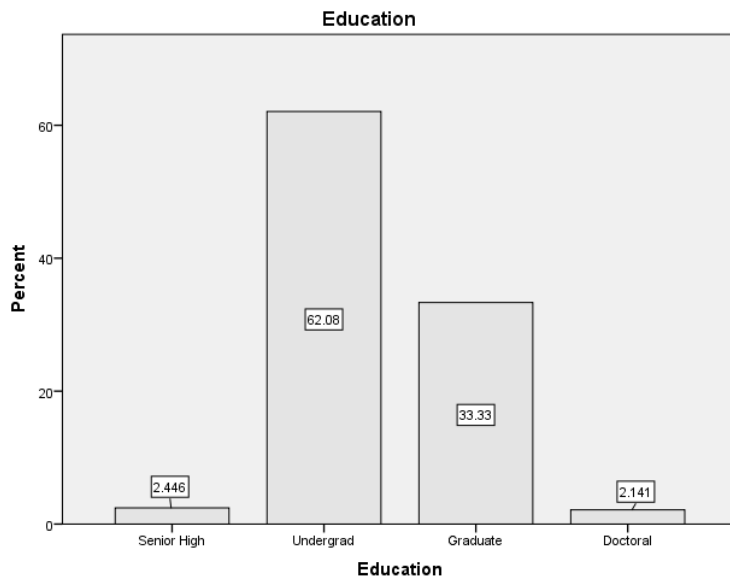
<b>Other Locations</b>	<b>Frequency</b>
Guangdong	2
Guizhou	1
Hebei	1
Henan	4
Hubei	1
Jiangsu	3
Jiangxi	1
Liaoning	1
Overseas	10
Shaanxi	1
Shandong	6
Sichuan	2
Total	33

## **V. Education, occupation, monthly income, and housing**

These four variables are important factors in determining someone's social profile and economic status, which in turn are important indicators of their social profile and purchasing power.

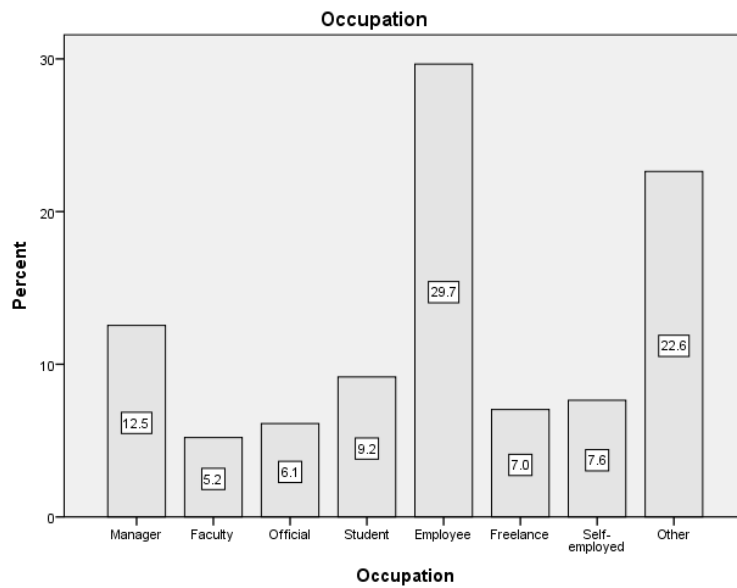
The respondents are generally well educated, with 203 (62.1%) having received or receiving undergraduate college education and 109 (33.3%) on the graduate level. Therefore a total of 95.5% of all the respondents have received or are receiving higher education. No respondents reported an education level of junior-high and below. Those who reported senior-high level accounted for 2.4%, roughly equal to the very high level of doctoral education, which accounts for 2.1% (See Figure 10).

**Figure 10 Education levels of survey respondents**



Career-wise, as indicated in Figure 11, 97 company employees account for 29.7% of all survey respondents. This indicates that salary-earners are an important group among the Chinese consumers who answered this survey. At the same time, the data indicates that people’s career choices have diversified, with the 74 who fall into the “other” category as the second biggest group, accounting for 22.6%. They are followed by 41 company managers (12.5%). It is important to note that the 30 students are the fourth largest group accounting for 9.2%, signifying that young students have become an active consumer group.

Figure 11 Occupations of the survey respondents



More than a third of the respondents (113) reported a monthly income in the range of Chinese RMB5,000 to 14,999 Yuan. They account for 34.6% of the total. This is currently the typical middle-class income in China. The comparatively low-income group (RMB1,999 and below) account for 24.5%, which is the second biggest group with 80 people. It is followed by the 51 people in the mid-low income group (RMB2,000-4,999) accounting for 15.6% of all respondents and then the 46 of the mid-high group (RMB15,000-24,999) at 14.1%.

Figure 12 Monthly incomes of the respondents

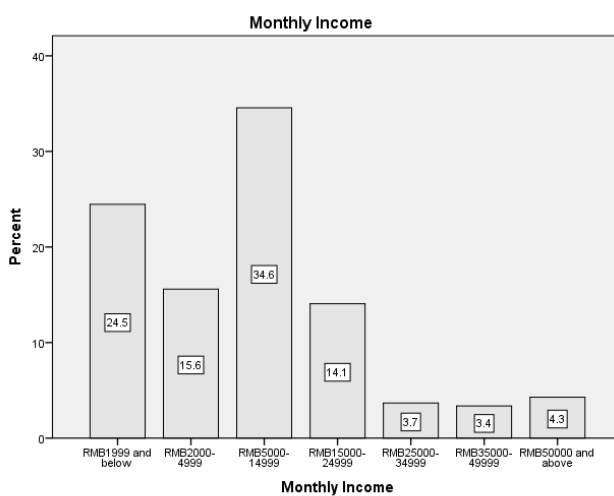


Figure 12 indicates that the distribution of incomes skews to the lower income groups of RMB1,999 and below and RMB2000-4999.

Housing has been one of the most important indicators of someone’s economic status and security in China. As listed in Table 10, almost half of the survey respondents (49.5%) own their own residences. The second biggest group (19.3%) live with their parents. This does not necessarily mean economic dependence. Rather it may be explained by traditional Chinese family values with parents preferring to have children living with them. The third majority group accounts for 17.4% in the category of renting their homes.

**Table 10 Housing types of the respondents**

		Housing			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
	Rent	57	17.4	17.5	17.5
	Own	162	49.5	49.7	67.2
	With Parents	63	19.3	19.3	86.5
	With Friends	14	4.3	4.3	90.8
	Other	30	9.2	9.2	100.0
	Total	326	99.7	100.0	
Missing	System	1	.3		
	Total	327	100.0		

Of those 30 respondents who reported to live in “other” types of housing, 13 provided the information that they live in dormitories, which suggest that they are likely to be students or early-career employees who reside in housing provided by employers.

## **VI. Notes**

These variables provided a basic description of the demographic characteristics of the survey respondents. Female respondents account for nearly two-thirds of the total. Initial analysis of the data generated a collective profile of Chinese consumers in terms of their age, location, and social groups.

However, these data do not answer the questions of whether they are luxury consumers and whether they are influenced by sports celebrity endorsement communications. In the next section, further analysis will attempt to provide their profiles in these regards.

### **5.2.2 Luxury consumption by survey respondents**

Table 11 below provides an overview of the survey respondents' consumption behaviour. From this table it is possible to observe whether the survey respondents have bought any luxury products. Also evident in the table are the frequency of their purchases in a year and the amounts of their purchasing spending. Since China has a culture that emphasises the relationships and connections between people, it is also interesting to investigate who paid for the purchases, together with the motives and locations of the consumption behaviour.



Variables	Frequency	Per cent	Variables	Frequency	Per cent
	n=327			n=327	
<b>Frequency</b>			<b>Reason for Purchase</b>		
Monthly	9	2.8	Product origin	15	4.6
Annually	123	37.6	Quality	134	41
Irregularly	166	50.8	Price	12	3.7
None/Seldom	29	8.9	Uniqueness	32	9.8
			Fashionable	17	5.2
<b>Monthly Spending (RMB)</b>			Good Service	6	1.8
1000 & less	206	63	Endorsed and advertised by favourite celebrity	15	4.6
1001-4999	79	24.2	Good for my image	62	19
5000-9999	18	5.5	Peer pressure	4	1.2
10000-19999	15	4.6	Other	27	8.3
20000 & more	9	2.8	Not applicable	3	0.9
<b>Paid By</b>			<b>Location of Purchase</b>		
Friends	7	2.1	When travelling abroad	139	42.5
Parents	41	12.5	Ask friends to buy at origin	40	12.2
Self	235	71.9	Hometown	67	20.5
Received as gift	15	4.6	Hong Kong/Macau/Taiwan	31	9.5
Other	25	7.6	Tier 1 Chinese Cities	23	7

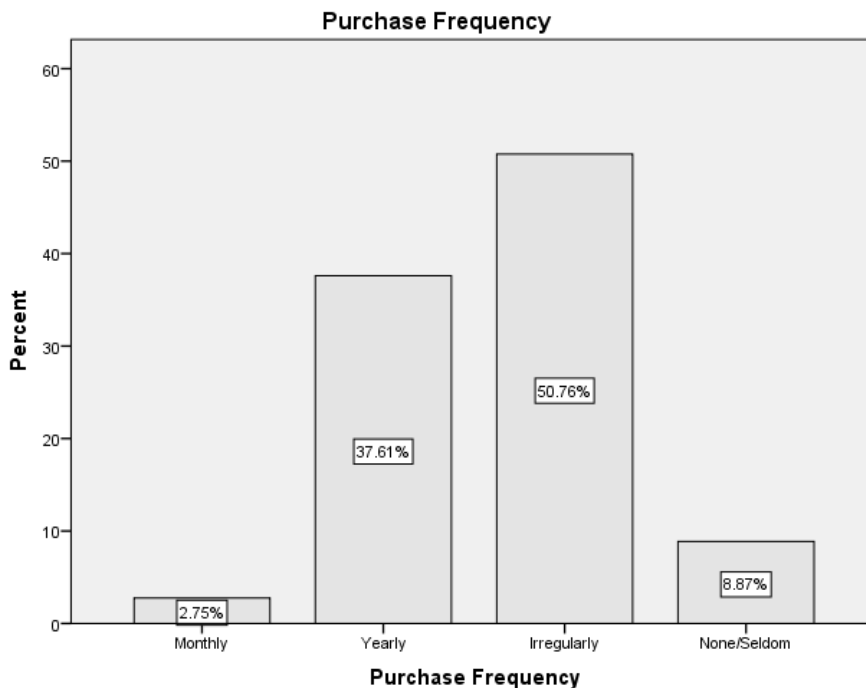
Not Applicable	4	1.2	Other	23	7
			Not applicable	4	1.2

**Table 11 Overview of luxury consumptions by the respondents**

### I. Frequency of purchase

More than half of the respondents (50.8%) do not have a fixed schedule of luxury purchase. Those who make at least one purchase per year account for 37.6% of the total. Although the questionnaire provided the choice of doing weekly shopping, none of the respondents indicated they were such a hyperactive buyer. However, nine respondents (2.8%) claimed that they make monthly purchases. These data as exhibited in Figure 13 indicate that about 91% of the survey respondents have experience of shopping for luxury products.

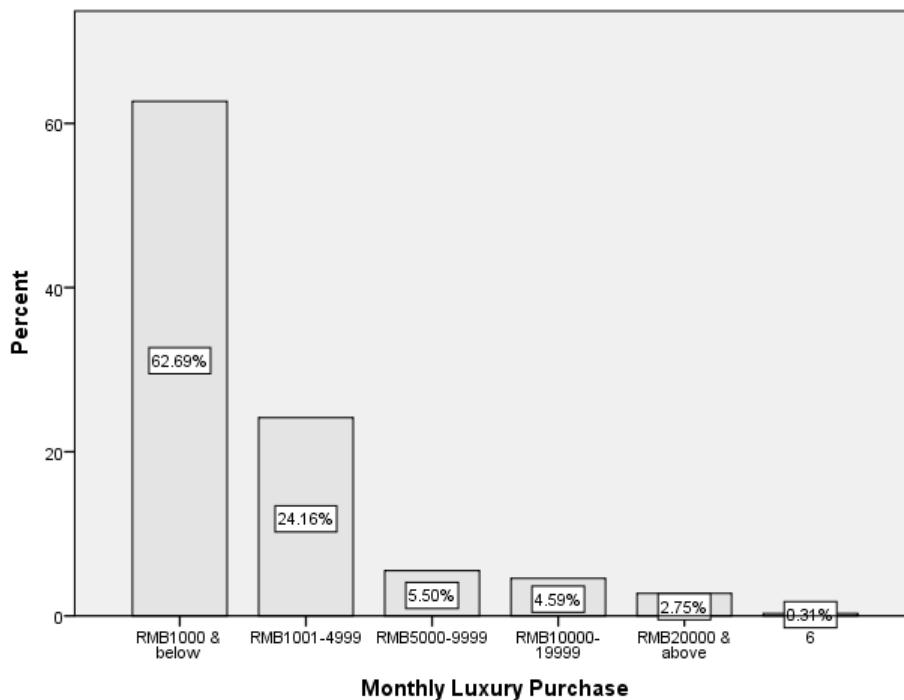
**Figure 13 Luxury purchase frequencies of the respondents**



## II. Purchase spending

In order to discover the real luxury consumers, the research design required the survey to measure respondents' monthly spending on luxury products. Without a solid monthly spending, a luxury consumer can only be a casual buyer. The collected data indicate that 63% of the respondents spend less than Chinese RMB1,000 (£98 as of February 2014) per month on luxury consumption. It is very difficult to include them as luxury consumers. About 24.2% of the respondents spend more than that amount but less than Chinese RMB4,999 (£490). Only 2.8% indicated that their purchasing power is extremely high by spending more than RMB20,000 (£1,960) a month on luxury goods. Overall, 37% of all the survey respondents have the purchasing power up to the level of being a regular luxury consumer. The data heavily skew to the low purchasing power groups.

Figure 14 Monthly luxury purchases in RMB currency



### III. Purchased brands

Among the 327 respondents, 84.4% of them confirmed that they purchased some luxury products over the past 12 months (Table 12). Only 14.7% didn't have any purchasing history over the course of a year. European fashion brands, namely Burberry, Prada, Ralph Lauren, Louis Vuitton, Gucci, and Tiffany & Co. accounted for 37.6% of the respondents' luxury shopping history. The consumers' choices of brands are widespread; those who indicated "other" brands accounted for 35.2%. The net price of a single commodity was one of the key factors of consideration when they made purchasing decisions. The purchase of middle-range luxury cars was mainly Audi, Mercedes, and BMW. However the purchases of high-valued luxury cars such as Porsche and Ferrari were miniscule, indicating that consumer's purchasing behaviour is restricted by the cost of such purchases.

**Table 12 12-month luxury purchases by brand**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Mercedes	10	3.1	3.1	3.1
	BMW	5	1.5	1.5	4.6
	Louis Vuitton	18	5.5	5.5	10.1
	Gucci	12	3.7	3.7	13.8
	Audi	12	3.7	3.7	17.4
	Hermes	3	.9	.9	18.3
	Cartier	5	1.5	1.5	19.9
	Tiffany & Co	16	4.9	4.9	24.8
	Porsche	1	.3	.3	25.1
	Burberry	31	9.5	9.5	34.6
	Prada	24	7.3	7.3	41.9
	Ralph Lauren	22	6.7	6.7	48.6
	Moet & Chandon	4	1.2	1.2	49.8
	Ferrari	1	.3	.3	50.2
	No Purchase	48	14.7	14.7	64.8
	Other	115	35.2	35.2	100.0
	Total	327	100.0	100.0	

In the “other” category (Table 13), the 115 respondents reported 14 brands for a total of 23 times. Calvin Klein was mentioned six times. This analysis indicates that consumers demonstrate very low levels of brand loyalty or preference to certain brands.

**Table 13 "Other" brands purchased over 12 months by respondents**

		Frequency
Valid	Bottega Veneta	2
	Calvin Klein	6
	Chanel	3
	Dior	1
	Dolce & Gabbana	1
	Fendi, Miu Miu,	1
	Longines	1
	Marc Jacobs	1
	Mont Blanc, Angis	1
	Mulberry	2
	Omega	1
	Salvatore Ferragamo	1
	TOD's	1
	Multiple	1
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	Total	23
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#### IV. Actual buyers who paid

Most of the survey respondents paid for their luxury consumption using their own money. Such buyers account for 71.9% of the total respondents. The second biggest group comprises those whose parents provided the funds for the purchase, accounting for 12.5%. About 7.6% would not disclose the source of the payments. Other groups are so small that they are negligible. Only 1.2% of the survey respondents regarded this question as not applicable to their consumption situations because they claimed not to buy any luxury products.

**Table 14 Paid-by information reported by survey respondents**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Friends	7	2.1	2.1	2.1
	Parents	41	12.5	12.5	14.7
	Myself	235	71.9	71.9	86.5
	Gift	15	4.6	4.6	91.1
	Other	25	7.6	7.6	98.8
	Not Applicable	4	1.2	1.2	100.0
	Total	327	100.0	100.0	

#### V. Reasons for luxury consumption

The quality of luxury products is the most frequently mentioned reason for the purchases. A total of 41% of the respondents chose quality as their primary reason for buying luxury goods. Vanity comes as the second biggest reason. It is interesting to note that 19% considered that buying luxury products was good for their image. Only 9.8% of the survey respondents value the uniqueness of luxury brands. They are followed by the 9.5% who chose the “other” reasons including design. Only 4.6%

were motivated by celebrity endorsement, which ranks as the fifth reason together with origin of manufacture for Chinese consumers to make their purchase decision.

**Table 15 Reasons for purchasing luxury products reported by survey respondents**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Origin of manufacturing	15	4.6	4.6	4.6
	Quality	134	41.0	41.0	45.6
	Price	12	3.7	3.7	49.2
	Uniqueness	32	9.8	9.8	59.0
	Fashionable	17	5.2	5.2	64.2
	Service	6	1.8	1.8	66.1
	Endorsed by my favourite celebrity	15	4.6	4.6	70.6
	Good for my image	62	19.0	19.0	89.6
	Peer competition	4	1.2	1.2	90.8
	Other	27	8.3	8.3	99.1
	Not applicable	3	.9	.9	100.0
	Total	327	100.0	100.0	

Among the 27 respondents who chose the “other” reasons, two reported that the designs of luxury products are the main reason of their purchase. One of the respondents considers luxury products as a means to demonstrate affection to loved ones.



**Table 16 Other reasons of purchasing luxury products**

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	324	99.1	99.1	99.1
Design	2	.6	.6	99.7
For someone I love	1	.3	.3	100.0
Total	327	100.0	100.0	

## **VI. Locations of purchase**

Most of the survey respondents (42.5%) bought their luxury products when travelling outside China. Buying important brands close to their manufacturing origins is important, as 12.2% of the respondents asked their friends to make proxy purchases outside China. Also, although data discussed earlier indicate that there are 41.3% of the respondents living in the Tier 1 cities of Beijing, Shanghai, and Guangzhou, only 7.0% of the respondents indicate they buy luxury products in those cities. That partly supports the suggestion that overseas purchase is the primary choice for many. The statistics also indicate that 9.5% of the survey respondents like to buy luxury goods in Hong Kong, Macau and Taiwan. The three Greater China regions are practically treated as foreign regions outside the country. However, it is also noticeable that 20.5% of the respondents reported buying luxury goods in their hometowns.

**Table 17 Location of luxury purchases**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Travelling Abroad	139	42.5	42.5	42.5
	Ask friends to buy at product origin	40	12.2	12.2	54.7
	Where I live	67	20.5	20.5	75.2
	Hong Kong/Macau/Taiwan	31	9.5	9.5	84.7
	Big Cities in China	23	7.0	7.0	91.7
	Other	23	7.0	7.0	98.8
	Not applicable	4	1.2	1.2	100.0
	Total	327	100.0	100.0	

Of the 23 respondents who reported shopping luxury in “other” locations, one reported buying such commodities through overseas shopping agents who advertised their services on the Internet. The survey data obviously indicate that online shopping was yet to become a popular choice for luxury product buyers in China at the time when the survey was conducted. One another respondent reported multiple-location shopping behaviour.

**Table 18 Other locations of luxury purchases**

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	325	99.4	99.4	99.4
All places	1	.3	.3	99.7
Internet Agent	1	.3	.3	100.0
Total	327	100.0	100.0	

## **VII. Notes**

Although more than 90% of the survey respondents claimed to buy more or less luxury products from time to time, only about a third of them would have the purchasing power to allocate some substantial monthly spending on luxury consumption. The majority of the survey respondents would buy luxury commodities without a regular schedule. Chinese luxury consumers mostly buy luxury products to satisfy their own needs with their own money. Most of them make purchases overseas when travelling abroad. Those who do not have the chance to travel would ask their friends to shop for them. The consumers demonstrated that they mostly made purchasing decisions relying on their own judgement of the luxury products' core values such as quality and self-image. It is interesting to find that celebrity endorsement plays a minor role in influencing the consumers.

After these initial findings about consumers, the next section will move on to analyse the relationships between the variables to generate further in-depth understanding of the characteristics of the surveyed Chinese consumers and their luxury consumptions.

## 5.3 Discussions: Understanding Chinese luxury consumers

The luxury market in Mainland China was worth US\$18.9 billion in 2013 (Bain & Company, 2014) and will become one of the world's biggest consumer markets for luxury products. As it is an emerging market and luxury consumption is a new social phenomenon in the country, academic understanding of Chinese consumers is insufficient to answer the research question of this thesis. This section of this chapter aims to examine the variables of gender, age, income, residence, purchase frequency, spending, motivations, and payment behaviour to draw a portrait of typical luxury consumers in China.

### 5.3.1 Female-led consumption

Luxury consumption in China started in the last decade of the 20<sup>th</sup> century mostly as a male-oriented pursuit, with purchase interests centred on liquor, ties, suits, and wristwatches (Liu, 2013; Yan, Chen, & Cheng, 2009; Yang, 2009). But in the 21<sup>st</sup> century, luxury consumption is becoming more feminised, with handbags, shoes and fashion featuring strongly (Liao & Zhou, 2009; Tao, 2010). This research has produced data to evaluate the current situation of this trend. In this section, a series of analyses looks at the relationships between different variables identified by the survey data to find out that the female consumers are now forming the driving force of luxury consumption by Chinese consumers.

Firstly, in all different age groups of the respondents who answered this survey questionnaire, women have been the majority, as exhibited below in Table 19, which is a cross-tabulation examination of the relationships between the categorical variables of the age groups and gender groups.

**Table 19 Age group \* Gender cross-tabulation analysis**

	Gender	Total
--	--------	-------

			Male	Female	
Age Groups	19-30	Count	28	82	110
		% within Age Groups	25.5%	74.5%	100.0%
		% within Gender	24.1%	38.9%	33.6%
	31-40	Count	47	62	109
		% within Age Groups	43.1%	56.9%	100.0%
		% within Gender	40.5%	29.4%	33.3%
	41-50	Count	34	48	82
		% within Age Groups	41.5%	58.5%	100.0%
		% within Gender	29.3%	22.7%	25.1%
	51-60	Count	7	17	24
		% within Age Groups	29.2%	70.8%	100.0%
		% within Gender	6.0%	8.1%	7.3%
	61-70	Count	0	1	1
		% within Age Groups	0.0%	100.0%	100.0%
		% within Gender	0.0%	0.5%	0.3%
	71-80	Count	0	1	1
		% within Age Groups	0.0%	100.0%	100.0%
		% within Gender	0.0%	0.5%	0.3%
Total		Count	116	211	327
		% within Age Groups	35.5%	64.5%	100.0%
		% within Gender	100.0%	100.0%	100.0%

The first and most interesting point that is revealed by this analysis is that Chinese women start to be interested in luxury consumption at a younger age than men, if participating in this voluntary questionnaire survey can be considered a demonstration of interest. In the youngest age group, which is the 19-30 age group when young people are in their college and early career, women account for 74.5% of the total. It seems that within this age group, women are twice as likely as men to be interested in the concept of luxury. Also, 38.9% of all the female survey respondents belong to this age group, which is the biggest within-gender distribution, followed by 29.4% of all female respondents in the age group of 31-40 years old. Such differences become less obvious and less drastic in the following two age groups.

The second point to note is that in the age groups of 31-40 and 41-50, the distributions of male respondents are proportionally greater than those of female respondents. In the age group of 31-40, women respondents account for 56.9%; and in the age group of 41-50, the proportion of women respondents are at the same level, which is 58.5%. At the same time, men account for 43.1% and 41.5% respectively in these age groups, which exceeds the par proportion of 35.5% of men in the total sample. More than 40% of male respondents are in the age group of 31-40. This indicates that during their mid-career and middle age, men show a stronger level of interest in the concept of luxury, although there are more women than men in these age groups. In the more senior age groups, because the respondent sizes are too small (51-60: 24; 61-70: 1; 71-80: 1), the greater number of women, ranging from 70% to 100%, is acknowledged as revealing the overall female-driven trend, although the statistics may generate a higher probability of error. It is arguable that this dominance of female interest is just a natural reflection of the imbalance of gender composition of the entire survey respondent population (female: 64.5%, male: 35.5%). However, a closer look at the within-gender composition reveals that 38.9% of all the female respondents are aged between 19-30, whereas only 24.1% of the male respondents are in this age group. This indicates that in China young women are keener on luxury than young men. The data indicate that the male within-gender percentage peaked in the age group of 31-40: 40.5%, whereas females dropped sharply to 29.4%. In the next more senior age groups the male and female within-gender compositions tended to be more levelled and balanced.

It is also interesting to investigate whether their income levels proportionally support the stronger interest in luxury by Chinese women. Further cross-tabulation analysis of monthly income and gender as exhibited in Table 20 below suggests that Chinese women generally tend to be in the weaker position in terms of income levels when compared with men.

**Table 20 Monthly income \* Gender cross-tabulation**

		Gender		
		Male	Female	Total
Monthly Income RMB1999 and below	Count	14	66	80
	% within Monthly Income	17.5%	82.5%	100.0%
	% within Gender	12.1%	31.3%	24.5%
RMB2000-4999	Count	14	37	51
	% within Monthly Income	27.5%	72.5%	100.0%
	% within Gender	12.1%	17.5%	15.6%
RMB5000-14999	Count	46	67	113
	% within Monthly Income	40.7%	59.3%	100.0%
	% within Gender	39.7%	31.8%	34.6%
RMB15000-24999	Count	24	22	46
	% within Monthly Income	52.2%	47.8%	100.0%
	% within Gender	20.7%	10.4%	14.1%
RMB25000-34999	Count	6	6	12

	% within Monthly Income	50.0%	50.0%	100.0%
	% within Gender	5.2%	2.8%	3.7%
RMB35000-49999	Count	6	5	11
	% within Monthly Income	54.5%	45.5%	100.0%
	% within Gender	5.2%	2.4%	3.4%
RMB50000 and above	Count	6	8	14
	% within Monthly Income	42.9%	57.1%	100.0%
	% within Gender	5.2%	3.8%	4.3%
Total	Count	116	211	327
	% within Monthly Income	35.5%	64.5%	100.0%
	% within Gender	100.0%	100.0%	100.0%

Despite the overall female majority among the entire survey population (male: 35.5%, female: 64.5%), the male population accounts for higher or roughly equal proportions in the medium-high and high-income groups. For example, in the medium-high monthly income group of RMB15,000-24,999, the male population accounts for 52.2%, whereas the female population accounts for 48.8%. In the medium and low monthly income groups, women have proportionally more than their overall majority percentage. A more revealing observation is available through examining the within-gender statistics. Women are more likely than men to be placed in the low and medium-low income groups. The data indicate that 31.3% of the female population is in the low monthly income group of RMB1999 and below, and 17.5% of them are in the medium-low group of RMB2000 to 4999. In either of these income groups, the male within-gender percentage is only 12.1%. Women and



men have a roughly equal footing in the medium-income group of RMB5000-14999 per month, although women are still about 8% less likely than men to be in this income level. In all the higher income levels, women are generally less likely than men to earn that amount of monthly income. Women only account for the absolute and comparative majorities in the low and medium-low monthly income groups.

These data provide less obvious but still strong evidence to support the argument that women could drive Chinese luxury consumption. The female respondents tend to demonstrate stronger interest in luxury consumption at younger ages and in less privileged income status. They are not limited by such conditions to have aspirations for luxury consumption.

However, it is interesting and necessary to find out whether the weaker income status of women limits their frequency of making luxury purchases. In the following Table 21, a cross-tabulation study examines the annual purchase frequencies by gender groups. Nobody reported a hyperactive weekly purchase frequency. In all other activity categories, the data indicate that women and men reported normal purchase frequencies that correspond to the overall distribution of the gender composition (64.5% female versus 35.5% male). It is particularly interesting to observe that in the category of those who make annual irregular purchases, the male to female ratio is 34.9% to 65.1%, demonstrating a close match to the natural gender distribution among the entire population. In each gender group, about 50% of men and women reported such irregular annual purchasing frequencies. This indicates that luxury purchases by Chinese consumers are characterised by spontaneity and are largely unscheduled and unplanned. It is noteworthy that among the active group of people who make monthly luxury purchases, the within-gender ratio of women is 0.2% higher than that of men, indicating that women are slightly more active purchasers.

**Table 21 Purchase frequency \* Gender cross-tabulation**

	Gender	Total

		Male	Female		
Purchase Frequency	Monthly	Count	3	6	9
		% within Purchase Frequency	33.3%	66.7%	100.0%
		% within Gender	2.6%	2.8%	2.8%
Yearly		Count	46	77	123
		% within Purchase Frequency	37.4%	62.6%	100.0%
		% within Gender	39.7%	36.5%	37.6%
Irregularly		Count	58	108	166
		% within Purchase Frequency	34.9%	65.1%	100.0%
		% within Gender	50.0%	51.2%	50.8%
None/Seldom		Count	9	20	29
		% within Purchase Frequency	31.0%	69.0%	100.0%
		% within Gender	7.8%	9.5%	8.9%
Total		Count	116	211	327
		% within Purchase Frequency	35.5%	64.5%	100.0%
		% within Gender	100.0%	100.0%	100.0%

It can be inferred from the above analysis that women's role in driving luxury consumption in China must be studied carefully. Although they may outnumber men in total numbers, women may not necessarily be more active buyers than men. This is contrary to most of the perceptions of previous researches and media reports. In

the following analysis, further information is available to support this finding. The following Table 22 investigates the estimates by the questionnaire respondents about their average monthly spending on purchasing luxury merchandise by gender groups, in order to understand more about whether female consumers in China actually have a greater luxury spending.

**Table 22 Monthly luxury purchase \* Gender cross-tabulation**

		Gender			
		Male	Female	Total	
Monthly Luxury Purchase	RMB1000 & below	Count	74	132	206
		% within Monthly Luxury Purchase	35.9%	64.1%	100.0%
		% within Gender	63.8%	62.6%	63.0%
	RMB1001-4999	Count	29	50	79
		% within Monthly Luxury Purchase	36.7%	63.3%	100.0%
		% within Gender	25.0%	23.7%	24.2%
	RMB5000-9999	Count	7	11	18
		% within Monthly Luxury Purchase	38.9%	61.1%	100.0%
		% within Gender	6.0%	5.2%	5.5%
RMB10000-19999	Count	3	12	15	
	% within Monthly Luxury Purchase	20.0%	80.0%	100.0%	
	% within Gender	2.6%	5.7%	4.6%	
RMB20000 & above	Count	3	6	9	

	% within Monthly Luxury Purchase	33.3%	66.7%	100.0%
	% within Gender	2.6%	2.8%	2.8%
Total	Count	116	211	327
	% within Monthly Luxury Purchase	35.5%	64.5%	100.0%
	% within Gender	100.0%	100.0%	100.0%

The above Monthly Luxury Purchase and Gender cross-tabulation analysis indicates that men's and women's reporting in four of the categories are consistent with the overall gender composition (64.5% female/35.5% male) of the entire survey population, with women accounting for an average of about 64%. Only in the category of making RMB10000-19999 Yuan a month purchases, 12 female respondents accounted for an 80% majority over the three male peers. The other approach of examining the within-gender ratio suggests a roughly similar purchasing power between men and women. Particularly in the low and medium-level consumption categories of RMB1000 & below and RMB1001-4999, men and women reported the same levels of within-gender activity. This parity also applies to the super-high level of spending RMB20000 & above per month on luxury purchases. However it is intriguing to observe the two high-level consumption categories, which are RMB5000-9999 and RMB10000-19999. These two levels are the most representative ones of typical luxury consumption. The within-gender analysis suggests that in the RMB5000-9999 category, men are slightly more active than women, whereas in the RMB10000-19999 level women are more active. From these two analyses, it is possible to observe that men and women are yet again equal in luxury consumption behaviour in within-gender terms.

### 5.3.2 Overseas purchases

One of the primary reasons that Chinese consumers prefer making overseas purchases is because the prices of luxury products in China are 40 to 50% higher

than in Europe (The Economist, 2014). The data of this research indicate that 42.5% of the respondents reported buying luxury merchandise when travelling abroad. Together with those 12.2% who reported asking friends to buy at the product's origin, which largely means Europe, and those 9.5% who purchased from the Hong Kong/Macau/Taiwan regions, those who purchased outside China account for 64.2%, which constitutes a sheer majority. The following analyses look in further detail to understand this consumer behaviour.

The first discussion is about luxury purchase location preference by consumers in different age groups. Those who are 31 to 40 years old represent the highest percentage (42.4%) of those who purchase luxury goods when travelling abroad. Also within this age group, 54.1% of total respondents reported a preference for shopping when travelling. This age group is also active in terms of asking friends to do proxy shopping abroad, as reported by 32.5% of them. They are also the most active group shopping in the Hong Kong, Macau and Taiwan regions as reported by 38.7%. Therefore it is possible to conclude that Chinese consumers aged 31-40 are the keenest shoppers for luxury products outside China. The second group of active overseas buyers are those aged 41-50. This group is usually comprised of affluent people. 25.2% of them report shopping when travelling abroad, 10% of them asked friends to buy overseas, and 32.3% of them bought luxury products in the Greater China territories. These two groups are in contrast to those younger consumers aged between 19 and 30.

**Table 23 Location of purchase \* Age group cross-tabulation**

			Age Groups					Total
			19-30	31-40	41-50	51-60	61-70	71-80
Location of Purchase	Travelling Abroad	% within Location of Purchase	25.2%	42.4%	25.2%	7.2%		100.0%
		% within Age Groups	31.8%	54.1%	42.7%	41.7%		42.5%

Ask friends to buy at product origin	% within Location of Purchase	47.5%	32.5%	10.0%	7.5%	2.5%	100.0%
	% within Age Groups	17.3%	11.9%	4.9%	12.5%	100.0%	12.2%
Where I live	% within Location of Purchase	40.3%	25.4%	31.3%	3.0%		100.0%
	% within Age Groups	24.5%	15.6%	25.6%	8.3%		20.5%
Hong Kong/Macau/Taiwan	% within Location of Purchase	22.6%	38.7%	32.3%	6.5%		100.0%
	% within Age Groups	6.4%	11.0%	12.2%	8.3%		9.5%
Big Cities in China	% within Location of Purchase	47.8%	8.7%	30.4%	13.0%		100.0%
	% within Age Groups	10.0%	1.8%	8.5%	12.5%		7.0%
Other	% within Location of Purchase	43.5%	26.1%	13.0%	13.0%	4.3%	100.0%
	% within Age Groups	9.1%	5.5%	3.7%	12.5%	100.0%	7.0%
Not applicable	% within Location of Purchase	25.0%		50.0%	25.0%		100.0%
	% within Age Groups	0.9%		2.4%	4.2%		1.2%

Total	% within	33.6%	33.3%	25.1%	7.3%	0.3%	0.3%	100.0%
	Location of Purchase							
	% within Age Groups	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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The younger consumers, those between 19 and 30, are also keen overseas shoppers as 31.8% of them shop when travelling, 6.4% of them buy luxury goods in the Greater China territories, and 17.3% of them ask friends to do proxy buying from abroad. However, apparently the younger consumers are the keenest ones among all the age groups to ask friends to buy luxury products for them from overseas. They account for 47.5% of those who reported proxy purchases. The data also suggest that younger consumers are most likely among all the age groups to resort to purchasing within China to satisfy their needs and desires of luxury consumption. They account for 40.3% of those who reported shopping where they live and 47.8% of those who reported shopping in big cities in China. Overall, it can be concluded from this analysis that for all age groups, Chinese consumers prefer purchasing luxury products outside Mainland China either through direct visits or asking friends to buy for them. However, the consumers within the youngest age group are limited in the availability of financial means to travel abroad, therefore they resort to proxy shopping or buying luxury products locally inside China.

### 5.3.3 Purchasing power and spending behaviour of consumers

The earlier discussions suggest that female consumers lead the luxury consumption in China and about half of the purchases take place outside Mainland China. This section looks further into the details of Chinese consumers in terms of their purchasing power in order to generate a more complete profile of the luxury consumers of the world's second biggest economy.

The variables of purchase frequency and the average monthly luxury purchase expenditure are the two main measurements of actual purchasing behaviour and activeness. When being put in juxtaposition with the survey respondents' age,

location, monthly income and occupation, they provide some insights about Chinese luxury consumers.

Table 24 demonstrates the activeness of luxury consumption by various age groups. Of all the 29 cases who reported that they seldom or never purchased luxury products, about half are aged between 19-30. This young age group also reports the smallest percentage of monthly purchases and 57.3% of them reported irregular purchases.

**Table 24 Age groups \* Purchase frequency cross-tabulation**

		Purchase Frequency				Total	
		Monthly	Yearly	Irregularly	None/Seldom		
Age Groups	19-30	Count	1	32	63	14	110
		% within Age Groups	0.9%	29.1%	57.3%	12.7%	100.0%
		% within Purchase Frequency	11.1%	26.0%	38.0%	48.3%	33.6%
	31-40	Count	3	49	50	7	109
		% within Age Groups	2.8%	45.0%	45.9%	6.4%	100.0%
		% within Purchase Frequency	33.3%	39.8%	30.1%	24.1%	33.3%
	41-50	Count	4	32	39	7	82
		% within Age Groups	4.9%	39.0%	47.6%	8.5%	100.0%
		% within Purchase Frequency	44.4%	26.0%	23.5%	24.1%	25.1%
	51-60	Count	1	10	12	1	24



	% within Age Groups	4.2%	41.7%	50.0%	4.2%	100.0%
	% within Purchase Frequency	11.1%	8.1%	7.2%	3.4%	7.3%
61-70	Count	0	0	1	0	1
	% within Age Groups	0.0%	0.0%	100.0%	0.0%	100.0%
	% within Purchase Frequency	0.0%	0.0%	0.6%	0.0%	0.3%
71-80	Count	0	0	1	0	1
	% within Age Groups	0.0%	0.0%	100.0%	0.0%	100.0%
	% within Purchase Frequency	0.0%	0.0%	0.6%	0.0%	0.3%
Total	Count	9	123	166	29	327
	% within Age Groups	2.8%	37.6%	50.8%	8.9%	100.0%
	% within Purchase Frequency	100.0%	100.0%	100.0%	100.0%	100.0%

This analysis suggests that the age groups of 31-40 and 41-50 are the most active luxury consumers in China, with the 41-50 years olds demonstrating slightly more frequent purchasing activities. These two groups report most cases of monthly, yearly, and irregular purchase frequencies. For the age group of 31-40, the yearly purchase is almost equal to irregular shopping.

The Table 25 analysis of monthly luxury purchase expenditure against the age groups also suggests that the age group of 31-40 is the main luxury consumer group in China, although the group is slightly less active than the next-level age group of 41-

50 in terms of high monthly expenditure of between RMB5000-9999 and RMB10000-19999 per month. It is interesting to observe that the age group of 19-30 also has six counts of spending RMB5000-9999 per month and four cases of spending RMB10000-19999 per month. The total count of 10 is equal to that of the 31-40 age group. This suggests that there are some young people with strong purchasing power in terms of high-value consumption. Young people in China are becoming increasingly active in luxury consumption, represented particularly by those with wealthy parents who might also have strong control of governmental power which give the family great wealth. Such young and fashionable consumers are generally called the “rich second generation” in China. However, the age group of 19-30 has the greatest count of purchasing less than RMB1000 per month. This analysis suggests that the older age groups between 31 to 50 are the main components of Chinese luxury consumers.

**Table 25 Age groups \* Monthly luxury purchase spending cross-tabulation**

		Age Groups * Monthly Luxury Purchase Crosstabulation					Total
		Monthly Luxury Purchase					
		RMB1000 & below	RMB1001-4999	RMB5000-9999	RMB10000-19999	RMB20000 & above	
19-30	Count	77	19	6	4	4	110
	% within Age Groups	70.0%	17.3%	5.5%	3.6%	3.6%	100.0%
	% within Monthly Luxury Purchase	37.4%	24.1%	33.3%	26.7%	44.4%	33.6%
31-40	Count	66	30	5	5	3	109
	% within Age Groups	60.6%	27.5%	4.6%	4.6%	2.8%	100.0%
	% within Monthly Luxury Purchase	32.0%	38.0%	27.8%	33.3%	33.3%	33.3%
41-50	Count	44	26	7	4	1	82
	% within Age Groups	53.7%	31.7%	8.5%	4.9%	1.2%	100.0%
	% within Monthly Luxury Purchase	21.4%	32.9%	38.9%	26.7%	11.1%	25.1%
51-60	Count	18	4	0	2	0	24
	% within Age Groups	75.0%	16.7%	0.0%	8.3%	0.0%	100.0%
	% within Monthly Luxury Purchase	8.7%	5.1%	0.0%	13.3%	0.0%	7.3%
61-70	Count	1	0	0	0	0	1
	% within Age Groups	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Luxury Purchase	0.5%	0.0%	0.0%	0.0%	0.0%	0.3%
71-80	Count	0	0	0	0	1	1
	% within Age Groups	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
	% within Monthly Luxury Purchase	0.0%	0.0%	0.0%	0.0%	11.1%	0.3%
Total	Count	206	79	18	15	9	327
	% within Age Groups	63.0%	24.2%	5.5%	4.6%	2.8%	100.0%
	% within Monthly Luxury Purchase	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Purchasing power is generally supported by incomes. In the next discussion, the

reported monthly income is compared against the age groups of the respondents for further understandings. From Table 26, it is evident that the age group of 31-40 reported the most cases (56 counts) of income in the range of RMB5000-14999 bracket, followed by the 41-50 age group (27). The 31-40 age group is also strong in the even higher income level of RMB15000-24999 with 21 cases reported, followed by the 41-50 age group with 17 counts. The youngest age group of 19-30 reported 71 cases of monthly income below RMB1999. This suggests that 64.5% of the respondents aged between 19-30 are in this low income bracket. Only 18.2% of this age group is in the RMB5000-14999 income bracket, and 2.7% of them have an income of more than RMB15000 a month.

**Table 26 Monthly income \* Age group cross-tabulation**

		Age Groups						Total
		19-30	31-40	41-50	51-60	61-70	71-80	
RMB1999 and below	Count	71	3	4	2	0	0	80
	% within Monthly Income	88.8%	3.8%	5.0%	2.5%	0.0%	0.0%	100.0%
	% within Age Groups	64.5%	2.8%	4.9%	8.3%	0.0%	0.0%	24.5%
RMB2000-4999	Count	16	15	12	8	0	0	51
	% within Monthly Income	31.4%	29.4%	23.5%	15.7%	0.0%	0.0%	100.0%
	% within Age Groups	14.5%	13.8%	14.6%	33.3%	0.0%	0.0%	15.6%
RMB5000-14999	Count	20	56	27	8	1	1	113
	% within Monthly Income	17.7%	49.6%	23.9%	7.1%	0.9%	0.9%	100.0%
	% within Age Groups	18.2%	51.4%	32.9%	33.3%	100.0%	100.0%	34.6%
RMB15000-24999	Count	3	21	17	5	0	0	46
	% within Monthly Income	6.5%	45.7%	37.0%	10.9%	0.0%	0.0%	100.0%
	% within Age Groups	2.7%	19.3%	20.7%	20.8%	0.0%	0.0%	14.1%
RMB25000-34999	Count	0	5	7	0	0	0	12
	% within Monthly Income	0.0%	41.7%	58.3%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	0.0%	4.6%	8.5%	0.0%	0.0%	0.0%	3.7%
RMB35000-49999	Count	0	6	5	0	0	0	11
	% within Monthly Income	0.0%	54.5%	45.5%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	0.0%	5.5%	6.1%	0.0%	0.0%	0.0%	3.4%
RMB50000 and above	Count	0	3	10	1	0	0	14
	% within Monthly Income	0.0%	21.4%	71.4%	7.1%	0.0%	0.0%	100.0%
	% within Age Groups	0.0%	2.8%	12.2%	4.2%	0.0%	0.0%	4.3%
	Count	110	109	82	24	1	1	327
	% within Monthly Income	33.6%	33.3%	25.1%	7.3%	0.3%	0.3%	100.0%
	% within Age Groups	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The next analysis will look into the relationships between the residential locations of the respondents and their reported monthly income to understand whether the

regional difference of the respondents' locations would affect their luxury consumption. In this survey, respondents were asked to choose from seven Chinese cities, namely Beijing, Shanghai, Guangzhou, Tianjin, Hangzhou, Chongqing, and Chengdu. For those who live outside these cities, there is a choice of "other" with an open answer. The choice of these seven cities is based upon the concept of "three-tier cities" (Wong & Yu, 2003), depending on the different levels of economic development in different Chinese cities. China's first-tier cities are generally considered to be represented by Beijing, Shanghai, and Guangzhou. For this research, the first-tier cities are defined as such. This research chooses the second-tier cities as represented in the survey by Tianjin and Hangzhou. The third-tier cities are represented by Chongqing and Chengdu in the southwestern inland area for the purposes of this research.

The first discussion is to examine if there are differences in monthly income among the respondents in different regions. In Table 27 below the respondents' regions and their monthly income data are compared in the cross-tabulation study.

**Table 27 Regions \* Monthly income cross-tabulation**

		Regions * Monthly Income Crosstabulation						Total	
		Monthly Income							
		RMB1999 and below	RMB2000-4999	RMB5000-14999	RMB15000-24999	RMB25000-34999	RMB35000-49999	RMB50000 and above	
Beijing	Count	5	4	28	8	3	5	4	57
	% within Regions	8.8%	7.0%	49.1%	14.0%	5.3%	8.8%	7.0%	100.0%
	% within Monthly Income	6.3%	7.8%	24.8%	17.4%	25.0%	45.5%	28.6%	17.4%
Shanghai	Count	12	5	16	7	1	1	2	44
	% within Regions	27.3%	11.4%	36.4%	15.9%	2.3%	2.3%	4.5%	100.0%
	% within Monthly Income	15.0%	9.8%	14.2%	15.2%	8.3%	9.1%	14.3%	13.5%
Guangzhou	Count	10	6	13	2	1	1	1	34
	% within Regions	29.4%	17.6%	38.2%	5.9%	2.9%	2.9%	2.9%	100.0%
	% within Monthly Income	12.5%	11.8%	11.5%	4.3%	8.3%	9.1%	7.1%	10.4%
Tianjin	Count	12	0	11	1	1	0	0	25
	% within Regions	48.0%	0.0%	44.0%	4.0%	4.0%	0.0%	0.0%	100.0%
	% within Monthly Income	15.0%	0.0%	9.7%	2.2%	8.3%	0.0%	0.0%	7.6%
Hangzhou	Count	12	3	11	3	0	0	1	30
	% within Regions	40.0%	10.0%	36.7%	10.0%	0.0%	0.0%	3.3%	100.0%
	% within Monthly Income	15.0%	5.9%	9.7%	6.5%	0.0%	0.0%	7.1%	9.2%
Chongqing	Count	7	3	5	2	0	0	1	18
	% within Regions	38.9%	16.7%	27.8%	11.1%	0.0%	0.0%	5.6%	100.0%
	% within Monthly Income	8.8%	5.9%	4.4%	4.3%	0.0%	0.0%	7.1%	5.5%
Chengdu	Count	1	11	7	3	0	0	0	22
	% within Regions	4.5%	50.0%	31.8%	13.6%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	21.6%	6.2%	6.5%	0.0%	0.0%	0.0%	6.7%
Other	Count	21	19	22	20	6	4	5	97
	% within Regions	21.6%	19.6%	22.7%	20.6%	6.2%	4.1%	5.2%	100.0%
	% within Monthly Income	26.3%	37.3%	19.5%	43.5%	50.0%	36.4%	35.7%	29.7%
Count		80	51	113	46	12	11	14	327
% within Regions		24.5%	15.6%	34.6%	14.1%	3.7%	3.4%	4.3%	100.0%
% within Monthly Income		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Examined against the percentage of each city's residents among all respondents, the reported monthly income data reveal the difference between the respondents'

earning power. For example, the respondents from Beijing account for 17.4% of the total number of 327 respondents. The data of the “% within Monthly Income” indicate that those who reported earning more than RMB5000-RMB14999 per month account for a consistently higher percentage than the 17.4% par. Those who reported RMB15000-24999 accounted for 17.4%, which is equal to the Beijing respondents’ proportion. Also among the first-tier cities, Shanghai and Guangzhou have a higher than average proportion of respondents reporting incomes in the RMB5000-14999 bracket, but both of the two cities tend to skew to low income sides. This is an accurate description of actual income structures in these three first-tier cities in China which all have high-income residents, but Shanghai and Guangzhou represent a greater disparity between the rich and the low-income people. In the second-tier cities, Tanjin and Hangzhou both have above average counts of respondents in the critical bracket of RMB5000-14999 monthly income, but below the average in higher income brackets. The data skew to lower income brackets. Such a situation is even more obvious in the two third-tier cities of Chongqing and Chengdu, in which the respondents are concentrated in the two lower income brackets of RMB1999 and below and RMB2000-4999. This analysis indicates that there is a clear disparity in the income differences between the three-tier cities and regions in China. Beijing, as China’s capital, obviously has the greatest percentage of high-income consumers, an advantage that is more salient than the other two first-tier peers and drastically greater than the second- and third tier regions.

It is interesting to observe that in the “other” region category which has 29.7% of the total responses, there is the most obvious disparity of income differences with those reporting high incomes above RMB15000 being consistently higher than the average and those reporting RMB2000-4999 and below also high. This requires further investigation.

Not all of the respondents who chose the “other” reported their specific residential city location. Table 28 below presents a complete overview of the reports. What can be deduced from this analysis is that those who live in the overseas regions reported more of the high-income data. Otherwise there is insufficient data to indicate where exactly those high-income respondents reside.

**Table 28 Other locations & Monthly income cross-tabulation**

		Cities * Monthly Income Crosstabulation							Total
		RMB1999 and below	RMB2000-4999	RMB5000-14999	Monthly Income RMB15000-24999	RMB25000-34999	RMB35000-49999	RMB50000 and above	
Cities	Count	68	47	108	40	9	9	13	294
	% within Cities	23.1%	16.0%	36.7%	13.6%	3.1%	3.1%	4.4%	100.0%
	% within Monthly Income	85.0%	92.2%	95.6%	87.0%	75.0%	81.8%	92.9%	89.9%
Guangdong	Count	0	1	0	1	0	0	0	2
	% within Cities	0.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	0.0%	2.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.6%
Guizhou	Count	1	0	0	0	0	0	0	1
	% within Cities	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Hebei	Count	1	0	0	0	0	0	0	1
	% within Cities	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Henan	Count	2	0	1	0	0	0	1	4
	% within Cities	50.0%	0.0%	25.0%	0.0%	0.0%	0.0%	25.0%	100.0%
	% within Monthly Income	2.5%	0.0%	0.9%	0.0%	0.0%	0.0%	7.1%	1.2%
Hubei	Count	0	0	1	0	0	0	0	1
	% within Cities	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.3%
Jiangsu	Count	2	1	0	0	0	0	0	3
	% within Cities	66.7%	33.3%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	2.5%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%
Jiangxi	Count	1	0	0	0	0	0	0	1
	% within Cities	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Liaoning	Count	0	0	0	0	1	0	0	1
	% within Cities	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
	% within Monthly Income	0.0%	0.0%	0.0%	0.0%	8.3%	0.0%	0.0%	0.3%
Overseas	Count	2	0	1	3	2	2	0	10
	% within Cities	20.0%	0.0%	10.0%	30.0%	20.0%	20.0%	0.0%	100.0%
	% within Monthly Income	2.5%	0.0%	0.9%	6.5%	16.7%	18.2%	0.0%	3.1%
Shaanxi	Count	1	0	0	0	0	0	0	1
	% within Cities	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Shandong	Count	2	1	2	1	0	0	0	6
	% within Cities	33.3%	16.7%	33.3%	16.7%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	2.5%	2.0%	1.8%	2.2%	0.0%	0.0%	0.0%	1.8%
Sichuan	Count	0	1	0	1	0	0	0	2
	% within Cities	0.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	0.0%	2.0%	0.0%	2.2%	0.0%	0.0%	0.0%	0.6%
Total	Count	80	51	113	46	12	11	14	327
	% within Cities	24.5%	15.6%	34.6%	14.1%	3.7%	3.4%	4.3%	100.0%

It can be concluded from this analysis that those consumers with monthly incomes between RMB5000-14999, who account for 34.6%, are the most significant group within the survey respondents. They are also the most representative group of Chinese luxury consumers. It is also important to note that 24.5% of respondents reported very low monthly incomes, between RMB1999 and below. These are mostly from the second- and third-tier cities. These consumers do not have the purchasing power to regularly buy luxury products, but may be the young demographic group who will have great curiosity and interest in luxury consumption.

Having found out the income differences between the different regions, it is necessary to analyse whether the income potential can be transferred into

purchasing power that results in purchasing actions.

Table 29 below displays the luxury purchase frequency in a year by respondents from the different cities. The data largely supports the speculation that income potential by location would translate into purchasing behaviour. Beijing, accounting for 17.4% of the total respondents, delivered an outstandingly high report of 33.3% within the purchase frequency rate of purchasing luxury goods monthly. The reports from Beijing on yearly purchases (17.9%) are also above average by 0.5%. Beijing's situation is largely echoed in the other two first-tier cities Shanghai and Guangzhou. In the second-tier cities of Tianjin and Hangzhou, the data tend to skew to a slower buying frequency of yearly purchases and the irregularity rate is high. Hongzhou, however, reports an above-average rate of 11.1% of monthly purchase, because the city is the capital of one of China's richest provinces and has a big population of rich people. In the third-tier cities, irregular buyers seem to be the bulk of the groups and the most striking phenomenon is that nobody reported high-frequency monthly purchase.

**Table 29 Regions \* Purchase frequency cross-tabulation**

		Purchase Frequency				Total
		Monthly	Yearly	Irregularly	None/Seldom	
Beijing	Count	3	22	25	7	57
	% within Regions	5.3%	38.6%	43.9%	12.3%	100.0%
	% within Purchase Frequency	33.3%	17.9%	15.1%	24.1%	17.4%
Shanghai	Count	1	17	24	2	44
	% within Regions	2.3%	38.6%	54.5%	4.5%	100.0%
	% within Purchase Frequency	11.1%	13.8%	14.5%	6.9%	13.5%
Guangzhou	Count	2	15	13	4	34
	% within Regions	5.9%	44.1%	38.2%	11.8%	100.0%
	% within Purchase Frequency	22.2%	12.2%	7.8%	13.8%	10.4%
Tianjin	Count	0	10	13	2	25
	% within Regions	0.0%	40.0%	52.0%	8.0%	100.0%
	% within Purchase Frequency	0.0%	8.1%	7.8%	6.9%	7.6%
Hangzhou	Count	1	9	17	3	30
	% within Regions	3.3%	30.0%	56.7%	10.0%	100.0%
	% within Purchase Frequency	11.1%	7.3%	10.2%	10.3%	9.2%
Chongqing	Count	0	3	13	2	18
	% within Regions	0.0%	16.7%	72.2%	11.1%	100.0%
	% within Purchase Frequency	0.0%	2.4%	7.8%	6.9%	5.5%
Chengdu	Count	0	8	12	2	22
	% within Regions	0.0%	36.4%	54.5%	9.1%	100.0%
	% within Purchase Frequency	0.0%	6.5%	7.2%	6.9%	6.7%
Other	Count	2	39	49	7	97
	% within Regions	2.1%	40.2%	50.5%	7.2%	100.0%
	% within Purchase Frequency	22.2%	31.7%	29.5%	24.1%	29.7%
	Count	9	123	166	29	327
	% within Regions	2.8%	37.6%	50.8%	8.9%	100.0%
	% within Purchase Frequency	100.0%	100.0%	100.0%	100.0%	100.0%

While purchasing frequency is an important indicator of consumer purchasing power, the next analysis reveals more information about how the differences in income power by region would affect Chinese luxury consumers' purchasing values estimated by month as presented in Table 30 below.



**Table 30 Regions \* Monthly luxury purchase spending cross-tabulation**

		Regions * Monthly Luxury Purchase Crosstabulation						
		Monthly Luxury Purchase						
		RMB1000 & below	RMB1001-4999	RMB5000-9999	RMB10000-19999	RMB20000 & above	Total	
Regions	Beijing	Count	32	16	2	6	1	57
		% within Regions	56.1%	28.1%	3.5%	10.5%	1.8%	100.0%
		% within Monthly Luxury Purchase	15.5%	20.3%	11.1%	40.0%	11.1%	17.4%
	Shanghai	Count	29	8	3	1	3	44
		% within Regions	65.9%	18.2%	6.8%	2.3%	6.8%	100.0%
		% within Monthly Luxury Purchase	14.1%	10.1%	16.7%	6.7%	33.3%	13.5%
	Guangzhou	Count	21	9	1	2	1	34
		% within Regions	61.8%	26.5%	2.9%	5.9%	2.9%	100.0%
		% within Monthly Luxury Purchase	10.2%	11.4%	5.6%	13.3%	11.1%	10.4%
	Tianjin	Count	19	4	1	1	0	25
		% within Regions	76.0%	16.0%	4.0%	4.0%	0.0%	100.0%
		% within Monthly Luxury Purchase	9.2%	5.1%	5.6%	6.7%	0.0%	7.6%
	Hangzhou	Count	18	6	3	2	1	30
		% within Regions	60.0%	20.0%	10.0%	6.7%	3.3%	100.0%
		% within Monthly Luxury Purchase	8.7%	7.6%	16.7%	13.3%	11.1%	9.2%
	Chongqing	Count	13	3	2	0	0	18
		% within Regions	72.2%	16.7%	11.1%	0.0%	0.0%	100.0%
		% within Monthly Luxury Purchase	6.3%	3.8%	11.1%	0.0%	0.0%	5.5%
	Chengdu	Count	11	9	1	0	1	22
		% within Regions	50.0%	40.9%	4.5%	0.0%	4.5%	100.0%
		% within Monthly Luxury Purchase	5.3%	11.4%	5.6%	0.0%	11.1%	6.7%
	Other	Count	63	24	5	3	2	97
		% within Regions	64.9%	24.7%	5.2%	3.1%	2.1%	100.0%
		% within Monthly Luxury Purchase	30.6%	30.4%	27.8%	20.0%	22.2%	29.7%
Total		Count	206	79	18	15	9	327
		% within Regions	63.0%	24.2%	5.5%	4.6%	2.8%	100.0%
		% within Monthly Luxury Purchase	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 30 compares the regions against the reported monthly luxury purchase value. Across all cities, more than 50% of the respondents from each city and region reported spending less than RMB1000 per month on luxury. This is within the expectation of the research. In the next level of spending RMB1001-4999 per month, 40.9% of consumers from the inland city of Chengdu reported that they were in this spending range. Also in this range, the differences between all the cities are small. The most important information generated by this analysis is that among the high-value monthly purchases of RMB5000 and more per month, there is an even distribution of big spenders in all the city tiers except for Chongqing, which has the greatest size of rural population among all the selected cities. This analysis suggests that although the first-tier cities such as Beijing present the strongest luxury purchasing power, the actual purchasing value is spread out in the country. This observation suggests that the purchasing power of the second-tier cities such as Hangzhou and Chengdu is also substantially strong.

### 5.3.4 Understanding consumer motives

So far, this discussion has identified the key characteristics of Chinese luxury consumers by their demographic variables and analysed the relationship between these variables and how their purchasing behaviour was affected. The data collected about Chinese consumers also provides insights into their purchasing motivations that are going to be discussed in the following section.

The earlier discussion suggests that the quality of luxury products is the most frequently mentioned reason for the purchases. A total of 41% of the respondents chose quality as their primary reason for buying luxury. It is interesting to note that 19% considered buying luxury products was good for their image. Vanity comes as the second biggest reason. Only 9.8% of the survey respondents value the uniqueness of luxury brands. They are followed by the 9.5% who chose the “other” reasons including design. Only 4.6% were motivated by celebrity endorsement, which ranks as the fifth reason together with the origin of manufacture for Chinese consumers to make their purchase decision. In the following discussions, the reasons for purchases are analysed against three variables: gender, age, and income.

Table 31 below suggest the differences between male and female respondents in terms of their reported reasons for luxury shopping. Given the basis that there are 64.5% female and 35.5% male respondents, the percentage in terms of reason for purchase data suggest that Chinese female consumers are more sensitive to reasons of product origin (66.7%), quality (69.4%), price (75%), being fashionable (70.6%), service (66.7%), and peer competition (75%). The female consumers seem to be more price sensitive and more concerned about peer competition than their male counterparts. The male consumers reported a stronger emphasis on uniqueness (43.8%), celebrity endorsements (40%), and being good for their image (43.5%). However the data suggest that the overall differences between the male and female consumers are not significant other than in factors of price and peer competition.

Table 31 Reasons for purchase \* Gender cross-tabulation

		Gender		Total
		Male	Female	
Origin of manufacturing	Count	5	10	15
	% within Reason of Purchase	33.3%	66.7%	100.0%
	% within Gender	4.3%	4.7%	4.6%
Quality	Count	41	93	134
	% within Reason of Purchase	30.6%	69.4%	100.0%
	% within Gender	35.3%	44.1%	41.0%
Price	Count	3	9	12
	% within Reason of Purchase	25.0%	75.0%	100.0%
	% within Gender	2.6%	4.3%	3.7%
Uniqueness	Count	14	18	32
	% within Reason of Purchase	43.8%	56.3%	100.0%
	% within Gender	12.1%	8.5%	9.8%
Fashionable	Count	5	12	17
	% within Reason of Purchase	29.4%	70.6%	100.0%
	% within Gender	4.3%	5.7%	5.2%
Service	Count	2	4	6
	% within Reason of Purchase	33.3%	66.7%	100.0%
	% within Gender	1.7%	1.9%	1.8%
Endorsed by my favourite celebrity	Count	6	9	15
	% within Reason of Purchase	40.0%	60.0%	100.0%
	% within Gender	5.2%	4.3%	4.6%
Good for my image	Count	27	35	62
	% within Reason of Purchase	43.5%	56.5%	100.0%
	% within Gender	23.3%	16.6%	19.0%
Peer competition	Count	1	3	4
	% within Reason of Purchase	25.0%	75.0%	100.0%
	% within Gender	0.9%	1.4%	1.2%
Other	Count	9	18	27
	% within Reason of Purchase	33.3%	66.7%	100.0%
	% within Gender	7.8%	8.5%	8.3%
Not applicable	Count	3	0	3
	% within Reason of Purchase	100.0%	0.0%	100.0%
	% within Gender	2.6%	0.0%	0.9%
Count		116	211	327
% within Reason of Purchase		35.5%	64.5%	100.0%
% within Gender		100.0%	100.0%	100.0%

The reasons for purchase are also compared against the survey respondents' age groups in Table 32 below. The analysis suggests that the youngest age group of those

aged 19-30 are most sensitive to price (50% within Reason for Purchase) and the perceived uniqueness of the luxury products (43.8% within Reason for Purchase). The older age group of 31-40 also emphasised the price factor (41.7% within Reason for Purchase) but they are more mindful of peer competition (50% within Reason for Purchase) and are more sensitive to the matter of being good for image (37.1%) than the younger group. The 41-50 group considers service to be the most important reason (50%), along with the origin of manufacture and the factor of uniqueness. The 51-60 group are also mindful of the origin of manufacture.

**Table 32 Reasons for purchase \* Age groups cross-tabulation**

		Reason of Purchase * Age Groups Crosstabulation						Total
		Age Groups						
		19-30	31-40	41-50	51-60	61-70	71-80	
Origin of manufacturing	Count	4	3	5	2	1	0	15
	% within Reason of Purchase	26.7%	20.0%	33.3%	13.3%	6.7%	0.0%	100.0%
	% within Age Groups	3.6%	2.8%	6.1%	8.3%	100.0%	0.0%	4.6%
Quality	Count	49	43	32	10	0	0	134
	% within Reason of Purchase	36.6%	32.1%	23.9%	7.5%	0.0%	0.0%	100.0%
	% within Age Groups	44.5%	39.4%	39.0%	41.7%	0.0%	0.0%	41.0%
Price	Count	6	5	1	0	0	0	12
	% within Reason of Purchase	50.0%	41.7%	8.3%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	5.5%	4.6%	1.2%	0.0%	0.0%	0.0%	3.7%
Uniqueness	Count	14	8	10	0	0	0	32
	% within Reason of Purchase	43.8%	25.0%	31.3%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	12.7%	7.3%	12.2%	0.0%	0.0%	0.0%	9.8%
Fashionable	Count	5	5	5	1	0	1	17
	% within Reason of Purchase	29.4%	29.4%	29.4%	5.9%	0.0%	5.9%	100.0%
	% within Age Groups	4.5%	4.6%	6.1%	4.2%	0.0%	100.0%	5.2%
Service	Count	1	2	3	0	0	0	6
	% within Reason of Purchase	16.7%	33.3%	50.0%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	0.9%	1.8%	3.7%	0.0%	0.0%	0.0%	1.8%
Endorsed by my favourite celebrity	Count	4	5	4	2	0	0	15
	% within Reason of Purchase	26.7%	33.3%	26.7%	13.3%	0.0%	0.0%	100.0%
	% within Age Groups	3.6%	4.6%	4.9%	8.3%	0.0%	0.0%	4.6%
Good for my image	Count	20	23	14	5	0	0	62
	% within Reason of Purchase	32.3%	37.1%	22.6%	8.1%	0.0%	0.0%	100.0%
	% within Age Groups	18.2%	21.1%	17.1%	20.8%	0.0%	0.0%	19.0%
Peer competition	Count	1	2	1	0	0	0	4
	% within Reason of Purchase	25.0%	50.0%	25.0%	0.0%	0.0%	0.0%	100.0%
	% within Age Groups	0.9%	1.8%	1.2%	0.0%	0.0%	0.0%	1.2%
Other	Count	6	13	5	3	0	0	27
	% within Reason of Purchase	22.2%	48.1%	18.5%	11.1%	0.0%	0.0%	100.0%
	% within Age Groups	5.5%	11.9%	6.1%	12.5%	0.0%	0.0%	8.3%
Not applicable	Count	0	0	2	1	0	0	3
	% within Reason of Purchase	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%	100.0%
	% within Age Groups	0.0%	0.0%	2.4%	4.2%	0.0%	0.0%	0.9%
		110	109	82	24	1	1	327
		33.6%	33.3%	25.1%	7.3%	0.3%	0.3%	100.0%

The discussion further studies reasons for purchase in relation to consumer income levels. In Table 33 below, it is obvious that among the people who are price sensitive, the majority of them (5 of the 12, or 41.7%) are within the lowest income group earning no more than RMB1999 per month. However nobody in the RMB2000-4999 group said they paid attention to prices. Among the majority group who cares about quality, 29.1% of them are respectively in the groups of RMB1999 and below and RMB5000-14999. Therefore it is very difficult to tell the difference between the low-income and medium-income groups in terms of paying attention to quality. As for the second major reason of “good for my image”, the consumers in the RMB5000-14999 group seem to be most sensitive to this issue, accounting for 43.5%. They are followed by the RMB1999 and below group registering 22.6%. Another vanity reason of peer competition, although a minority reason, is evenly distributed among the income groups. The RMB5000-14999 group appears to also care about Fashionable, 41.2% within Reason for Purchase.

**Table 33 Reasons for purchase \* Monthly income cross-tabulation**

		Reason of Purchase * Monthly Income Crosstabulation							Total
		Monthly income							
		RMB1999 and below	RMB2000-4999	RMB5000-14999	RMB15000-24999	RMB25000-34999	RMB35000-49999	RMB50000 and above	
Origin of manufacturing	Count	4	2	4	0	2	1	2	15
	% within Reason of Purchase	26.7%	13.3%	26.7%	0.0%	13.3%	6.7%	13.3%	100.0%
	% within Monthly Income	5.0%	3.9%	3.5%	0.0%	16.7%	9.1%	14.3%	4.6%
Quality	Count	39	25	39	16	4	7	4	134
	% within Reason of Purchase	29.1%	18.7%	29.1%	11.9%	3.0%	5.2%	3.0%	100.0%
	% within Monthly Income	48.8%	49.0%	34.5%	34.8%	33.3%	63.6%	28.6%	41.0%
Price	Count	5	0	4	3	0	0	0	12
	% within Reason of Purchase	41.7%	0.0%	33.3%	25.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	6.3%	0.0%	3.5%	6.5%	0.0%	0.0%	0.0%	3.7%
Uniqueness	Count	6	8	14	1	1	0	2	32
	% within Reason of Purchase	18.8%	25.0%	43.8%	3.1%	3.1%	0.0%	6.3%	100.0%
	% within Monthly Income	7.5%	15.7%	12.4%	2.2%	8.3%	0.0%	14.3%	9.8%
Fashionable	Count	3	3	7	2	1	0	1	17
	% within Reason of Purchase	17.6%	17.6%	41.2%	11.8%	5.9%	0.0%	5.9%	100.0%
	% within Monthly Income	3.8%	5.9%	6.2%	4.3%	8.3%	0.0%	7.1%	5.2%
Service	Count	1	0	2	2	1	0	0	6
	% within Reason of Purchase	16.7%	0.0%	33.3%	33.3%	16.7%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	0.0%	1.8%	4.3%	8.3%	0.0%	0.0%	1.8%
Endorsed by my favourite celebrity	Count	4	2	5	3	0	0	1	15
	% within Reason of Purchase	26.7%	13.3%	33.3%	20.0%	0.0%	0.0%	6.7%	100.0%
	% within Monthly Income	5.0%	3.9%	4.4%	6.5%	0.0%	0.0%	7.1%	4.6%
Good for my image	Count	14	3	27	10	3	3	2	62
	% within Reason of Purchase	22.6%	4.8%	43.5%	16.1%	4.8%	4.8%	3.2%	100.0%
	% within Monthly Income	17.5%	5.9%	23.9%	21.7%	25.0%	27.3%	14.3%	19.0%
Peer competition	Count	1	1	1	1	0	0	0	4
	% within Reason of Purchase	25.0%	25.0%	25.0%	25.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	1.3%	2.0%	0.9%	2.2%	0.0%	0.0%	0.0%	1.2%
Other	Count	3	6	8	8	0	0	2	27
	% within Reason of Purchase	11.1%	22.2%	29.6%	29.6%	0.0%	0.0%	7.4%	100.0%
	% within Monthly Income	3.8%	11.8%	7.1%	17.4%	0.0%	0.0%	14.3%	8.3%
Not applicable	Count	0	1	2	0	0	0	0	3
	% within Reason of Purchase	0.0%	33.3%	66.7%	0.0%	0.0%	0.0%	0.0%	100.0%
	% within Monthly Income	0.0%	2.0%	1.8%	0.0%	0.0%	0.0%	0.0%	0.9%
Count		80	51	113	46	12	11	14	327
% within Reason		24.5%	15.6%	34.6%	14.1%	3.7%	3.4%	4.3%	100.0%

The last discussion is to look into who actually paid for the Chinese luxury consumers' purchases. In the earlier section of this chapter, it was known that 71.9% of the survey respondents reported that they paid for the luxury purchases themselves. The following analysis looks into the more detailed structure of this behaviour by three variables of gender, age and income.

Table 34 below provides data of cross-tabulation study of gender and the origins of payment. There were 64.5% female and 35.5% male respondents.

**Table 34 Paid-by \* Gender cross-tabulation**

	Gender		
	Male	Female	Total

Paid by	Friends	Count	4	3	7
		% within Paid by	57.1%	42.9%	100.0%
		% within Gender	3.4%	1.4%	2.1%
Parents	Parents	Count	8	33	41
		% within Paid by	19.5%	80.5%	100.0%
		% within Gender	6.9%	15.6%	12.5%
Myself	Myself	Count	88	147	235
		% within Paid by	37.4%	62.6%	100.0%
		% within Gender	75.9%	69.7%	71.9%
Gift	Gift	Count	5	10	15
		% within Paid by	33.3%	66.7%	100.0%
		% within Gender	4.3%	4.7%	4.6%
Other	Other	Count	9	16	25
		% within Paid by	36.0%	64.0%	100.0%
		% within Gender	7.8%	7.6%	7.6%
Not Applicable	Not Applicable	Count	2	2	4
		% within Paid by	50.0%	50.0%	100.0%
		% within Gender	1.7%	0.9%	1.2%
Total	Total	Count	116	211	327
		% within Paid by	35.5%	64.5%	100.0%
		% within Gender	100.0%	100.0%	100.0%

The data suggest that among those who reported paying for their own purchases,

women account for 62.6% and men account for 37.4%. This ratio is largely consistent with the total survey population composition. However it appears that men have a slightly stronger tendency to buy their own luxury goods than women do. Chinese women enjoy a great amount of parental care, as among those 41 persons who reported payment made by parents, 80.5% are women. Women also have a slightly greater chance of receiving luxury gifts. Men, however, were 14.2% more likely to get a friend to buy the luxury product for them.

Table 35 below investigates the age group differences of the paying behaviour. The analysis suggests that the age groups of 31-40 and 41-50 are those who are mostly likely to pay for their own luxury shopping. The youngest age group of 19-30 naturally rely frequently on their parents to pay for the luxury product bills and reported 92.7% within the Paid-by category of parental support.

**Table 35 Age groups \* Paid-by cross-tabulation**

		Age Groups * Paid by Crosstabulation						Total
		Paid by						
		Friends	Parents	Myself	Gift	Other	Not Applicable	
19-30	Count	2	38	54	4	10	2	110
	% within Age Groups	1.8%	34.5%	49.1%	3.6%	9.1%	1.8%	100.0%
	% within Paid by	28.6%	92.7%	23.0%	26.7%	40.0%	50.0%	33.6%
31-40	Count	2	2	92	4	9	0	109
	% within Age Groups	1.8%	1.8%	84.4%	3.7%	8.3%	0.0%	100.0%
	% within Paid by	28.6%	4.9%	39.1%	26.7%	36.0%	0.0%	33.3%
41-50	Count	2	0	70	6	3	1	82
	% within Age Groups	2.4%	0.0%	85.4%	7.3%	3.7%	1.2%	100.0%
	% within Paid by	28.6%	0.0%	29.8%	40.0%	12.0%	25.0%	25.1%
51-60	Count	1	1	18	0	3	1	24
	% within Age Groups	4.2%	4.2%	75.0%	0.0%	12.5%	4.2%	100.0%
	% within Paid by	14.3%	2.4%	7.7%	0.0%	12.0%	25.0%	7.3%
61-70	Count	0	0	0	1	0	0	1
	% within Age Groups	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%
	% within Paid by	0.0%	0.0%	0.0%	6.7%	0.0%	0.0%	0.3%
71-80	Count	0	0	1	0	0	0	1
	% within Age Groups	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
	% within Paid by	0.0%	0.0%	0.4%	0.0%	0.0%	0.0%	0.3%
Count		7	41	235	15	25	4	327
% within Age Groups		2.1%	12.5%	71.9%	4.6%	7.6%	1.2%	100.0%
% within Paid by		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The study of paying behaviour in relation to income status also suggests that while in all income levels other than the lowest group of RMB1999 and below, most people paid for their own purchases. The low-income group of RMB1999 and less rely



heavily upon parental support, reporting 35 cases or 85.4% of the total paid-by-parents reports. Friendship purchase and receiving gifts are more popular among the group of RMB5000-14999. This is the income group that represents middle-class consumers who are active in their social life and social connections, as exhibited in below Table 36.

**Table 36 Monthly income \* Paid-by cross-tabulation**

		Monthly Income * Paid by Crosstabulation							
		Paid by						Not Applicable	Total
Monthly Income		Friends	Parents	Myself	Gift	Other			
RMB1999 and below	Count	1	35	30	3	9	2	80	
	% within Monthly Income	1.3%	43.8%	37.5%	3.8%	11.3%	2.5%	100.0%	
	% within Paid by	14.3%	85.4%	12.8%	20.0%	36.0%	50.0%	24.5%	
RMB2000-4999	Count	2	3	39	1	6	0	51	
	% within Monthly Income	3.9%	5.9%	76.5%	2.0%	11.8%	0.0%	100.0%	
	% within Paid by	28.6%	7.3%	16.6%	6.7%	24.0%	0.0%	15.6%	
RMB5000-14999	Count	3	2	94	7	5	2	113	
	% within Monthly Income	2.7%	1.8%	83.2%	6.2%	4.4%	1.8%	100.0%	
	% within Paid by	42.9%	4.9%	40.0%	46.7%	20.0%	50.0%	34.6%	
RMB15000-24999	Count	1	0	39	2	4	0	46	
	% within Monthly Income	2.2%	0.0%	84.8%	4.3%	8.7%	0.0%	100.0%	
	% within Paid by	14.3%	0.0%	16.6%	13.3%	16.0%	0.0%	14.1%	
RMB25000-34999	Count	0	0	11	1	0	0	12	
	% within Monthly Income	0.0%	0.0%	91.7%	8.3%	0.0%	0.0%	100.0%	
	% within Paid by	0.0%	0.0%	4.7%	6.7%	0.0%	0.0%	3.7%	
RMB35000-49999	Count	0	1	9	1	0	0	11	
	% within Monthly Income	0.0%	9.1%	81.8%	9.1%	0.0%	0.0%	100.0%	
	% within Paid by	0.0%	2.4%	3.8%	6.7%	0.0%	0.0%	3.4%	
RMB50000 and above	Count	0	0	13	0	1	0	14	
	% within Monthly Income	0.0%	0.0%	92.9%	0.0%	7.1%	0.0%	100.0%	
	% within Paid by	0.0%	0.0%	5.5%	0.0%	4.0%	0.0%	4.3%	
Total	Count	7	41	235	15	25	4	327	
	% within Monthly Income	2.1%	12.5%	71.9%	4.6%	7.6%	1.2%	100.0%	
	% within Paid by	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

## 5.4. Summary

From the above analyses and discussions it is possible to develop a comprehensive understanding of Chinese luxury consumers in several important aspects.

First, in terms of gender composition of luxury consumers, female consumers seemingly drive luxury consumption in China. However such female leadership must be understood and examined carefully by taking into consideration other variables such as average purchasing power, income status, and purchasing actions. Women's interest in luxury products starts early, as indicated by their simple majority in the youngest age group of 19-30. However, in all age groups, there are comparatively more female consumers than men. The research data suggest that in the Chinese

luxury consumer market, there is a one-third probability of seeing a male consumer and a two-thirds probability of seeing a female consumer. Despite such facts, the research data also suggest that female consumers have a weaker income status in comparison with men. Therefore although women outnumber men as luxury consumers, their greater number is the only variable to support the claim of their leadership in terms of luxury consumption. Other variables such as purchasing power and actions suggest that they are on a par with male consumers in luxury consumption. Within the luxury consumer demographic, individual male and female consumers are not significantly different in their purchasing power as indicated by purchasing frequency in a year and monthly per capital expenditure. There are more female consumers, but their average purchasing power is same as that of a male counterpart. Among young consumers, there are more women than men who rely on their parents' support to purchase luxury commodities. There are data to indicate that in the core luxury consumer groups, men are more active than women.

Second, it is also obvious that Chinese luxury consumers prefer buying luxury goods outside China. There is a common understanding that they prefer doing so because of the price differences, as luxury products in the overseas market are generally cheaper than those available in Mainland China. This research has not generated enough findings to support this argument. However the analysis suggests that consumers in the higher income level brackets do much more overseas shopping than the younger and poorer consumers. In other words, consumers who are less price sensitive tend to do more overseas shopping. Poorer consumers are naturally less likely than their richer counterparts to travel abroad. Therefore, it can be deduced from the observation that Chinese luxury consumers generally would love to shop abroad, but the feasibility of doing so is limited by their income status, which in the first place would constrain the feasibility for them to make overseas trips. Those who are not financially capable of being shopping tourists outside China tend to ask friends to shop and bring luxury goods back for them.

Chinese luxury consumers are generally young. A typical group of Chinese luxury consumers would normally have two ladies and one man. They would be between the ages of 31 to 50, with a monthly income ranging between RMB5000 to RMB24999. Most of them tend to purchase luxury products irregularly and

unscheduled, however each of them generally would make at least one shopping trip per year. Luxury purchasing power is heavily concentrated among the middle-aged middle class groups. Young people and particularly younger women would need family and parental assistance in buying luxury items.

Beijing is indisputably China's biggest luxury market. The differences between the first, second, and third-tier cities by economic development measurements accurately determine the scale of overall luxury consumption in the cities. The first-tier cities are more prosperous markets than the second-tier cities, which in turn are stronger than the third-tier cities. However the richer cities may not necessarily have a monopoly in high-value luxury shopping. The second- and third-tier cities do have chances of producing super-rich high-value customers.

Chinese luxury consumers demonstrate an interest in a wide range of brands so that it is very difficult to select a favourite brand that they particularly liked. Among all the brands, the Burberry, originating from the United Kingdom, appears to have been mentioned most often by the survey participants.

Generally, Chinese consumers are not as price sensitive as expected. They have claimed the quality of luxury products to be their number one motivation of shopping, followed by a couple of vanity and social image considerations.

This chapter has thus identified through primary data analysis typical Chinese luxury consumers by their gender, age, income, and location variables. Therefore, in the analysis in the next chapter, it will be possible to relate the research findings to the specific luxury consumer groups where necessary. Also, this chapter has explained the female leadership of Chinese luxury consumption and the factor of price sensitivity in their comparative setting, and built an in-depth understanding of the motives for luxury consumption in the market. One of the surprising discoveries by this study is that Chinese consumers are not sensitive and responsive to celebrity endorsements of luxury brands. This raises the question whether they could be affected by sports celebrity endorsements of luxury brands. The findings from this chapter will be carried forward into the next chapter to discuss and answer the main research question of this study.

###

## **Chapter 6: LUXURY CONSUMPTION AND SPORTS CELEBRITY ENDORSEMENTS**

### **6.1 Introduction**

The previous chapters achieved three purposes. Firstly, they made theoretical preparations through a literature review of the basic models of sports endorsement and luxury consumption and the possibility for them to influence Chinese consumers (See Chapter 2). Secondly, initial empirical studies investigated the perspectives of luxury brand managers and researchers to understand their expectations of the influence of sports celebrity endorsements on Chinese luxury consumers (See Chapter 4). Thirdly, through a comprehensive analysis of data regarding the demographic characteristics and luxury consumption behaviour of Chinese consumers, the research identified typical luxury consumers as being mainly female-driven, young, having a strong preference to shopping abroad, and lacking brand loyalty (See Chapter 5). However the research so far also suggests that Chinese consumers are not sensitive to celebrity endorsements of luxury brands. There has not been much prior research into this phenomenon.

This chapter examines the primary research data collected by a questionnaire survey of 327 Chinese consumers in order to generate a specific understanding of Chinese luxury consumers' responses to celebrity endorsements. Emphasis is given to exploring the variables, which define sports celebrity endorsements and their effectiveness, and the variables that measure the attitude of Chinese luxury consumers. The purpose of this analysis is to examine the relationships between these variables. Through the analysis, this chapter will suggest an answer to the main research question of this thesis.

The research data analysis has two major components. The first part is an overview of the experience and attitude of the survey respondents towards sports celebrity endorsements of luxury brands. The second part is a comprehensive analysis of their attitude towards sports celebrities in relation to the six variables identified in previous chapters. The last section of the second part also examines the survey

respondents' attitude towards the effectiveness of using Chinese sports celebrities instead of international stars to endorse international luxury brands.

## 6.2 Survey respondents and sports celebrity endorsements

In the demographic information section of the survey, the questionnaire asks the respondents to answer four questions about their experience and impressions of famous sports athletes and their endorsements of luxury brands. Table 37 below provides an overview of the results.

**Table 37 General impression and experience of respondents to sports celebrity endorsements**

Survey Questions	Frequency	Percentage
	n=327	
<b>Do you have any favourite athletes?</b>		
Yes	200	61.2
No	127	38.8
<b>Has your favourite athlete(s) endorsed any luxury brands?</b>		
Yes	97	29.7
No	204	62.4
Unsure	25	7.6
<b>Have you bought products of a luxury brand that has been endorsed by a sports athlete?</b>		
Yes	27	8.3
No	292	89.3
Unsure	8	2.4
<b>Will you likely buy the products of a luxury brand endorsed by your favourite athlete?</b>		
Yes	76	23.2
No	97	29.7
Maybe	154	47.1

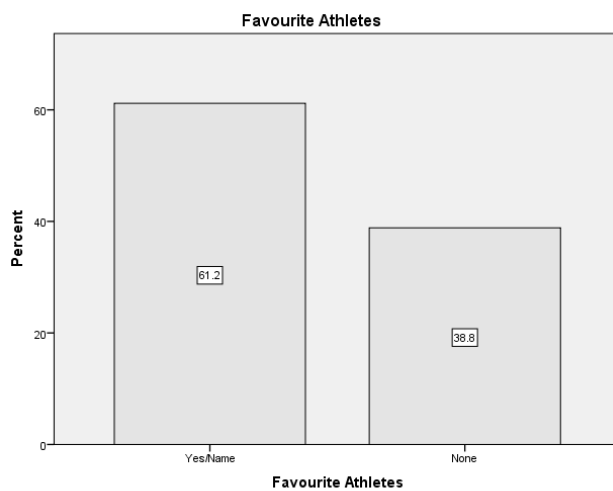
This overview demonstrates that 61.2% of the survey respondents confirmed that they had favourite athletes. But answers to the other three questions suggest that the element of sports celebrity generally plays a minor role in their luxury consumption. Only 29.7% of the respondents were aware that their favourite athletes had endorsed any luxury brands. Those who actually bought any of the endorsed brands accounted for a small percentage of 8.3%. Most importantly, those who demonstrated intention to buy the endorsed luxury brands accounted for only 23.2%, whereas those who reported no intention accounted for 29.7% and those who were not sure accounted for 47.1%. This overall situation is consistent with what was discovered in the previous chapter.

For further details that would benefit this research, these data deserve a closer look in relation to gender, age, income and purchasing power data respectively.

### 6.2.1 Favourite athletes

Of the 327 respondents, 61.2% reported that they had one or more favourite athletes. The rest, more than a third, reported that they didn't have any favourite athletes, as demonstrated by Figure 16 below.

Figure 15 Respondents with or without favourite athletes



In order to find out more about the population regarding who do or do not have favourite athletes, the first cross-tabulation analysis provides information about the gender composition of the population related to this question. The results are presented in Table 39 below.

Table 38 Favourite athletes \* Gender cross-tabulation

		Gender		Total
		Male	Female	
Favourite Athletes	Yes	81	119	200
	% within Gender	69.8%	56.4%	61.2%
	No	35	92	127

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% within Gender                      30.2%                      43.6%                      38.8%

---

It is known that of the total population, female respondents account for 64.5% while male respondents account for 35.5%. This cross-tabulation analysis indicates that male respondents tend to be more likely than female ones to have favourite athletes, with 69.8% of male and 56.4% female within each gender category claiming to have favourite athletes.

The second analysis provides information about the age groups of those sections of the research population who have favourite athletes. The results are presented in Table 40 below.

**Table 39 Age groups \* favourite athletes cross-tabulation**

		Favourite Athletes			
			Yes/Name	None	Total
Age Groups	19-30	Count	69	41	110
		% within Age Groups	62.7%	37.3%	100.0%
	31-40	Count	74	35	109
		% within Age Groups	67.9%	32.1%	100.0%
	41-50	Count	44	38	82
		% within Age Groups	53.7%	46.3%	100.0%
	51-60	Count	12	12	24
		% within Age Groups	50.0%	50.0%	100.0%
	61-70	Count	0	1	1
		% within Age Groups	0.0%	100.0%	100.0%
	71-80	Count	1	0	1

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	% within Age Groups	100.0%	0.0%	100.0%
Total	Count	200	127	327
	% within Age Groups	61.2%	38.8%	100.0%

This analysis suggests that those who have a favourite are mainly in the younger age groups and less in the older population. In absolute number and percentage within age groups, it appears that the age group of 31-40 is most interested in sports celebrities. This age group is very closely followed by the youngest, the 19 to 30-year-olds. It is also fair to say that the middle-age group of 41-50 also has a strong interest in sports celebrities.

Further analysis examines the interest in favourite athletes in relation to the respondents' income levels. This analysis is presented in Table 41 below.

**Table 40 Monthly income \* Favourite athletes cross-tabulation**

		Favourite Athletes		
		Yes/Name	None	Total
RMB1999 and below	Count	44	36	80
	% within Monthly Income	55.0%	45.0%	100.0%
RMB2000-4999	Count	30	21	51
	% within Monthly Income	58.8%	41.2%	100.0%
RMB5000-14999	Count	74	39	113
	% within Monthly Income	65.5%	34.5%	100.0%
RMB15000-24999	Count	33	13	46
	% within Monthly Income	71.7%	28.3%	100.0%
RMB25000-34999	Count	6	6	12



	% within Monthly Income	50.0%	50.0%	100.0%
RMB35000-49999	Count	6	5	11
	% within Monthly Income	54.5%	45.5%	100.0%
RMB50000 and above	Count	7	7	14
	% within Monthly Income	50.0%	50.0%	100.0%
	Count	200	127	327
	% within Monthly Income	61.2%	38.8%	100.0%

Middle-class Chinese consumers are mostly likely to favour sports athletes. The income groups of RMB5000-14999 and RMB15000-24999 show the highest rates, 65.5% and 71.7% respectively, of those who have favourite athletes within the income category percentages. It is important to note that the analysis of the previous chapter suggests consumers in this income bracket are the most important luxury consumers in China. The respondents in the lower income brackets of RMB1999 and below and RMB2000-4999 demonstrate within-category percentages of 55% and 58.8% respectively, and their absolute numbers are also less than those of higher income groups.

To understand these issues further, the data of purchasing power is analysed as in Table 42 below.

**Table 41 Monthly luxury purchase \* favourite athletes cross-tabulation**

		Favourite Athletes		
		Yes/Name	None	Total
RMB1000 & below	Count	131	75	206
	% within Monthly Luxury Purchase	63.6%	36.4%	100.0%

RMB1001-4999	Count	45	34	79
	% within Monthly Luxury Purchase	57.0%	43.0%	100.0%
RMB5000-9999	Count	8	10	18
	% within Monthly Luxury Purchase	44.4%	55.6%	100.0%
RMB10000-19999	Count	8	7	15
	% within Monthly Luxury Purchase	53.3%	46.7%	100.0%
RMB20000 & above	Count	8	1	9
	% within Monthly Luxury Purchase	88.9%	11.1%	100.0%
	Count	200	127	327
	% within Monthly Luxury Purchase	61.2%	38.8%	100.0%

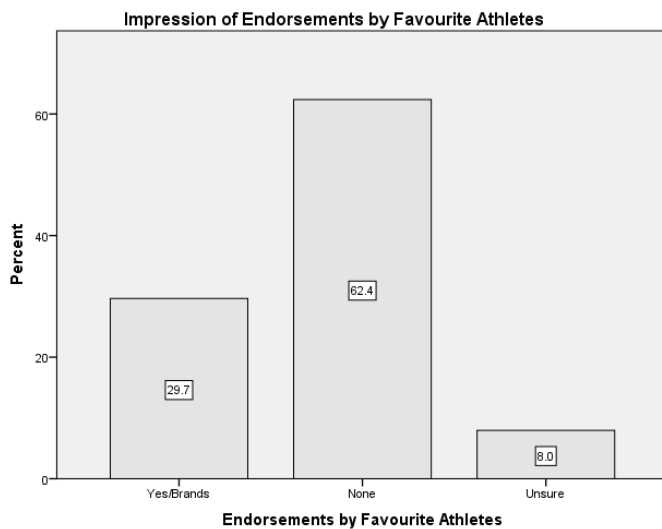
There is a significant disparity among the purchasing power groups in terms of their interests in sports celebrities. The extremely active luxury buyers in China who spend RMB20000 and more per month in luxury shopping reported an 88.9% within category positive interest in their favourite athletes. But their population size is too small to indicate that this result is statistically significant. The greatest number of people who have favourite athletes are among the least active buyers who shop RMB1000 and less per month. This is also the group that most respondents are in. The within-category reporting of having favourite athletes is 63.6%.

These analyses reveal that the element of interests in sports athletes is related to primarily the male gender, younger age groups of 19-30 and 31-40, middle-high income, but not necessarily with high activeness of luxury shopping.

## 6.2.2 Awareness of favourite athlete’s luxury endorsements

Although many people claimed to have favourite athletes, they may not necessarily pay attention to the athlete’s advertising messages. Only 29.7% of the respondents said they were aware that their favourite athletes had endorsed some luxury brands (Figure 17). The majority of them (62.4%) do not have such awareness. A small number of them (7.6%) are not sure.

**Figure 16 Awareness of luxury endorsements by respondents’ favourite athletes**



A gender and impression cross-tabulation as exhibited in Table 43 below also indicates male respondents are more likely to notice and remember endorsements by their favourite athletes, with 37.1% of the males and 25.6% of the females reporting positively to be aware of endorsements by their favourite athletes. The positive answers by the male respondents are particularly salient in consideration of the overall male-female respondent ratio. The female respondents’ lack of awareness is evident in the fact that of those who reported no awareness 70.1% were female consumers. However in the meantime, male respondents are also more likely to be unsure about their impressions.

**Table 42 Impression of endorsements by favourite athletes \* Gender cross-tabulation**

	Gender		
	Male	Female	Total

Endorsements by Favourite Athletes	Yes/Brands	Count	43	54	97
		% within	44.3%	55.7%	100.0%
		Endorsements by Favourite Athletes			
		% within Gender	37.1%	25.6%	29.7%
	None	Count	61	143	204
		% within	29.9%	70.1%	100.0%
		Endorsements by Favourite Athletes			
		% within Gender	52.6%	67.8%	62.4%
	Unsure	Count	12	14	26
		% within	46.2%	53.8%	100.0%
		Endorsements by Favourite Athletes			
		% within Gender	10.3%	6.6%	8.0%
Total		Count	116	211	327
		% within	35.5%	64.5%	100.0%
		Endorsements by Favourite Athletes			
		% within Gender	100.0%	100.0%	100.0%

Proportionally within each gender category, those who reported not to have awareness of endorsement communications made by their favourite athletes accounted for the majority, with male consumers reporting 52.6% and female 67.8%. Overall, male consumers tend to have a slightly stronger awareness of endorsement communications by their favourite athletes.

The following Table 44 examines the relationship between the age groups and awareness of celebrity endorsement communications.

**Table 43 Age groups \* Impression of endorsements by favourite athletes cross-tabulation**

		Endorsements by Favourite Athletes			
		Yes/Brands	None	Unsure	Total
19-30	Count	30	73	7	110
	% within Age Groups	27.3%	66.4%	6.4%	100.0%
	% within Endorsements by Favourite Athletes	30.9%	35.8%	26.9%	33.6%
31-40	Count	41	59	9	109
	% within Age Groups	37.6%	54.1%	8.3%	100.0%
	% within Endorsements by Favourite Athletes	42.3%	28.9%	34.6%	33.3%
41-50	Count	18	55	9	82
	% within Age Groups	22.0%	67.1%	11.0%	100.0%
	% within Endorsements by Favourite Athletes	18.6%	27.0%	34.6%	25.1%
51-60	Count	7	16	1	24
	% within Age Groups	29.2%	66.7%	4.2%	100.0%
	% within Endorsements by Favourite Athletes	7.2%	7.8%	3.8%	7.3%
61-70	Count	0	1	0	1
	% within Age Groups	0.0%	100.0%	0.0%	100.0%

	% within	0.0%	0.5%	0.0%	0.3%
	Endorsements by Favourite Athletes				
71-80	Count	1	0	0	1
	% within Age Groups	100.0%	0.0%	0.0%	100.0%
	% within	1.0%	0.0%	0.0%	0.3%
	Endorsements by Favourite Athletes				
	Count	97	204	26	327
	% within Age Groups	29.7%	62.4%	8.0%	100.0%
	% within	100.0%	100.0%	100.0%	100.0%
	Endorsements by Favourite Athletes				

The general lack of awareness of sports celebrity endorsement is evenly distributed among all the age groups. Within each group, the proportion of awareness versus non-awareness is roughly 30% versus 60%. But overall, there is a slightly stronger tendency among the younger age group of 19-30 (30.9%) and 31-40 (42.3%) to be aware of endorsement communications by their favourite athletes. Among all the age groups, it appears that the age group of 31-40, which is the core demographic group of luxury shopping, pays the greatest amount of attention to sports celebrity endorsements.

The next analysis looks at the relationship between income levels against awareness of favourite athlete endorsements. Table 45 below indicates that the group of people who pay the most attention to sports celebrity endorsement are those earning RMB5000-14999 per month. This is also consistent with their tendency to do the most of the luxury shopping. The lowest income group of RMB1999 and below is apparently the least conscious about sports celebrity endorsements of luxury brands.

**Table 44 Monthly income \* Impression of endorsements by favourite athletes cross-tabulation**

		Endorsements by Favourite Athletes			
		Yes/Brands	None	Unsure	Total
RMB1999 and below	Count	17	56	7	80
	% within Monthly Income	21.3%	70.0%	8.8%	100.0%
	% within Endorsements by Favourite Athletes	17.5%	27.5%	26.9%	24.5%
RMB2000- 4999	Count	17	31	3	51
	% within Monthly Income	33.3%	60.8%	5.9%	100.0%
	% within Endorsements by Favourite Athletes	17.5%	15.2%	11.5%	15.6%
RMB5000- 14999	Count	34	72	7	113
	% within Monthly Income	30.1%	63.7%	6.2%	100.0%
	% within Endorsements by Favourite Athletes	35.1%	35.3%	26.9%	34.6%
RMB15000 -24999	Count	18	24	4	46
	% within Monthly Income	39.1%	52.2%	8.7%	100.0%
	% within Endorsements by Favourite Athletes	18.6%	11.8%	15.4%	14.1%

RMB25000-34999	Count	4	8	0	12
	% within Monthly Income	33.3%	66.7%	0.0%	100.0%
	% within Endorsements by Favourite Athletes	4.1%	3.9%	0.0%	3.7%
RMB35000-49999	Count	4	4	3	11
	% within Monthly Income	36.4%	36.4%	27.3%	100.0%
	% within Endorsements by Favourite Athletes	4.1%	2.0%	11.5%	3.4%
RMB50000 and above	Count	3	9	2	14
	% within Monthly Income	21.4%	64.3%	14.3%	100.0%
	% within Endorsements by Favourite Athletes	3.1%	4.4%	7.7%	4.3%
	Count	97	204	26	327
	% within Monthly Income	29.7%	62.4%	8.0%	100.0%
	% within Endorsements by Favourite Athletes	100.0%	100.0%	100.0%	100.0%

Again, data in the following Table 46 indicates the relationship between luxury purchasing power and the level of attention paid to sports celebrity endorsements. Proportionally, the group of RMB1000 and below pays the least amount of attention. The bulk of awareness exists in the two groups that would spend RMB1001-4999



and RMB5000-9999 per month. These are the regularly active buyers. As for the super-strong purchasing power groups, they tend to pay little attention to sports celebrity endorsements.

**Table 45 Monthly luxury purchase \* Impression of endorsements by favourite athletes cross-tabulation**

		Endorsements by Favourite Athletes			Total
		Yes/Brands	None	Unsure	
RMB1000 & below	Count	58	128	20	206
	% within Monthly Luxury Purchase	28.2%	62.1%	9.7%	100.0%
	% within Endorsements by Favourite Athletes	59.8%	62.7%	76.9%	63.0%
RMB1001-4999	Count	27	49	3	79
	% within Monthly Luxury Purchase	34.2%	62.0%	3.8%	100.0%
	% within Endorsements by Favourite Athletes	27.8%	24.0%	11.5%	24.2%
RMB5000-9999	Count	7	10	1	18
	% within Monthly Luxury Purchase	38.9%	55.6%	5.6%	100.0%
	% within Endorsements by Favourite Athletes	7.2%	4.9%	3.8%	5.5%
RMB10000-19999	Count	2	12	1	15
	% within Monthly Luxury Purchase	13.3%	80.0%	6.7%	100.0%
	% within Endorsements by Favourite Athletes	2.1%	5.9%	3.8%	4.6%

RMB20000 & above	Count	3	5	1	9
	% within Monthly Luxury Purchase	33.3%	55.6%	11.1%	100.0%
	% within Endorsements by Favourite Athletes	3.1%	2.5%	3.8%	2.8%
<hr/>					
	Count	97	204	26	327
	% within Monthly Luxury Purchase	29.7%	62.4%	8.0%	100.0%
	% within Endorsements by Favourite Athletes	100.0%	100.0%	100.0%	100.0%
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### 6.2.3 Endorsement-driven purchases

Only 8.3% of the respondents reported to have bought products endorsed by famous athletes. Other 2.4% reported that they are unsure. The vast majority of the respondents (89.3%) reported no purchase experience of luxury brands endorsed by sports celebrities. The contrast between the majorities of no purchase against the rest is drastic and clearly demonstrated in Figure 18.

**Figure 17 Impression of endorsements by favourite athletes \* gender cross-tabulation**



In the following cross-tabulation analysis Table 47, the data reveal that male respondents (12.9% within Gender) are more likely to purchase luxury products endorsed by sports athletes than females (5.7%). Similarly, the female respondents are more likely to report no purchase experience of the endorsed brands, or women are unsure about such experiences.

**Table 46 Purchase of endorsed products \* Gender cross-tabulation**

		Gender		Total
		Male	Female	
Purchase of Endorsed Products	Yes	15	12	27
	% within Gender	12.9%	5.7%	8.3%
	No	99	193	292
	% within Gender	85.3%	91.5%	89.3%
	Unsure	2	6	8
	% within Gender	1.7%	2.8%	2.4%

The following analysis in Table 48 compares the age groups against the experience of purchasing luxury products endorsed by sports celebrities. The data suggest that more people in the age groups of 31-40 and 41-50 have purchased such endorsed products. The other age groups then are more strongly represented by those who reported no purchase experience. It is notable that 94.5% of the young age group of 19-30, who are usually interested in sports and famous athletes, reported that they have not purchased any of the sports celebrity endorsed luxury products.

**Table 47 Age groups \* Purchase of endorsed products cross-tabulation**

		Purchase of Endorsed Products				
		Yes & Brand	No	Unsure	Total	
Age Groups	19-30	Count	6	104	0	110
		% within Age Groups	5.5%	94.5%	0.0%	100.0%
		% within Purchase of Endorsed Products	22.2%	35.6%	0.0%	33.6%
31-40		Count	11	95	3	109
		% within Age Groups	10.1%	87.2%	2.8%	100.0%
		% within Purchase of Endorsed Products	40.7%	32.5%	37.5%	33.3%
41-50		Count	9	68	5	82
		% within Age Groups	11.0%	82.9%	6.1%	100.0%
		% within Purchase of Endorsed Products	33.3%	23.3%	62.5%	25.1%
51-60		Count	1	23	0	24
		% within Age Groups	4.2%	95.8%	0.0%	100.0%
		% within Purchase of Endorsed Products	3.7%	7.9%	0.0%	7.3%

61-70	Count	0	1	0	1
	% within Age Groups	0.0%	100.0%	0.0%	100.0%
	% within Purchase of Endorsed Products	0.0%	0.3%	0.0%	0.3%
71-80	Count	0	1	0	1
	% within Age Groups	0.0%	100.0%	0.0%	100.0%
	% within Purchase of Endorsed Products	0.0%	0.3%	0.0%	0.3%
Total	Count	27	292	8	327
	% within Age Groups	8.3%	89.3%	2.4%	100.0%
	% within Purchase of Endorsed Products	100.0%	100.0%	100.0%	100.0%

To look into the relationship between the respondents' income levels and purchase experience, the two variables are examined in the following Table 49. The analysis suggests that the income groups of RMB15000-24999 (37%) and RMB35000-49999 (25.9%), which are the medium-high and high-income groups, tended to have a higher percentage in each of the groups who had purchased such endorsed brands. However, their population size is too small to ensure the reliability of the data. The overall information of this cross tabulation is that purchase experience is not strongly correlated with income levels, although the low-income groups demonstrated a low percentage of positive answers.

**Table 48 Monthly income \* Purchase of endorsed products cross-tabulation**

		Purchase of Endorsed Products			Total
		Yes & Brand	No	Unsure	
RMB1999 and	Count	2	77	1	80

below	% within Monthly Income	2.5%	96.3%	1.3%	100.0%
	% within Purchase of Endorsed Products	7.4%	26.4%	12.5%	24.5%
RMB2000-4999	Count	4	46	1	51
	% within Monthly Income	7.8%	90.2%	2.0%	100.0%
	% within Purchase of Endorsed Products	14.8%	15.8%	12.5%	15.6%
RMB5000-14999	Count	10	100	3	113
	% within Monthly Income	8.8%	88.5%	2.7%	100.0%
	% within Purchase of Endorsed Products	37.0%	34.2%	37.5%	34.6%
RMB15000-24999	Count	7	39	0	46
	% within Monthly Income	15.2%	84.8%	0.0%	100.0%
	% within Purchase of Endorsed Products	25.9%	13.4%	0.0%	14.1%
RMB25000-34999	Count	1	11	0	12
	% within Monthly Income	8.3%	91.7%	0.0%	100.0%
	% within Purchase of Endorsed Products	3.7%	3.8%	0.0%	3.7%
RMB35000-49999	Count	2	8	1	11
	% within Monthly Income	18.2%	72.7%	9.1%	100.0%
	% within Purchase of Endorsed Products	7.4%	2.7%	12.5%	3.4%
RMB50000 and above	Count	1	11	2	14
	% within Monthly Income	7.1%	78.6%	14.3%	100.0%

% within Purchase of Endorsed Products	3.7%	3.8%	25.0%	4.3%
Count	27	292	8	327
% within Monthly Income	8.3%	89.3%	2.4%	100.0%
% within Purchase of Endorsed Products	100.0%	100.0%	100.0%	100.0%

The next analysis in Table 50 examines the relationship between purchasing power and the actual experience of buying sports celebrity-endorsed luxury brands. The data suggests that the group of RMB1001-4999 spending per month tend to have reported the greatest numbers of purchase experiences of endorsed products. Of all those who reported having purchased endorsed products, 51.9% belong to this spending bracket group.

**Table 49 Monthly luxury purchase \* Purchase of endorsed products cross-tabulation**

		Purchase of Endorsed Products		
		Yes & Brand	No	Unsure
RMB1000 & below	Count	9	191	6
	% within Monthly Luxury Purchase	4.4%	92.7%	2.9%
	% within Purchase of Endorsed Products	33.3%	65.4%	75.0%
RMB1001-4999	Count	14	64	1
	% within Monthly Luxury Purchase	17.7%	81.0%	1.3%

	% within Purchase of Endorsed Products	51.9%	21.9%	12.5%
RMB5000-9999	Count	2	15	1
	% within Monthly Luxury Purchase	11.1%	83.3%	5.6%
	% within Purchase of Endorsed Products	7.4%	5.1%	12.5%
RMB10000-19999	Count	1	14	0
	% within Monthly Luxury Purchase	6.7%	93.3%	0.0%
	% within Purchase of Endorsed Products	3.7%	4.8%	0.0%
RMB20000 & above	Count	1	8	0
	% within Monthly Luxury Purchase	11.1%	88.9%	0.0%
	% within Purchase of Endorsed Products	3.7%	2.7%	0.0%
	Count	27	292	8
	% within Monthly Luxury Purchase	8.3%	89.3%	2.4%
	% within Purchase of Endorsed Products	100.0%	100.0%	100.0%



These analyses demonstrate links between luxury purchases under the influence of sports celebrity endorsements with age and gender, but no significant correlation between income and luxury purchasing power.

### 6.2.4 Athlete endorsement-driven purchase intention

The data collected can also generate an overview of the survey respondents' willingness to buy luxury products endorsed by their favourite sports athletes. The data suggest that the majority of consumers are in the status of indecision. There are also more who demonstrated no intention than those who demonstrated having such intention. Those who reported that they had the intention to buy sports celebrity endorsed products accounted for only 23.2% of the 327 survey respondents. Less than a third (29.7%) reported that they would not buy such products. The 47.1% majority indicated that they would consider doing so (Figure 19).

**Figure 18 Intention to purchase luxury products endorsed by favourite athletes**



A cross-tabulation analysis also demonstrates that male respondents (27.6% within gender) are again more positive than female (20.9% within gender) in their intention to buy luxury products endorsed by their favourite sports athletes, as exhibited in Table 51 below.

**Table 50 Intention to purchase luxury products endorsed by favourite athletes \* Gender cross-tabulation**

	Gender	Total
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		Male	Female		
Intention to Purchase Luxury Products Endorsed by Favourite Athletes	Yes	Count	32	44	76
		% within Gender	27.6%	20.9%	23.2%
	No	Count	31	66	97
		% within Gender	26.7%	31.3%	29.7%
Maybe	Count	53	101	154	
	% within Gender	45.7%	47.9%	47.1%	

Further analysis of the variables of age groups and purchase intentions is exhibited in Table 52 below. An interesting observation is that younger consumers tend to have stronger intention of purchase. Those who reported that they have such intentions are concentrated among the younger age groups of 19 to 30-year-olds (51.3%) and 31 to 40-year-olds (28.9%). Further, the youngest group of 19 to 30-year-olds have a 35.5% within age group rate of giving positive answers, followed by 20.2% of the next older group. The reporting rate of no such intentions also rises with age. The attitude of indecision, though, exists fairly evenly among all age groups.

**Table 51 Age groups \* Intention to purchase luxury products endorsed by favourite athletes cross-tabulation**

		Intention to Purchase Luxury Products Endorsed by Favourite Athletes			
		Yes	No	Maybe	Total
19-30	Count	39	26	45	110
	% within Age Groups	35.5%	23.6%	40.9%	100.0%

	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	51.3%	26.8%	29.2%	33.6%
31-40	Count	22	33	54	109
	% within Age Groups	20.2%	30.3%	49.5%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	28.9%	34.0%	35.1%	33.3%
41-50	Count	11	28	43	82
	% within Age Groups	13.4%	34.1%	52.4%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	14.5%	28.9%	27.9%	25.1%
51-60	Count	4	10	10	24
	% within Age Groups	16.7%	41.7%	41.7%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	5.3%	10.3%	6.5%	7.3%
61-70	Count	0	0	1	1
	% within Age Groups	0.0%	0.0%	100.0%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	0.0%	0.0%	0.6%	0.3%

71-80	Count	0	0	1	1
	% within Age Groups	0.0%	0.0%	100.0%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	0.0%	0.0%	0.6%	0.3%
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	Count	76	97	154	327
	% within Age Groups	23.2%	29.7%	47.1%	100.0%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	100.0%	100.0%	100.0%	100.0%

The next analysis in Table 53 examines the relationship between the variables of income levels and expressed purchase intentions. It is more difficult to observe a clear pattern. The data suggest that the lower income groups tend to have stronger intention to purchase sports celebrity endorsed products. The RMB1999 and less group reported a 31.3% within income category rate of positive answer and they accounted for 32.9% of all those who answered positively. Those of the RMB5000-14999 monthly income report the highest percentage of expressing no intention of purchase. The distribution of undecided consumers is relatively even among all income groups.

**Table 52 Monthly income \* Intention to purchase luxury products endorsed by favourite athletes cross-tabulation**

		Intention to Purchase Luxury Products Endorsed by Favourite Athletes			
		Yes	No	Maybe	Total
RMB1999 and	Count	25	20	35	80

below	% within Monthly Income	31.3%	25.0%	43.8%	100.0%
	% within Intention to Purchase	32.9%	20.6%	22.7%	24.5%
	Luxury Products Endorsed by Favourite Athletes				
RMB2000- 4999	Count	15	19	17	51
	% within Monthly Income	29.4%	37.3%	33.3%	100.0%
	% within Intention to Purchase	19.7%	19.6%	11.0%	15.6%
	Luxury Products Endorsed by Favourite Athletes				
RMB5000- 14999	Count	19	33	61	113
	% within Monthly Income	16.8%	29.2%	54.0%	100.0%
	% within Intention to Purchase	25.0%	34.0%	39.6%	34.6%
	Luxury Products Endorsed by Favourite Athletes				
RMB15000- 24999	Count	11	12	23	46
	% within Monthly Income	23.9%	26.1%	50.0%	100.0%
	% within Intention to Purchase	14.5%	12.4%	14.9%	14.1%
	Luxury Products Endorsed by Favourite Athletes				
RMB25000- 34999	Count	2	2	8	12
	% within Monthly Income	16.7%	16.7%	66.7%	100.0%
	% within Intention to Purchase	2.6%	2.1%	5.2%	3.7%
	Luxury Products Endorsed by Favourite Athletes				
RMB35000- 49999	Count	3	6	2	11
	% within Monthly Income	27.3%	54.5%	18.2%	100.0%

	% within Intention to Purchase	3.9%	6.2%	1.3%	3.4%
	Luxury Products Endorsed by				
	Favourite Athletes				
RMB50000 and	Count	1	5	8	14
above					
	% within Monthly Income	7.1%	35.7%	57.1%	100.0%
	% within Intention to Purchase	1.3%	5.2%	5.2%	4.3%
	Luxury Products Endorsed by				
	Favourite Athletes				
	Count	76	97	154	327
	% within Monthly Income	23.2%	29.7%	47.1%	100.0%
	% within Intention to Purchase	100.0%	100.0%	100.0%	100.0%
	Luxury Products Endorsed by				
	Favourite Athletes				

The following analysis in Table 54 examines the relationship between the variables of purchasing power and intention of purchasing sports celebrity-endorsed luxury brands. Again, it is difficult to observe a clear pattern. Among the casual buyers who would spend less than RMB1000 per month there are equally strong positive, negative, and neutral intentions expressed. This group's attitude is proportionally consistent with the overall composition of the entire population. The high-powered groups of RMB10000-19999 and RMB20000 and above indicated both strong positive and negative intention, however their population size is too small to ensure the reliability of the data.

**Table 53 Monthly luxury purchase spending \* Intention to purchase luxury products endorsed by favourite athletes cross-tabulation**

		Intention to Purchase Luxury Products Endorsed by Favourite Athletes		
		Yes	No	Maybe
RMB1000 & below	Count	48	63	95
	% within Monthly Luxury Purchase	23.3%	30.6%	46.1%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	63.2%	64.9%	61.7%
RMB1001-4999	Count	15	21	43
	% within Monthly Luxury Purchase	19.0%	26.6%	54.4%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	19.7%	21.6%	27.9%
RMB5000-9999	Count	3	4	11
	% within Monthly Luxury Purchase	16.7%	22.2%	61.1%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	3.9%	4.1%	7.1%
RMB10000-19999	Count	5	6	4
	% within Monthly Luxury Purchase	33.3%	40.0%	26.7%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	6.6%	6.2%	2.6%
RMB20000 & above	Count	5	3	1
	% within Monthly Luxury Purchase	55.6%	33.3%	11.1%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	6.6%	3.1%	0.6%
	Count	76	97	154
	% within Monthly Luxury Purchase	23.2%	29.7%	47.1%
	% within Intention to Purchase Luxury Products Endorsed by Favourite Athletes	100.0%	100.0%	100.0%

### **6.2.5 Notes**

The above analysis indicates that male respondents are more active than female respondents in all areas and younger respondents are more active than older respondents with regard to luxury consumption and sports athlete endorsements. Further and closer analysis of the data is required to investigate what the significance of such findings is. It can also be noted from the four questions that sports athlete endorsements of luxury brands and products did impact on consumer awareness, purchase, and intentions. Potential for purchase intention exists, but can be hardly described as being strong. It therefore can be noted from the analysis that sports celebrity endorsement of luxury brands plays a small role in influencing Chinese consumers. This finding may raise the question of whether it is worth investigating this phenomenon. This matter will be discussed in the summary section of this chapter.

So far the demographic characteristics of the survey respondents, their luxury consumption characteristics, and their experience and basic attitude towards sports celebrity endorsements of luxury brands have been analysed to get a basic understanding of the population. This provides an information and data foundation for further study of the relationships between the variables. In the next sections, analysis of the relationships between the data collected will provide evidence from which to examine the relationships between the research variables.

### **6.3 Exploring the relationships between variables**

The first stage of this research has identified six variables that are critical for answering the research question. This section will analyse the survey data to explore the relationships between them. For each of these six variables, the questionnaire asked the respondents to answer four to five questions and invited them to mark their opinion in a scale of 1 to 5 with the 1 indicating strongly disagree and 5 indicating strongly agree. In the questionnaire, these four to five questions were not necessarily grouped together in order to avoid primacy and ordering effects influencing the respondent's attitude. The first set of the questions is about the relationship between the variables of sports celebrity attractiveness, trustworthiness, and expertise and the brand equity of the luxury brands. The second



set looks at what relationship exists between the enhanced brand equity and the intention and decision of making purchases by Chinese consumers. Lastly, the data analysis examines consumers' preference for Chinese sports celebrities as endorsers of international luxury brands in the Chinese market.

### 6.3.1 Attractiveness of sports celebrities

The first variable this analysis investigates is attractiveness, and how it relates to the variables of brand equity and hence to consumers' intention and decision to purchase. In the questionnaire survey, questions 19, 20, 21, 25, and 36 respectively asked the respondents about their attitude to these variables. The questions and the results are summarised in Table 55 below.

**Table 54 Exploring the variable of attractiveness**

Q. No.	Questions	Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
19	I think celebrity sports athletes are attractive.	Attractiveness	21	14	126	129	37
20	As luxury brand endorsers, celebrity athletes are attractive.	Attractiveness in association with luxury brand	55	66	143	49	14
21	I will be willing to buy the brand endorsed by the athletes who I consider attractive.	Attractiveness, Intention	31	26	125	116	29
25	I have confidence in the brand equity of a luxury product if an attractive athlete endorses it.	Attractiveness, Brand equity	24	32	113	123	35
36	Because I am a fan of an attractive athlete endorser, I will buy the endorsed brand.	Attractiveness, Decision	41	57	142	68	19

Question 19 is a simple statement. More than 50% of the respondents agreed or strongly agreed with it. When the variable of attractiveness is associated with the commercial concept of a luxury brand, there is a drastic change of respondent attitude. There were many more respondents (37%) who disagreed or strongly disagreed with the statement than those who agreed or strongly agreed (19.3%). Question 25 inquires about the relationship between the variable of attractiveness and brand equity. The consumers' attitude became positive. Q21 is a statement involving the variables of attractiveness and consumers' intention of purchase, and their attitude stood at approximately the same level as Q25. Lastly, when their attitude towards making a purchase decision was questioned, the consumers' attitude tended to be less positive than in Q21 with more people disagreeing than agreeing.

Most of the answers are also neutral. The impact of this on the findings are:

- Use neutral responses appropriately:
  1. Neutral responses should be avoided when it is clear that the operator will have some opinion. For example, operators should have an opinion when asked whether "This system is easy to operate."
  2. Neutral responses can be interesting and should be included in cases where a direct comparison is being made. For example, operators may have no preference when asked whether "The new system was easier to use than the legacy system."
- We should avoid asking questions of operators that do not apply in order to keep motivation high for completing the surveys and to minimize the number of questions each operator must answer.
- Avoid having a "don't care" or neutral response outside of the scale. To the extent possible we should avoid "not applicable" response options altogether.
- Use response scales with between 4 and 7 levels.

Overall attitude changes can also be identified from the statistical data below in Table 56 about the five questions in terms of mean, median and mode of the answers.

**Table 55 Descriptive statistics of Q19, 20, 21, 25 & 36**

	Q19	Q20	Q21	Q25	Q36
N	327				
Mean	3.45	2.70	3.26	3.35	2.90
Median	4.00	3.00	3.00	3.00	3.00
Mode	4	3	3	4	3

Overall, the respondents were more positive with Q19 (attractiveness) and Q25 (attractiveness and brand equity) than with the questions in which the variable of attractiveness is in association with other variables with a commercial nature.

To further understand the relationship between the variables of attractiveness and brand equity, a cross tabulation analysis of the answers of Q19 and Q25 is exhibited in Table 57 below. They demonstrate a strong correlation. In almost all of the five scales choices, the percentages of answers are consistent. For example, 54.1% of those who chose “Strongly Agree” to the statement that sports celebrities are attractive agreed to the statement that their positive attitude towards the endorsed brand equity increased. Likewise, 57.1% of those who chose to strongly agree with their enhanced confidence in brand equity chose to strongly agree with the statement of the attractiveness of sports celebrities.

**Table 56 Q19 \* Q25 cross-tabulation**

		Q25					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Q19 Strongly	Count	16	2	1	1	1	21
	% within Q19	76.2%	9.5%	4.8%	4.8%	4.8%	100.0%
	% within Q25	66.7%	6.3%	0.9%	0.8%	2.9%	6.4%
Disagree	Count	3	7	3	1	0	14
	% within Q19	21.4%	50.0%	21.4%	7.1%	0.0%	100.0%

	% within Q25	12.5%	21.9%	2.7%	0.8%	0.0%	4.3%
Neutral	Count	5	15	70	34	2	126
	% within Q19	4.0%	11.9%	55.6%	27.0%	1.6%	100.0%
	% within Q25	20.8%	46.9%	61.9%	27.6%	5.7%	38.5%
Agree	Count	0	8	33	76	12	129
	% within Q19		6.2%	25.6%	58.9%	9.3%	100.0%
	% within Q25	0.0%	25.0%	29.2%	61.8%	34.3%	39.4%
Strongly Agree	Count	0	0	6	11	20	37
	% within Q19	0.0%	0.0%	16.2%	29.7%	54.1%	100.0%
	% within Q25	0.0%	0.0%	5.3%	8.9%	57.1%	11.3%
Total	Count	24	32	113	123	35	327
	% within Q19	7.3%	9.8%	34.6%	37.6%	10.7%	100.0%
	% within Q25	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In order to further test the relationship between the variable of sports celebrities' attractiveness and the endorsed luxury brand equity, the data collected in Q19 is compared with the data of Q28, which asked the respondents to indicate their opinion of the statement saying that sports celebrity endorsement shortens the distance between the consumers and the endorsed luxury products, which indicates enhanced brand equity. The answers to Q28 are presented in the displays below of Table 58 and Figure 20.

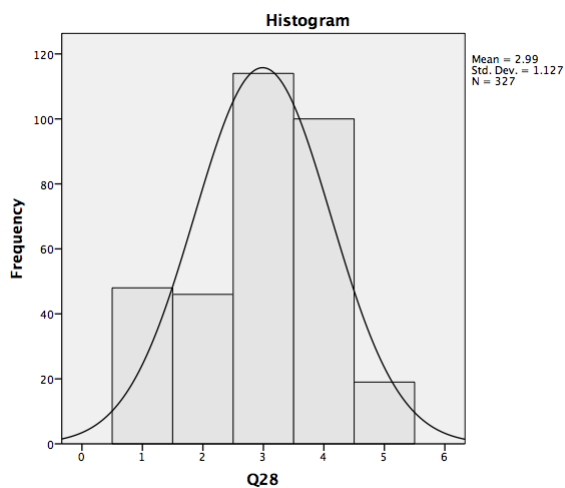
**Table 57 Overview of Q28 answer results**

**Q28**

Frequency	Per cent	Valid Per cent	Cumulative Per cent
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Strongly Disagree	48	14.7	14.7	14.7
Disagree	46	14.1	14.1	28.7
Neutral	114	34.9	34.9	63.6
Agree	100	30.6	30.6	94.2
Strongly Agree	19	5.8	5.8	100.0
Total	327	100.0	100.0	

Figure 19 Q28 results histogram



The analysis indicates that 30.6% of the respondents agreed with the statement indicating the brand equity value, and 34.9% of those surveyed had a neutral attitude. The normal distribution of the answers is similar to Q19. Further cross-tabulation and correlation analyses will study the relationships between the variables of attractiveness and brand equity.

Table 58 Q19 \* Q28 cross-tabulation

		Q28				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q19	Disagree					
Q19	Agree					
		Disagree	Agree	Neutral	Agree	Total

Strongly Disagree	Count	18	2	1	0	0	21
	% within Q19	85.7%	9.5%	4.8%	0.0%	0.0%	100.0%
	% within Q28	37.5%	4.3%	0.9%	0.0%	0.0%	6.4%
Disagree	Count	8	3	2	1	0	14
	% within Q19	57.1%	21.4%	14.3%	7.1%	0.0%	100.0%
	% within Q28	16.7%	6.5%	1.8%	1.0%	0.0%	4.3%
Neutral	Count	16	19	67	24	0	126
	% within Q19	12.7%	15.1%	53.2%	19.0%	0.0%	100.0%
	% within Q28	33.3%	41.3%	58.8%	24.0%	0.0%	38.5%
Agree	Count	5	20	37	61	6	129
	% within Q19	3.9%	15.5%	28.7%	47.3%	4.7%	100.0%
	% within Q28	10.4%	43.5%	32.5%	61.0%	31.6%	39.4%
Strongly Agree	Count	1	2	7	14	13	37
	% within Q19	2.7%	5.4%	18.9%	37.8%	35.1%	100.0%
	% within Q28	2.1%	4.3%	6.1%	14.0%	68.4%	11.3%
Total	Count	48	46	114	100	19	327
	% within Q19	14.7%	14.1%	34.9%	30.6%	5.8%	100.0%
	% within Q28	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

From the cross-tabulation analysis above in Table 59, the similarity of the two groups of data is concentrated in the categories of Neutral and Agree. There is an indication of covariance between the two variables. The correlation analysis in below Table 60 further suggests a moderate positive relationship.

**Table 59 Correlations between Q19 and Q28**

		Correlations	
		Q19	Q28
Q19	Pearson Correlation	1	.589**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	308.917	210.798
	Covariance	.948	.647
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The analysis suggests that the two variables have a positive correlation, as the Pearson Correlation value is 0.589. The Covariance value between the two variables also presents a positive relationship, as the value is 0.647. The significance value is 0.000, which suggests that the data are statistically significant and not generated by chance.

The data analysis of the above questions suggests a moderate positive correlation between athlete attractiveness and endorsed brand equity.

### 6.3.2 Trustworthiness

The second relationship this analysis examines is between trustworthiness and brand equity. The survey questionnaire asked the participants five questions in this regard as introduced in Table 61 below.

**Table 60 Overview of the variable of trustworthiness**

Q. No.	Questions	Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
33	I think celebrity sports athletes are trustworthy.	Trustworthiness	33	24	137	106	27

34	As luxury brand endorsers, celebrity athletes have rather high level of trustworthiness.	Trustworthiness in association with luxury brand	26	28	83	130	60
44	It is easier for me to decide buying the luxury product endorsed by a trustworthy athlete	Trustworthiness, decision	60	94	113	47	13
45	If I trust a sports athlete, I will have a stronger preference to the products he or she endorses.	Trustworthiness, brand equity	34	53	134	88	18
22	The endorsing athletes whom I consider trustworthy easily influence my purchase intention.	Trustworthiness, intention	43	55	120	75	34

Q33 is a simple statement of the trustworthiness of sports athletes. The data analysis suggests a normal distribution of answers with the greatest ratio of the answers being neutral, accounting for 41.9% of the total, followed by those who agree (32.4%). There is an almost equal number of respondents who strongly disagree and strongly agree. The participants are generally neutral about the trustworthiness of sports celebrities. It is interesting to note that when trustworthiness was mentioned in association with luxury brand endorsements in Q34, the participants' attitude became positive, with about 58% respondents agreeing or strongly agreeing. Q44 inquired about whether trustworthiness is positively associated with purchasing decision, and here the attitude of the participants was least positive. Q45 and Q22 respectively explored the variables of trustworthiness and purchase intention and had very close levels of results. The relationships can also be observed from the statistics data presented in Table 62 below.

**Table 61 Statistics of the variable of trustworthiness**

	Q33	Q34	Q44	Q45	Q22
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N	327					
Mean		3.21	3.52	2.57	3.01	3.01
Median		3.00	4.00	3.00	3.00	3.00
Mode		3	4	3	3	3

A cross-tabulation analysis of the two variables would help to understand the relationships between trustworthiness and brand equity. In the following cross-tabulation analysis in Table 63 of the answers to Q33 and Q45, the greatest concentration of similarity is with the Neutral answer, followed by Agree.

**Table 62 Q33 \* Q45 cross-tabulation**

		Q45						
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
Q33	Strongly Disagree	Count	22	7	4	0	0	33
		% within Q33	66.7%	21.2%	12.1%	0.0%	0.0%	100.0%
		% within Q45	64.7%	13.2%	3.0%	0.0%	0.0%	10.1%
Disagree	Count	1	8	11	4	0	24	
		% within Q33	4.2%	33.3%	45.8%	16.7%	0.0%	100.0%
		% within Q45	2.9%	15.1%	8.2%	4.5%	0.0%	7.3%
Neutral	Count	8	26	79	22	2	137	
		% within Q33	5.8%	19.0%	57.7%	16.1%	1.5%	100.0%
		% within Q45	23.5%	49.1%	59.0%	25.0%	11.1%	41.9%
Agree	Count	0	11	37	53	5	106	
		% within Q33	0.0%	10.4%	34.9%	50.0%	4.7%	100.0%
		% within Q45	0.0%	20.8%	27.6%	60.2%	27.8%	32.4%
Strongly Agree	Count	3	1	3	9	11	27	

Agree	% within Q33	11.1%	3.7%	11.1%	33.3%	40.7%	100.0%
	% within Q45	8.8%	1.9%	2.2%	10.2%	61.1%	8.3%
Total	Count	34	53	134	88	18	327
	% within Q33	10.4%	16.2%	41.0%	26.9%	5.5%	100.0%
	% within Q45	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The next analysis examines the correlations between the two variables of trustworthiness and enhanced brand equity. The following data analysis in Table 64 demonstrates a Pearson Correlation value of 0.589 and Covariance of 0.636, suggesting that these two variables are positively correlated.

**Table 63 Correlations between Q33 and Q45**

		Q33	Q45
Q33	Pearson Correlation	1	.589**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	355.015	207.358
	Covariance	1.089	.636
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

In order to further verify the positive relationship between the variables of trustworthiness and brand equity, the data collected in the Q33 are compared with the data of Q28, which asked the respondents to indicate their opinion of the statement that sports celebrity endorsement shortens the distance between the consumers and the endorsed luxury products, an indication of enhanced brand equity. As was already demonstrated in the previous section, Q28 and its answers

demonstrated how the respondents evaluated the variable of brand equity. From the cross-tabulation analysis in Table 63 it is visible that the similarity of the two groups of data is concentrated in the categories of Neutral and Agree. There is an indication of covariance between the two variables. The correlations analysis in Table 65 below emphasises such a strong positive relationship.

**Table 64 Q33 \* Q28 cross-tabulation**

		Q28					
		Strongly Disagree		Neutral	Strongly Agree		Total
Q33		Count					
Strongly Disagree	Count	28	3	2	0	0	33
	% within Q33	84.8%	9.1%	6.1%	0.0%	0.0%	100.0%
	% within Q28	58.3%	6.5%	1.8%	0.0%	0.0%	10.1%
Disagree	Count	3	9	8	3	1	24
	% within Q33	12.5%	37.5%	33.3%	12.5%	4.2%	100.0%
	% within Q28	6.3%	19.6%	7.0%	3.0%	5.3%	7.3%
Neutral	Count	14	24	69	30	0	137
	% within Q33	10.2%	17.5%	50.4%	21.9%	0.0%	100.0%
	% within Q28	29.2%	52.2%	60.5%	30.0%	0.0%	41.9%
Agree	Count	1	10	30	59	6	106
	% within Q33	0.9%	9.4%	28.3%	55.7%	5.7%	100.0%
	% within Q28	2.1%	21.7%	26.3%	59.0%	31.6%	32.4%
Strongly Agree	Count	2	0	5	8	12	27
	% within Q33	7.4%	0.0%	18.5%	29.6%	44.4%	100.0%
	% within Q28	4.2%	0.0%	4.4%	8.0%	63.2%	8.3%

Total	Count	48	46	114	100	19	327
	% within Q33	14.7%	14.1%	34.9%	30.6%	5.8%	100.0%
	% within Q28	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Chi-Square tests suggest the result is statistically significant. The Symmetric Measures test suggests that the two variables are positively correlated. In order to finally test the correlation of the two variables, the following Correlations test in Table 66 presents a strong positive correlation between the two variables of Q33, which is trustworthiness, and Q23 that is brand equity.

**Table 65 Correlations between Q33 and Q28**

		Correlations	
		Q33	Q28
Q33	Pearson Correlation	1	.636**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	355.015	243.856
	Covariance	1.089	.748
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The analysis result suggests that the Pearson Correlation value is a positive 0.636 and the Covariance value is 0.748. This demonstrates that the two variables are positively related.

Through the above analysis, it is proven that there is a positive relationship between consumer perceptions of the trustworthiness of sports celebrities and the brand equity of the luxury brands they have endorsed. Those who tend to agree with the statement that sports celebrities are trustworthy also tend to agree that the

endorsed products have higher brand equity.

### 6.3.3 Athlete expertise

The third type of relationships explored is between the athletes' expertise and the brand equity of the endorsed luxury products. Questions 27, 31, 35, 39, and 40 listed in Table 67 inquired about the respondents' attitudes towards the variable of athlete expertise.

**Table 66 Overview of the variable of expertise**

Q. No.	Questions	Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
27	Sports celebrities have rather high professional expertise.	Expertise	28	35	124	118	22
31	As luxury brand endorsers, celebrity athletes have rather high level of professional expertise.	Expertise in association with luxury brand	47	47	126	87	20
35	An endorsement matched up with the sports celebrity's expertise will enhance the brand equity.	Expertise, brand equity	22	15	79	156	55
39	Sports celebrity endorsements to brands matching their professional expertise makes willing to buy the products.	Expertise, intention	40	52	126	82	27
40	Sports celebrity endorsements to brands matching their professional expertise makes me decide to buy the products.	Expertise, decision	43	50	206	95	33

Question 27 of the survey asks whether respondents think sports celebrities have a high level of professional expertise. This invites the respondents to rate on a scale of 1 to 5 whether they strongly disagree or strongly agree with the statement. A summary of the answers to this question is presented in the displays below. The data analysis suggests a normal distribution of answers with the greatest ratio of the answers being neutral, accounting for 37.9% of the total, followed by those who agree (36.1%). It is important that although the opinion of the majority is neutral, there were more people who chose to agree (36.1%) and strongly agree (6.7%) than those who disagreed (10.7%) and strongly disagreed (8.6). Therefore, the overall attitude was positive to the statement that sports athletes had a high level of professional expertise. Similar to the previous two variables, when expertise was associated with the commercial factor of luxury brands, there were more people who disagreed than agreed. The respondents responded positively to the notion that athlete expertise is positively related to the brand equity of the endorsed products. In Q35, a majority of 156 of the respondents (47.7%) chose Agree together with 55 (17%) who chose Strongly agree. However, the positive attitude declined sharply when the variable was linked with intention and decision of purchase in Q39 and 40. But the overall attitude towards intention and decision of purchase were skewed to the positive.

A cross-tabulation analysis of Q27 and Q35, which inquired about the expertise and brand equity variables, helps to understand how they are related. In the following cross-tabulation analysis of Q27 and Q35's answers in Table 68, the greatest concentration of similarity is with the Neutral answer, however those who chose to Agree accounted for the most. The Chi-square tests suggest the Asymp. Sig. to be 0.000 and the Symmetry Measures suggest a Contingency Coefficient of 0.687.

**Table 67 Q27 \* Q35 cross-tabulation**

		Q35				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q27	Strongly Disagree					
Q27	Disagree					
Q27	Neutral					
Q27	Agree					
Q27	Strongly Agree					
		Total	Total	Total	Total	Total

Q27	Strongly Disagree	Count	18	3	3	3	1	28
		% within Q27	64.3%	10.7%	10.7%	10.7%	3.6%	100.0%
		% within Q35	81.8%	20.0%	3.8%	1.9%	1.8%	8.6%
	Disagree	Count	2	6	9	16	2	35
		% within Q27	5.7%	17.1%	25.7%	45.7%	5.7%	100.0%
		% within Q35	9.1%	40.0%	11.4%	10.3%	3.6%	10.7%
	Neutral	Count	2	6	54	52	10	124
		% within Q27	1.6%	4.8%	43.5%	41.9%	8.1%	100.0%
		% within Q35	9.1%	40.0%	68.4%	33.3%	18.2%	37.9%
	Agree	Count	0	0	12	81	25	118
		% within Q27	0.0%	0.0%	10.2%	68.6%	21.2%	100.0%
		% within Q35	0.0%	0.0%	15.2%	51.9%	45.5%	36.1%
	Strongly Agree	Count	0	0	1	4	17	22
		% within Q27	0.0%	0.0%	4.5%	18.2%	77.3%	100.0%
		% within Q35	0.0%	0.0%	1.3%	2.6%	30.9%	6.7%
Total		Count	22	15	79	156	55	327
		% within Q27	6.7%	4.6%	24.2%	47.7%	16.8%	100.0%
		% within Q35	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In order to further verify the positive relationship between the variables of expertise and brand equity, the data collected in the Q27 are compared with the data of Q28, which asked the respondents to indicate their opinion of the statement saying that sports celebrity endorsement shortens the distance between consumers and endorsed luxury products. As was already demonstrated in the previous section, Q28

and its answers demonstrate how the respondents evaluate the variable of brand equity. From the cross-tabulation analysis above it the similarity of the two groups of data concentrates in the categories of Neutral and Agree. There is an indication of covariance between the two variables. The correlations analysis below in Table 69 below emphasises such a strong positive relationship.

Table 68 Q27 \* Q28 cross-tabulation

		Q28						
		Strongly Disagree		Disagree	Neutral	Agree	Strongly Agree	Total
Q27	Strongly Disagree	Count	26	0	2	0	0	28
		% within Q27	92.9%	0.0%	7.1%	0.0%	0.0%	100.0%
		% within Q28	54.2%	0.0%	1.8%	0.0%	0.0%	8.6%
Disagree	Count	14	12	8	1	0	35	
		% within Q27	40.0%	34.3%	22.9%	2.9%	0.0%	100.0%
		% within Q28	29.2%	26.1%	7.0%	1.0%	0.0%	10.7%
Neutral	Count	5	20	72	27	0	124	
		% within Q27	4.0%	16.1%	58.1%	21.8%	0.0%	100.0%
		% within Q28	10.4%	43.5%	63.2%	27.0%	0.0%	37.9%
Agree	Count	3	14	30	68	3	118	
		% within Q27	2.5%	11.9%	25.4%	57.6%	2.5%	100.0%
		% within Q28	6.3%	30.4%	26.3%	68.0%	15.8%	36.1%
Strongly	Count	0	0	2	4	16	22	



Agree	% within Q27	0.0%	0.0%	9.1%	18.2%	72.7%	100.0%
	% within Q28	0.0%	0.0%	1.8%	4.0%	84.2%	6.7%
Total	Count	48	46	114	100	19	327
	% within Q27	14.7%	14.1%	34.9%	30.6%	5.8%	100.0%
	% within Q28	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Chi-Square tests suggest the result is statistically significant. The Symmetric Measures test suggests that the two variables are positively correlated. In order to finally test the correlation of the two variables, the following Correlations test in Table 70 presents a positive correlation between the two variables of Q27, which is expertise, and Q28, which is brand equity.

**Table 69 Correlations between Q27 and Q28**

		Q27	Q28
Q27	Pearson Correlation	1	.722**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	337.584	269.869
	Covariance	1.036	.828
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The analysis result suggests that the Pearson Correlation value is a positive 0.722 and the Covariance value is 0.828. This demonstrates that the two variables are positively related.

Through the above analysis, it is proven that there is a positive relationship between consumer perceptions of the expertise of sports celebrities and the brand equity of

the luxury brands they have endorsed. Those who tend to agree with the statement that sports celebrities have a high level of expertise also tend to agree that endorsed products have higher brand equity.

### 6.3.4 Intention to buy

The fourth variable of this research is the consumers' intention to make purchases. The relationship centres on the relationship between two variables: the perceived brand equity and the consumers' interest in buying endorsed luxury products. These two variables are again fundamentally determined by the consumer's attitude. The questionnaire asked the respondents directly three questions as summarised in Table 71 below.

**Table 70 Overview of the variable of intention of purchase**

Q. No.	Questions	Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
37	I tend to be easily influenced by advertising by sports athletes.	Intention, influence	47	67	134	61	18
38	I wish to buy luxury products endorsed by sports celebrities.	Intention	45	66	138	57	21
42	Because of the enhanced brand equity of the products endorsed by sports athletes, I am willing to buy them.	Intention, brand equity	35	47	117	107	21

These three questions reflect an increasing intensity in the consumer's intention of purchase. Q37 is a statement of consumers' susceptibility to advertising influences. About 35% of the respondents chose to disagree or strongly disagree that they would be simply influenced by advertisements. Only 24% chose to agree or strongly agree. The rest (41%) indicated a neutral attitude. A similar pattern appeared in the

answers to Q38, which was a simple statement of willingness to buy luxury products endorsed by sports celebrities. The most interesting observation is in Q42, when the variable of brand equity was added; almost 40% of the respondents chose positive answers and only 25% chose negative answers. The percentage of neutral attitude also declined slightly. This observation suggests a strong effect of brand equity in the consumer's intention of purchase. The descriptive statistical values of the variables in Table 72 below also suggest the same observations.

**Table 71 Statistics of the Q37, Q38, and Q42**

	Q37	Q38	Q42
N	327		
Mean	2.80	2.83	3.10
Median	3.00	3.00	3.00
Mode	3	3	3

To further identify whether there is a positive correction between the variable of brand equity and the variable of willingness to buy, this section looks into the data collected through answering Q32, which asks the respondents' opinion on a scale of 1 to 5, ranging from Strongly disagree to Strongly agree, that the brands endorsed by sports celebrities would have greater brand equity than other luxury brands. The descriptive analysis of the data from Q32 is presented in Table 73 and Figure 21 below.

**Table 72 Q32 results**

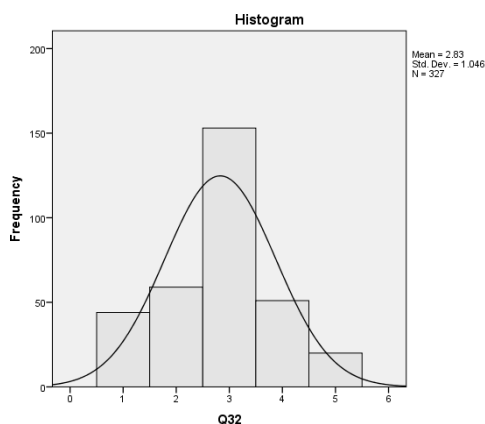
**Q32**

	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Strongly Disagree	44	13.5	13.5	13.5
Disagree	59	18.0	18.0	31.5
Neutral	153	46.8	46.8	78.3
Agree	51	15.6	15.6	93.9

=

Strongly Agree	20	6.1	6.1	100.0
Total	327	100.0	100.0	

Figure 20 Q32 histogram



A normal distribution of answers exists, with the majority of 46.8% of the respondents choosing to be neutral and the overall opinion very slightly skewing to the negative. This analysis suggests that the respondents’ opinion of the increased brand equity is mostly neutral.

Question 38 is a straightforward statement of wishing to buy or possess luxury products endorsed by sports celebrities, as discussed earlier. This is a direct test of the opinion of the respondents of the variable of willingness to buy. The opinion is also measured in a scale of 1 to 5 from Strongly disagree to Strongly agree. A descriptive analysis of the variable of willingness to buy is presented in Table 74 and Figure 22 below.

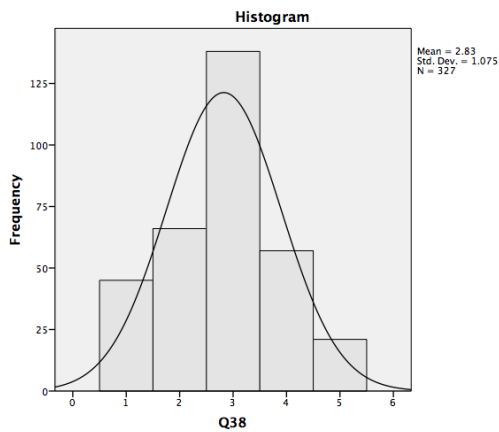
Table 73 Q38 results

Q38				
	Frequency	Per cent	Valid Per cent	Cumulative Per cent
Strongly Disagree	45	13.8	13.8	13.8
Disagree	66	20.2	20.2	33.9

=

Neutral	138	42.2	42.2	76.1
Agree	57	17.4	17.4	93.6
Strongly Agree	21	6.4	6.4	100.0
Total	327	100.0	100.0	

**Figure 21 Q38 histogram**



The result suggests a strong similarity to that of Q32. The answers are in a normal distribution. Again, those who hold a neutral attitude to the question accounted for 42.2%, making them the majority group. There were 33.9% respondents who chose Strongly disagree or Disagree. This suggests that the opinion is very slightly skewed to the negative side.

To further investigate if there is a correlation between the variables of brand equity and purchase intention, the answers of Q32 and Q38 are compared in the cross-tabulation analysis below in Table 75.

**Table 74 Q32 \* Q38 cross-tabulation**

		Q38			
		Strongly Disagree	Neutral	Strongly Agree	
Strongly Disagree					Total
Disagree					
Neutral					
Agree					
Strongly Agree					

Q32	Strongly Disagree	Count	31	8	4	0	1	44
		% within Q32	70.5%	18.2%	9.1%	0.0%	2.3%	100.0%
		% within Q38	68.9%	12.1%	2.9%	0.0%	4.8%	13.5%
Disagree	Disagree	Count	7	27	18	4	3	59
		% within Q32	11.9%	45.8%	30.5%	6.8%	5.1%	100.0%
		% within Q38	15.6%	40.9%	13.0%	7.0%	14.3%	18.0%
Neutral	Neutral	Count	6	26	93	23	5	153
		% within Q32	3.9%	17.0%	60.8%	15.0%	3.3%	100.0%
		% within Q38	13.3%	39.4%	67.4%	40.4%	23.8%	46.8%
Agree	Agree	Count	1	4	20	23	3	51
		% within Q32	2.0%	7.8%	39.2%	45.1%	5.9%	100.0%
		% within Q38	2.2%	6.1%	14.5%	40.4%	14.3%	15.6%
Strongly Agree	Strongly Agree	Count	0	1	3	7	9	20
		% within Q32	0.0%	5.0%	15.0%	35.0%	45.0%	100.0%
		% within Q38	0.0%	1.5%	2.2%	12.3%	42.9%	6.1%
Total	Total	Count	45	66	138	57	21	327
		% within Q32	13.8%	20.2%	42.2%	17.4%	6.4%	100.0%
		% within Q38	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The cross-tabulation analysis demonstrates a strong similarity between the two variables. The respondents were consistent in their opinion indications in all the five scales with the majority concentrating on being Neutral, which accounted for 93 counts and 28.4% of the total respondents. The Chi-square test suggests a significance value of .000. The symmetric Measures test valued 0.669 in contingency

coefficient and 0.623 in Pearson's R-value.

A correlation test is conducted and displayed in the following Table 76. The analysis resulted in a Pearson Correlation of .623 and Covariance of .700. This suggests a strong correlation between the two variables.

**Table 75 Correlations between Q32 and Q38**

		Correlations	
		Q32	Q38
Q32	Pearson Correlation	1	.623**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	356.410	228.239
	Covariance	1.093	.700
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### 6.3.5 Action of purchase

The fifth relationship to be explored is between the variables of purchase decision and brand equity. This survey of the research asked the respondents three questions to measure the variable of purchase decision measured by the consumer's attitude. The results are summarised in Table 77 below.

**Table 76 Overview of the variable of decision of purchase**

Q. No.	Questions	Variables	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
41	I buy luxury products endorsed by sports celebrities.	Decision	48	84	142	41	12

43	I buy luxury products because sports celebrity endorsements have enhanced their brands.	Decision, brand equity	24	26	75	113	89
47	Although endorsements add costs and prices, I still buy the endorsed products because of the added values.	Decision, price	38	58	131	84	16

Q41 is a simple statement of consumers' action of buying luxury products endorsed by sports celebrities. The survey participants' responses were generally skewed to the negative, with only 16.2% choosing agreeing answers and 40% choosing disagreeing answers. Those who were neutral accounted for 43.%. But when the variable of brand equity was used in Q43, the consumers' attitude changed drastically. About 62% of the respondents chose to agree (113) and strongly agree (89) with the reason for buying endorsed luxury brands because of enhanced brand equity. The majority attitude skewed to the positive. Q47 provides some reference to the factor of price and found out that 30% of the respondents had a positive attitude about the statement that the higher price of endorsed luxury products was acceptable while slightly fewer respondents disagreed (29%). About 40% remained neutral. The statistics in Table 78 below reflect the overall situation of positive attitude expressed in Q43 in comparison with other two questions.

**Table 77 Statistics of Q41, Q43 and Q47**

		Q41	Q43	Q47
N	Valid	327	327	327
	Missing	0	0	0
Mean		2.65	3.66	2.94
Median		3.00	4.00	3.00
Mode		3	4	3



With such findings, this section looks into the data collected through answering Q32, which asks the respondents' opinion on a scale of 1 to 5 ranging from Strongly disagree to Strongly agree that the brands endorsed by sports celebrities would have greater brand equity than other luxury brands. The descriptive analysis of the data to Q32 was presented in Table 73 and Figure 21. The data analysis presents a normal distribution of answers, with the majority of 46.8% of the respondents choosing to be neutral and the overall opinion very slightly skewing to the negative. This analysis suggests that the respondents' opinion of increased brand equity is mostly neutral.

Question 41 asks the respondents to indicate whether they will take the action of buying luxury products endorsed by sports celebrities. This is a direct test of the opinion of the respondents of the variable of action of making purchases. The results of answers to Q41 are in Table 79.

**Table 78 Q41 results**

		Q41			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	48	14.7	14.7	14.7
	Disagree	84	25.7	25.7	40.4
	Neutral	142	43.4	43.4	83.8
	Agree	41	12.5	12.5	96.3
	Strongly Agree	12	3.7	3.7	100.0
	Total	327	100.0	100.0	

To further investigate if there is a correlation between the variables of brand equity and the statement of action of purchase, the answers of Q32 and Q41 are compared in the cross-tabulation analysis below in Table 80.

**Table 79 Q32 \* Q41 cross-tabulation**

		Q41					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Q32 Strongly Disagree	Count	32	8	4	0	0	44
	% within Q32	72.7%	18.2%	9.1%	0.0%	0.0%	100.0%
	% within Q41	66.7%	9.5%	2.8%	0.0%	0.0%	13.5%
Disagree	Count	6	34	14	4	1	59
	% within Q32	10.2%	57.6%	23.7%	6.8%	1.7%	100.0%
	% within Q41	12.5%	40.5%	9.9%	9.8%	8.3%	18.0%
Neutral	Count	7	35	98	13	0	153
	% within Q32	4.6%	22.9%	64.1%	8.5%	0.0%	100.0%
	% within Q41	14.6%	41.7%	69.0%	31.7%	0.0%	46.8%
Agree	Count	3	5	22	18	3	51
	% within Q32	5.9%	9.8%	43.1%	35.3%	5.9%	100.0%
	% within Q41	6.3%	6.0%	15.5%	43.9%	25.0%	15.6%
Strongly Agree	Count	0	2	4	6	8	20
	% within Q32	0.0%	10.0%	20.0%	30.0%	40.0%	100.0%
	% within Q41	0.0%	2.4%	2.8%	14.6%	66.7%	6.1%
Total	Count	48	84	142	41	12	327
	% within Q32	14.7%	25.7%	43.4%	12.5%	3.7%	100.0%
	% within Q41	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The cross-tabulation analysis demonstrates a strong similarity between the two

variables. The respondents were consistent in their opinion indications in all the five scales with the majority concentrating on being Neutral, which accounted for 98 counts and 29.9% of the total respondents. The Chi-square test suggests a significance value of .000. The symmetric Measures test valued 0.692 in contingency coefficient, 0.639 in Pearson’s R-value, and 0.606 in Spearman coefficient. The results suggest that these two variables are closely correlated.

A correlation test is conducted and displayed in the following Table 81. The analysis resulted in a Pearson Correlation of .639 and Covariance of .667. This analysis further confirms a strong correlation between the two variables.

**Table 80 Correlations between Q32 and Q41**

		Q32	Q41
Q32	Pearson Correlation	1	.639**
	Sig. (2-tailed)		.000
	Sum of Squares and Cross-products	356.410	217.306
	Covariance	1.093	.667
	N	327	327

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Through this cross-tabulation analysis, it is possible to conclude that there is a positive relationship between brand equity and the consumer decision to buy endorsed luxury brands. But the correlation is less strong than the correlation between brand equity and respondents’ intention of purchase.

### **6.3.6 Effectiveness of Chinese sports celebrity endorsers**

In the first-stage research, data analysis of the semi-structured interviews with luxury brand managers and professionals suggests that the professionals consider that Chinese sports celebrities are more effective luxury brand endorsers as Chinese consumers have a more preferential attitude to them.

The research questionnaire asked respondents 8 questions about their attitude towards local endorsers. These questions followed a logical sequence. Three questions respectively measured the variables of attractiveness, trustworthiness, and expertise of Chinese sports celebrities as perceived by Chinese consumers. Then two questions measured the consumers' attitude toward the enhanced brand equity through endorsements by Chinese sports celebrities. Two more questions measure the associated purchasing intention. Two more questions inquired about the action of purchases made. In addition to these nine questions, there was a question to test the intention of purchase towards the brands endorsed by international athletes. This confirmation question serves the purpose of examining the reliability of the data generated by the other questions.

All the data of these questions will be analysed using straightforward statistical frequency study. The collected data are quantitative in sales of 1 to 5 representing consumer attitudes from Strongly disagree to Strongly agree.

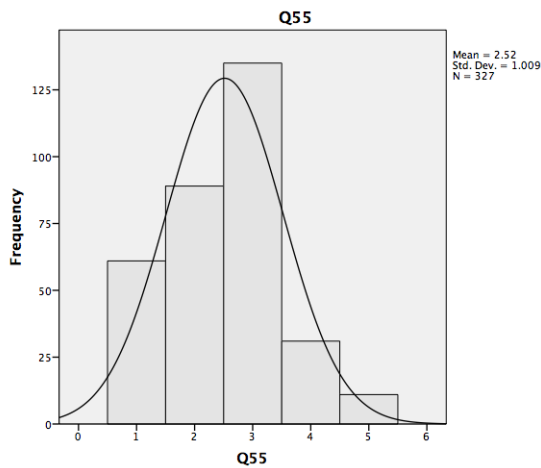
Q55 measures the attractiveness of Chinese sports celebrity endorsers with a statement that they are considered to be more attractive than their international colleagues. The results of the data analysis of this question are presented in the following Table 82 and Figure 23.

**Table 81 Q55 results**

		Q55			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	61	18.7	18.7	18.7
	Disagree	89	27.2	27.2	45.9
	Neutral	135	41.3	41.3	87.2
	Agree	31	9.5	9.5	96.6
	Strongly Agree	11	3.4	3.4	100.0

Total	327	100.0	100.0
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Figure 22 Q55 histogram



The analysis suggests that 45.9% of the respondents disagree (27.2%) or strongly disagree (18.7%) with the statement that Chinese sports celebrities have stronger attractiveness than their international peers. Those who held a neutral view accounted for 41.3%. Thus those who agree with this statement became absolute minority with only 9.5% agreeing and 3.4% strongly agreeing. The answers in generally obviously skew to the negative side as the normal distribution chart exhibits.

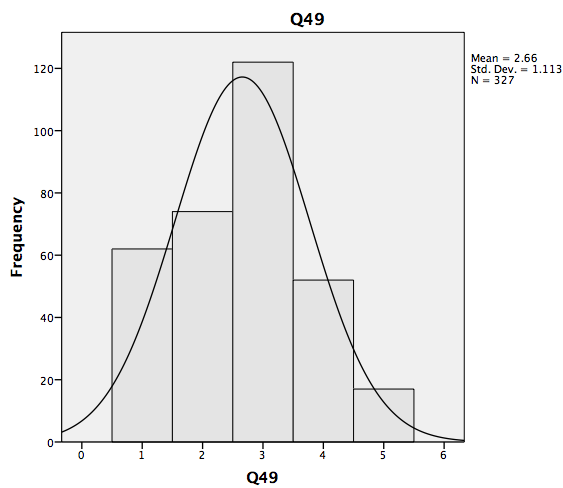
Q49 measured the trustworthiness of Chinese sports celebrities. The question asked the respondents to indicate their opinions to the statement that their most trusted sports celebrities are Chinese. The results of the data analysis are presented below in Table 83 and Figure 24.

Table 82 Q49 results

		Q49			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	62	19.0	19.0	19.0

Disagree	74	22.6	22.6	41.6
Neutral	122	37.3	37.3	78.9
Agree	52	15.9	15.9	94.8
Strongly Agree	17	5.2	5.2	100.0
Total	327	100.0	100.0	

Figure 23 Q49 histogram



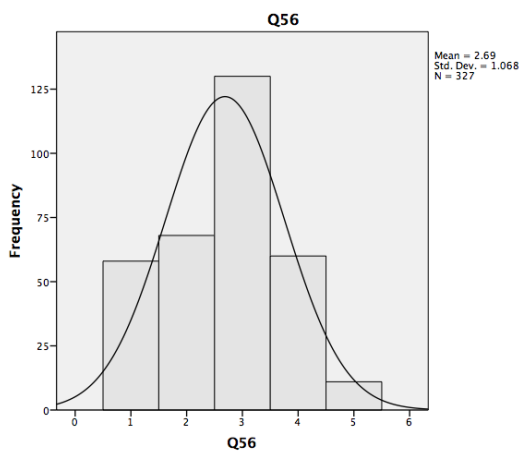
The results demonstrate that 41.6% of all the respondents disagree (22.6%) or strongly disagree (19%) with the statement. Those who were neutral accounted for 37.3%. Those who agreed (15.9%) and strongly agreed (5.2%) accounted for a minority group among the population. The population's attitude is skewed towards the negative, although the agreeing opinion was slightly stronger than that in the previous question.

Q56 measures the survey respondents' attitude toward the expertise of Chinese sports celebrity endorsers with a statement that their expertise is embodied in the brands that they endorsed. The results of the data analysis are exhibited in Table 84 and Figure 25 below.

**Table 83 Q56 results**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	58	17.7	17.7	17.7
	Disagree	68	20.8	20.8	38.5
	Neutral	130	39.8	39.8	78.3
	Agree	60	18.3	18.3	96.6
	Strongly Agree	11	3.4	3.4	100.0
	Total	327	100.0	100.0	

**Figure 24 Q56 histogram**



The research data suggest a greater majority of respondents were undecided or neutral about this statement, however the second majority of them chose to disagree (20.8%) or strongly disagree (17.7%). Those who chose to agree accounted for 18.3%, which is roughly equal to either of its negative counter parts. However only very few people among the total population chose to strongly agree (3.4%). Therefore the overall opinion of Chinese consumers skewed towards being negative about this statement.

Having identified the general trend that Chinese consumers tended to be negative

about the comparative advantage of Chinese sports athletes in terms of being more attractive, trustworthy, and expert than their foreign peers, this research looks into the respondents' opinion of whether Chinese sports celebrities help to increase the brand equity of the endorsed brands. For reliability considerations, two questions are dedicated to serve this purpose so that the results can be compared.

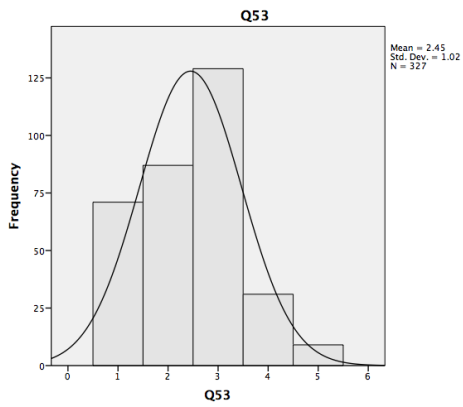
Q53 asks how the respondents would agree or disagree with the statement that owning brands endorsed by Chinese sports celebrities would enhance the owner's social status because of their high brand equities. Q54 states that Chinese sports celebrity endorsements would add more brand equity to the endorsed brands. The results of these two questions' data analysis are presented below in tables and figures.

**Table 84 Q53 results**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	71	21.7	21.7	21.7
	Disagree	87	26.6	26.6	48.3
	Neutral	129	39.4	39.4	87.8
	Agree	31	9.5	9.5	97.2
	Strongly Agree	9	2.8	2.8	100.0
	Total	327	100.0	100.0	



**Figure 25 Q53 histogram**

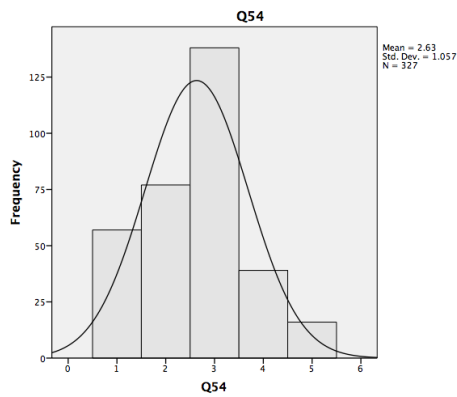


**Table 85 Q54 results**

**Q54**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	57	17.4	17.4	17.4
	Disagree	77	23.5	23.5	41.0
	Neutral	138	42.2	42.2	83.2
	Agree	39	11.9	11.9	95.1
	Strongly Agree	16	4.9	4.9	100.0
	Total	327	100.0	100.0	

**Figure 26 Q54 histogram**



The similarity of these two sets of data is strong, with the biggest difference being those who chose to answer Neutral. In Q53, 39.4% of the respondents chose to be neutral. In Q54, 42.4% were neutral. Proportionally both questions collected more disagreeing and strongly disagreeing answers than agreeing answers. In Q53, those who chose positive answers accounted for only 12.3% in total, while in Q54 it was 16.8%. The data suggest that Chinese consumers in general tended not to consider the greater brand equity resulting from endorsements by Chinese sports celebrities.

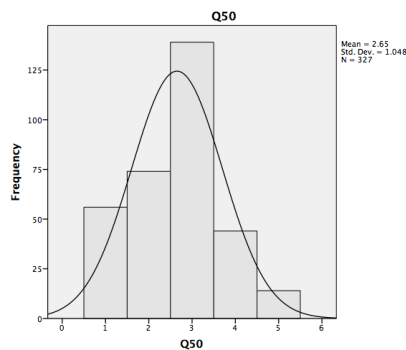
This research attempted to measure consumers' intention to purchase luxury brands endorsed by Chinese sports celebrities. There are two questions in the questionnaire dedicated to serve this purpose. Q50 is a straightforward statement saying that a consumer would be inclined to buy luxury products endorsed by local heroes. The analysis of the Likert-scale answer data is presented in the following Table 87 and Figure 28.

**Table 86 Q50 results**

		Q50			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	56	17.1	17.1	17.1
	Disagree	74	22.6	22.6	39.8

Neutral	139	42.5	42.5	82.3
Agree	44	13.5	13.5	95.7
Strongly Agree	14	4.3	4.3	100.0
Total	327	100.0	100.0	

**Figure 27 Q50 histogram**



From the distribution of the data, it is visibly skewed to the negative (disagreeing) side. A total of 39.8% of all the respondents chose to disagree or strongly disagree. Only 17.8% of them chose to agree or strongly agree. The majority of 42.5% were neutral to this statement. This finding is consistent with the three analyses of attractiveness, trustworthiness, and expertise that were introduced previously.

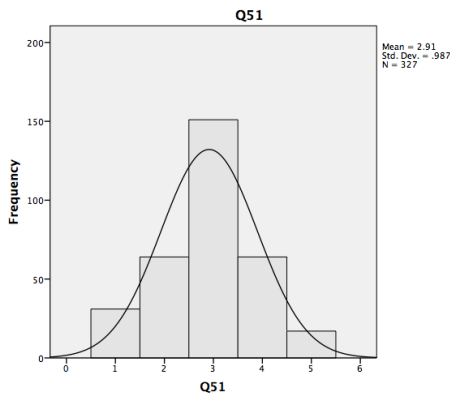
This set of data is more positive than those of Q50. Those who chose to agree accounted for 23.2% of the total population and 4.6% strongly agreed. Those who chose Disagree and Strongly disagree accounted for a total of 32.4%. The neutral choices accounted for the majority of 39.8%. Although the general trend represented by the data is skewed to the negative, it is interesting to observe that consumers are more interested in Chinese sports celebrities when they endorse less famous brands.

The questionnaire also has a question, Q51, asking the respondents' opinion of the intention to buy brands endorsed by international sports celebrities. The data of Q51 are presented in the Table 88 and Figure 29 below.

**Table 87 Q51 results**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	31	9.5	9.5	9.5
	Disagree	64	19.6	19.6	29.1
	Neutral	151	46.2	46.2	75.2
	Agree	64	19.6	19.6	94.8
	Strongly Agree	17	5.2	5.2	100.0
	Total	327	100.0	100.0	

**Figure 28 Q51 histogram**



The analysis presents a normal distribution of the answers with the majority (46.2%) being neutral and an equal number of disagrees and agrees (19.6% each). The general trend is slightly skewing to the negative as Strongly disagree accounted for 9.5% while Strongly agree accounted for only 5.2%. This analysis suggests two observations. Firstly, consumer opinion is slightly more positive towards brand equity enhancement by foreign athlete endorsements than that by Chinese sports athlete endorsement. Secondly, this observation is consistent with the earlier analysis of overall intention of purchase by the whole population regardless of the endorsers being Chinese or international. The overall trend is slightly skewed to the

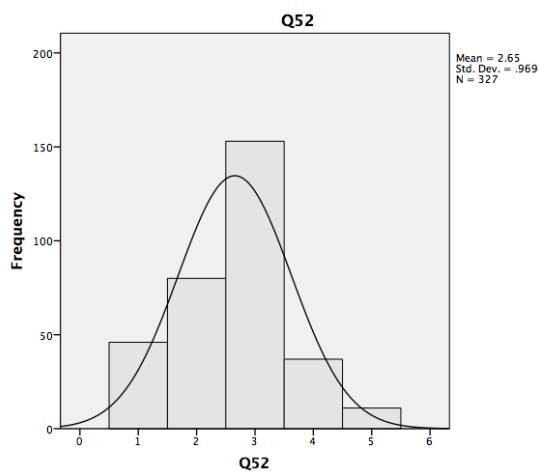
negative.

Lastly, a question of the questionnaire examines the variable of the purchasing action of those brands endorsed by Chinese athletes. Q52 explains that the reason for making actual purchases was that the consumer and their family relatives favoured the brands. The analysis of Q52 is presented as follows in Table 89 and Figure 30.

**Table 88 Q52 results**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	46	14.1	14.1	14.1
	Disagree	80	24.5	24.5	38.5
	Neutral	153	46.8	46.8	85.3
	Agree	37	11.3	11.3	96.6
	Strongly Agree	11	3.4	3.4	100.0
	Total	327	100.0	100.0	

**Figure 29 Q52 histogram**



What can be observed from this analysis is consistent with most of the earlier analyses that under the general trend of negative opinions, the majority of

consumers are neutral but the total of Disagree and Strongly disagree of 38.5% outweighed the 14.7% of those who agreed or strongly agreed.

## **6.4 Summary**

This chapter examined Chinese consumers and their attitude and actions of purchasing luxury brands endorsed by sports celebrities. It has mainly generated knowledge regarding two issues. The first issue is the significance of the role that sports celebrity endorsements plays in luxury consumption in China. The second issue is how this role is played. The knowledge about the second issue is directly related to answering the research question of this study.

The research finding suggests that sports celebrity endorsements play a small role in influencing Chinese consumers and their consumption of luxury products. It can also be noted from the four questions that sports athlete endorsements of luxury brands and products did impact on consumer awareness, purchase, and intentions. The potential for purchase intention exists but can hardly be described as being strong. The first part of the data analysis revealed some important facts, such as low awareness of sports celebrity endorsements and low intention and little action of purchase under the influence of sports celebrity endorsements. Such phenomena exist equally among different gender and age groups and among those consumers with different levels of income and purchasing power levels. Even among the core luxury consumption demographic groups, intention of purchase and action of purchase under the influences of athlete endorsements are miniscule.

However, this does not mean that sports celebrity endorsements of luxury brands are not a question that requires academic attention. Rather the survey participants' low sensitivity to endorsement influences raises new questions regarding why sports celebrity endorsements are a commonly implemented sports marketing strategy by luxury brand managers, and what makes those consumers who are subject to the positive influences of such a marketing strategy willing to make the purchases.

The second part of the data analysis helps to answer these questions. Through exploring the relationships between six critical research variables of attractiveness,

trustworthiness, expertise, brand equity, intention of purchase and decision of purchase, the quantitative data analysis suggests that:

- An athlete endorser's quality of being attractive, trustworthy, and having expertise as perceived by consumers has a positive relationship with the effects of enhancing the brand equity of the endorsed luxury products.
- The enhanced brand equity of endorsed luxury products has a positive relationship with Chinese consumers' intent and decision of purchasing the endorsed luxury brands.
- There is an overall negative or neutral attitude among Chinese consumers in using local sports celebrity athletes to endorse international luxury brands.

These observations reveal that sports celebrities' qualities of attractiveness, trustworthiness, and expertise match-up with the endorsed products help to establish and enhance the brand equity of the endorsed products. The enhanced brand equity in turn would result in the increase of the consumers' intention of purchase and actions of purchase. Also, Chinese consumers seem not to buy as a result of endorsements made by their local heroes. In other words, Chinese sports celebrities are not considered the preferable brand endorsers to appeal to their compatriots.

The other observation of this chapter is the neutral responses from the survey. Some early research by Presser and Schuman (1980) found that typically between 10-20% of respondents chose the neutral option when it was provided compared to the same survey when it wasn't.

By creating a scale with an odd number of categories, a researcher will be leaving a mid-point, which acts as a neutral option for respondents to select. Without it, respondents will be forced to pick an option on either the lower or higher end of the rating scale. There are different schools of thought on whether an odd or even number of categories is best, we also can see the strengths and weaknesses of both.

For example, most of the answers on Table 67 are neutral. The impact of this on findings is also very important to understand. In most situations, having an odd number of categories is usually the more effective way of gathering accurate data. The fact of the matter is many people are legitimately neutral on a subject. Forcing

respondents to answer a question on an even scale will bias your end results as truly neutral people must select a category that does not truly represent their opinion. Taking away the middle category would force respondents to make a choice even if they truly do not have a preference.

The validity and reliability of the analysis wait to be tested in the third step of this research through the confirmation interviews with consumers in China. The next chapter will discuss the findings and the rationales of the in-depth consumer interviews. But what is more important is to use further analysis to find answers to an intriguing question raised by this chapter: why is it difficult for sports celebrity endorsement campaigns to influence Chinese consumers, despite their effectiveness as proven by the quantitative data?

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## **Chapter 7: VERIFICATION AND DISCUSSIONS**

### **7.1 Introduction**

This research has so far achieved two objectives required by its methodological design. Firstly, the semi-structured interviews with luxury brand managers and experts in the China market have identified the research variables and an assumption about Chinese luxury consumers' preference for local endorsers. Secondly, a questionnaire survey of 327 Chinese consumers who are interested in luxury consumption or have actual luxury consumption experience generated quantitative data to enable the exploration of the relationships between the variables and to verify the assumption. The results of the quantitative data analysis suggest that Chinese consumers' attitude towards sports celebrity endorsers in terms of their attractiveness, trustworthiness and expertise has a positive relationship with the brand equity of the endorsed luxury products, and that the brand equity has a positive relationship with the purchasing intention and purchasing decisions of the consumers. However in the meantime, the data analysis did not support the assumption of Chinese sports celebrities being preferable brand endorsers to their international peers.

As required by the research design, in order to ensure the research reliability and validity, this research enters its third stage in this chapter, which is the final step of the methodological triangulation. A small number of Chinese luxury consumers were interviewed for the purpose of collecting qualitative data to verify whether their opinions and behaviour are consistent with what the results of the quantitative data analysis suggested. The selection of the sample interviewees centred around two contemporary luxury endorsement cases respectively featuring a male international sports superstar and a female Chinese sports celebrity.

This chapter is composed of two parts. The first part introduces and summarises the confirmation interview findings and data analysis generated from the two case studies. The second part discusses in a comprehensive approach the findings of the three-step triangulation research to establish an overall understanding of the research question. Analyses in the second part of this chapter also enable the

proposal of an original theoretical framework to explain the critical factors that would determine consumer action of purchase.

## **7.2 Case studies**

This research has looked into two cases of European luxury brand endorsement campaigns targeting the Chinese market. The selection of these two cases depended upon many factors, such as availability, contemporariness, the profile of the brand reputation, and the level of publicity, among others. There are three primary selection criteria. First, the endorsed brands must be true first-class luxury brands, not the trade-up masstige brands (Truong, McColl and Kitchen, 2009) for the mass-market. Second, the cases must be live on-going real cases. Third, there must be at least one case involving a Chinese sports celebrity. As a result, two cases were selected.

### **7.2.1 Rolex watch and Li Na**

In January 2011, Chinese female tennis player Li Na was set to make the greatest breakthrough of her professional career. On the conclusion of the Australia Open, although she was defeated in the women's final, she achieved 7<sup>th</sup> in the world ranking and looked certain to keep rising (WTA, 2014). On January 31 2011 Rolex announced an ambassador deal with Li Na. Her surprise 2011 French Open tennis championship victory made her one of the highest-achieving world-class athletes in Chinese sports history, if not the greatest (CBS Sports, 2014). Rolex renewed the contract with Li Na in the following years and was rewarded by her continued success, which culminated in the 2014 championship at the Australia Open. Despite her sudden retirement in mid-2014, the brand ambassador deal between Li Na and Rolex continued. By the end of 2014, Li Na was presented together with Swiss tennis legend Roger Federer as the featured brand ambassadors of Rolex watch brand (Rolex, 2014).

### **7.2.2 Jaguar cars and David Beckham**

On March 7 2014, the luxury car brand of Jaguar, originated in Britain and currently owned by the Tata Group of India, announced that David Beckham had joined Jaguar

as a brand ambassador and would support forthcoming Jaguar product launches in China. The brand announced that China was one of its most significant international markets and called Beckham a British sporting icon, whose achievements meant that he has global popularity, and he is someone who embodies contemporary British style and sophistication. He is a truly modern British individual with a genuine passion for design, innovation, performance and driving (Jaguar Land Rover, 2014).

As part of a long-term partnership, former international footballer Beckham would star in a series of print adverts and TV commercials exclusively in China.

Beckham's role will initially see him feature alongside the new Jaguar F-TYPE Coupé, a sports car that the brand owner claims to be a modern classic representing its vision of modern British style and elegance (Jaguar Land Rover, 2014). Beckham is to be featured in many Jaguar brand and product communication campaigns in the coming years, including those for the Jaguar XJ, the company's award winning large luxury sedan. The print campaign will appear in magazines and on billboards across China and on television advertisements.

### **7.2.3 Data collection**

As introduced in the Methodology chapter, the sampling of luxury consumers took place in Beijing, China between May and July 2014. Invitations to recruit interviewees were published on social media through Sina Weibo and WeChat from January to April 2014. The researcher republished news and articles respectively related to the female Chinese tennis player Li Na and her endorsement of Rolex Watches and the British football star David Beckham and his endorsement of Jaguar cars in the Chinese market. In each of the posts, the author invited any interested luxury consumers in Beijing to be interviewed. Over the four months, 26 potential luxury consumers indicated an interest in talking with the researcher. Exclusion rules applied to screen out those who were not luxury consumers. The criteria of identifying luxury consumers were that they were not window-shoppers or casually interested. Those approached had to confirm some interest in luxury consumption but not big spending power and demonstrate substantial interest in the brands in question. However, some of the potential respondents changed their minds and lost

interest. Eventually, for each of the cases, three of those approached agreed to speak to the researcher for an interview. In all, six consumers accepted the interviews.

Those who accepted the interviews answered nine open-ended questions in the interviews on condition of remaining anonymous. The questions asked are listed in the Appendix. Their answers were recorded and transcribed for textual data analysis, which is introduced in detail in the following section.

### **7.3 Data analysis**

The previous research stages generated information regarding Chinese luxury consumers and their demographic characteristics. More importantly the quantitative data analysis identified the relationships between the research variables. The purpose of this textual data analysis is to use qualitative data to verify and confirm the findings of the previous research to ensure the reliability and validity of the findings. This section provides a brief discussion of the demographic features of the interviewees, followed by a detailed analysis of the textual data in relation to the six research hypotheses.

#### **7.3.1 Findings about the consumers**

All the interviews took place in Beijing, China's capital city and political and economical centre city. Beijing is also unquestionably the most important and typical luxury consumption market in the country.

The six interviewees are also representative of typical Chinese luxury consumers. Three male and three female consumers were interviewed. Four of these interviewees are in the age group of 31 to 40. One of them is in the lower level of the 19-30 age group. One of them is in the age group of 41-50. These age groups, according to the analysis of Chapter 6, are the most active in the luxury consumption market in China.

It was extremely difficult to get the interviewees to answer questions regarding their income and purchasing power. When asked about their monthly incomes, four of them directly declined to answer, making the data incomplete and pointless. The other two gave very vague estimates and also expressed reluctance to discuss such

matters. The same situation applied to purchasing power, when they were asked how much they would spend on average per month on luxury products. Three of them answered they never kept a record. Two of them answered that it was very difficult to estimate because sometimes somebody else paid for the shopping. One of them gave a rough estimate of below RMB1000, but suggested that it was impossible to spread the cost of purchasing a luxury car into their monthly average spending. Therefore, no attempt was made to identify these consumers using income and purchasing power indicators.

However, all of these interviewees provided, voluntarily or when asked, adequate information to indicate that they have luxury product purchasing history and the financial capability of being a luxury consumer in China. They also demonstrated adequate interest in luxury brands. Therefore, the available demographic information of the interviewees was sufficient to identify them as typical representatives of Chinese luxury consumers.

### **7.3.2 Attractiveness of sports celebrity endorsers**

The data collected from the confirmation interviews enriched the concept of sports athletes' attractiveness and provided new ideas to understand this variable's relationship with the enhancement of the luxury brand equity.

The first response by the interviewees when discussing the concept of attractiveness was always the physical features of the athletes. In both cases, the athletes in question have superb beauty in their physical build and appearance; therefore all the respondents gave them a positive evaluation in this regard. The descriptions "good-looking", "healthy", "beauty", "handsome", "good figure", "beautiful" were mentioned, while the phrase "good-looking" was the most often mentioned one. The physical beauty of sports athletes is a quality that has been commonly explored and confirmed by previous researchers (e.g., Kahle & Homer, 1985; Silvera & Austad, 2004; Solomon et al., 1992; Till & Busler, 2000).

But invariably, the respondents advanced their discussion into the connotations of physical beauty or the status of "good-looking" as related to the character or the inner qualities of the athletes in question. One of the respondents was particularly

vocal about his negative impression of one endorser's personal character that involved bad temper and therefore reported a reduced level of this athlete's attractiveness. Generally, the interviewees gave positive evaluations of the athletes involved in the two research cases in terms of the attractiveness of their personal characters, with David Beckham giving a much better impression. Words like "strength", "powerful", "skills", "character", and "gentleman" were used to define the inner qualities of the endorsers. It is obvious that luxury consumers, who would generally be more sophisticated (Silverstein and Fiske, 2003, 2005), would consider personal characteristics beyond their physical appearance to be an important component of an athlete's attractiveness.

The third level of an athlete's attractiveness is related to the social profile of the athlete. The use of descriptions such as "successful", "our country's pride", and "respect" suggests that the consumers perceived the social values of an athlete to be a component of their attractiveness. Two of the interviewees indicated that their social circles (friends and family members) would also acknowledge the attractiveness of the athletes, suggesting a collective and socially agreed consciousness of the athlete's values and appeals.

Therefore, it is obvious that the concept of attractiveness contains three levels of physical, personal, and social characteristics. This research argues that as the physical and personal attractiveness of the athletes are the foundations of their overall attractiveness, social attractiveness would be the deciding factor for their influences on the brand equity of the endorsed brands.

In discussions of the athlete's attractiveness in relation to the brand equities of the endorsed brands, the opinions of the interviewees are consistent with the previous research findings which suggested a positive relationship between the two variables. The qualitative data suggested that the interviewees who had a negative opinion of the attractiveness of one of the athletes would have reservations in acknowledging the enhanced brand equity of the endorsed product. While other respondents used words such as "positive", this respondent said, *"Although I don't think she is attractive, she has the other two qualities. I would say yes, she has made the Rolex brand mean more to me."*

The phrase of “mean more to me” is different from positive influence and can be described as a neutral opinion.

When other respondents’ comments are considered they always reported positive influences, therefore suggesting enhanced brand equity of the endorsed brand. When the positive comments and the critical comments are examined together, they clearly indicate a positive correlated relationship between the two variables of attractiveness and brand equity.

### **7.3.3 Trustworthiness of sports celebrity endorsers**

The collected data suggest that the first level of trust that consumers attach to sports celebrities results from the acknowledgement of their professional performances and skills. They mentioned “performance”, “playing tennis”, “loyal to career”, “sportsman” and attributed the trustworthiness of the athletes to these factors. To them, all the trust in and recognition of the athletes originated from their profession and the achievements of their careers. The consumers interviewed indicated no doubts or reservations in this regard. But this is apparently not sufficient to support the concept of trustworthiness.

The second level of trustworthiness associated with sports celebrities is built upon the personal character and behaviour of these athletes. Dedication to their careers and sports appears to be one of the very important factors that determine consumers’ attitude towards athletes. Loyalty and decency of character are also very important. One of the interviewees attributed his trust in the female athlete to the fact that *“She is loyal to her career and loyal to her husband.”* Another interviewee emphasised the loyalty factor by saying, *“He doesn’t have scandals and he doesn’t betray his wife. I don’t think he has a mistress.”*

The interviewees’ opinion suggests that the personal levels of trustworthiness of the athletes would lead to a higher level of social and commercial trustworthiness. On the social level, the interviewees mentioned the ideas of “respect”, “socially responsible”, “good relationships”, “public figure”, “social image”, and one of the endorser’s friendly relationship with the British royal family. Such opinions implied that the trustworthiness of a celebrity individual rests in the social recognition and

the relationships that they have. Overall respect and social status play vital roles in establishing the trustworthiness of the individuals.

At the same time, the consumers recognised the commercial significance of such trustworthiness in the brand ambassadors. One of them differentiated clearly between the trustworthiness of these sports celebrities as individual persons and the trustworthiness of the commercial messages and images that they were employed to deliver. Two of the interviewees mentioned “making money” and “money”. They recognised that the trustworthiness of the athletes in commercial messages is different from the personal trust they would give the celebrities, particularly when none of them claimed to know the celebrities personally in any amount of personal detail. So their perceptions of the trustworthiness of the two athletes could be considered to be entirely based upon their awareness of their commercial and professional activities. By recognising the commercial nature of the trustworthiness value, the interviewees suggested there exists a link between the endorsed brands and the endorsers. One of the interviewees said, *“There must be something that links her with Rolex. I think money must be the most important thing, but other than money I would say at least there is quality. Rolex is a good quality watch. Li Na plays high quality tennis.”*

The interviewees also raised an important concept of mutual trust between the brand endorsers and the brands, and that a trustworthy brand might in return add the value of trustworthiness to the individual endorser. One of them said *“If he was chosen by such a good brand to be the ambassador, then he must be trustworthy.”* One of them mentioned the mutual trust relationship between the endorser and the brands as an important factor in the trustworthiness of the sports athlete.

The textual data suggest that there is a positive relationship between the consumers’ perception of the trustworthiness of the endorser and the equity of the endorsed luxury brands. One of the most important reasons is that consumers have the confidence in the endorser’s personal qualities, and that such confidence can be transferred to the brands that they like. One of them said, *“As for the advertisement, I do not have any doubt about the sales people telling me he likes driving Jaguars. I think everybody likes driving this kind of car. That’s why I am interested in visiting the store. I*



*feel we might have the same ideas about this kind of car. I do not have doubts about him. I think that is a sort of trust."*

One of the interviewees said the values of attractiveness and trustworthiness were the most important factors in positively influencing her evaluation of the brand equity of the endorsed luxury product, saying that *"I would say the attractiveness and trustworthiness are most important. The expertise is less important. Everybody has different expertise. My friend does not play tennis at all and is not a sports athlete. But I see there is something in common"*. By "something in common", this interviewee suggested that while the expertise of an athlete may be different from individual to individual, the values of being attractive and trustworthy should transcend all the individual endorsers.

Through this analysis of the factor of trustworthiness, three levels of trustworthiness were identified to be professional, personal, and social levels. The analysis reveals the complexity of the concept of trustworthiness, and suggests that all three levels of trustworthiness are necessary for the endorser to enhance the brand equity of the endorsed brands. However, while trustworthiness on the professional and personal levels is important, what really links the endorsers to the endorsed brands is the social level, which in turn substantiates the commercial nature of a mutual trust between the endorsers and the brands. Such analysis enriches the information that this research generated from the quantitative data analysis and supports the results of the previous stages of the analysis.

#### **7.3.4 Expertise of sports celebrity endorsers**

The inquiry into the expertise of sports celebrities is in accordance with the theoretical model of match-up which suggests that celebrity endorsers should possess characteristics that are consistent with the endorsed brands (Erdogan, 1999; Kamins, 1990; McDaniel, 1999; Seno & Lukas, 2007). In the previous stages of this research, the consumers who answered the questionnaire provided information to support such arguments. However there still lacks a description and understanding in terms of the match-up of the characteristics in specific details. The confirmation interviews with the six Chinese consumers added such insight and understanding in terms of which characteristics are needed for the endorsers to effectively represent a

luxury brand and how such characteristics are perceived and understood by consumers.

One of the interviewees said that among the three most commonly cited celebrity endorsement models, expertise match-up is less important than the elements of attractiveness and trustworthiness in terms of enhancing the luxury brand equity. Analysis of the confirmation interview data provided clues to understand this notion. One of the explanations may be that it would take the consumers some time to realise the significance of the match-up model because their first impression of the sports celebrity endorsers' expertise was consistently about their career skills, which may or may not have a direct relationship with the endorsed brands.

The first answers the interviewees gave to the question of expertise were consistently about the athletes' skills or achievements in their professional sports. The mentioned phrases included "best tennis player", "successful", "created history", "physical skills", "skills" and "achievements". This is particularly true for the incumbent athlete. With David Beckham, who is not exactly a full-time athlete, the interviewees referred to his other manifestations of expertise, such as "fashion", being "trendy", and his "life style". These are not traits of expertise that are directly associated with the athlete endorsers' profession. But they are also the foundations of their personal success and social profile.

The second level of information that the data can generate is the relationship between the sports athletes' expertise and the endorsed brands. This is not as straightforward a process as the consumers identifying the direct links between the two variables of attractiveness and trustworthiness of the endorsed brands. The expertise required interpretation. In general, it was more difficult for the consumers to interpret the links between the tennis player Li Na and the endorsed Rolex brand. One of the interviewees, who is a fan of the endorser, said "*She is an expert of tennis. I do not doubt that. As for her expertise in Rolex watches, I would say she does not have to know how to make a watch, but I think she knows how to wear a watch. Everybody knows how to wear a watch, but not everybody can wear a Rolex watch. I want to buy a Rolex watch for a very special reason. So Li Na must have a reason to deserve wearing this watch. This should be her social status. Again, her success. She is successful and*

*then she can wear Rolex, or some other famous brand. What I want to say is her success and her wealth justify her wearing a Rolex watch.*" There is evidently a process of reflection for the interviewee to summarise that the common characteristics of success and wealth, as the indicators of a sports celebrity's social status, are the key factors of match-up with the endorsed brand. At least two interviewees used the word "success". However, the situation is different with the male endorser, David Beckham. One of the interviewees immediately identified the transferable expertise of the endorser that has a direct relationship with the endorsed brand. This interviewee said, *"A man with good sports skills must also have good driving skills. Good driving skills bring more pleasure driving a good car. So I do believe he has the expertise to own and control this car."* From this statement, it is possible to find out that the relationships between the sports celebrity endorser's expertise and the endorsed brand are different from case to case in terms of how easily such relationships can be identified by consumers. For one of the cases, there are obvious relationships that could be easily identified. For the other one of the two cases, the relationship would require some reflection and interpretation. While Li Na is more focused on the sport of tennis and does not present any other personal or social expertise, the other endorser demonstrates the quality of being versatile. He was also considered a fashion icon by the interviewees. One of the interviewees said, *"He has great expertise in sports and fashion. And he is a symbol of life style, a very high-level life style. So I think he has strong expertise in representing such a luxury brand."*

An important idea generated from the data analysis is the consumer's role in not only recognising and interpreting the relationships but also playing a decisive role in making such a match-up relationship possible. Particularly when the athlete does not present an obvious link between her expertise and the endorsed brand characteristics, the perception and understanding by the consumers become the decisive factor in realising such links. As one of the interviewees said, *"If you ask me how Li Na's expertise is important to Rolex, I think it must be looked at carefully to find the common values. Li Na has strong expertise in tennis. Rolex has expertise in watch making. It is we who are the consumers and tennis fans who link them together. They do not have direct relationships. They must have us to make sense, if we are interested in both of them."* This statement proves that consumers' perception and

psychological recognition of the associations between the endorser's expertise and the endorsed brands are the critical factor for the match-ups to be effective.

This data analysis has provided insights into the expertise match-up strategies used by luxury brand owners. On the one hand, it is important to have a sports athlete that has salient and obviously relevant expertise to the brand. On the other hand, if the athlete's expertise does not obviously demonstrate a strong link to the brand's characteristics, the luxury brand would rely on the consumers to make the judgement as to whether their expertise is relevant to the brand. With this analysis, it is understandable that one of the interviewees considered the athlete's expertise to be the least important factor in comparison with the qualities of being attractive and trustworthy. The reason would be that the expertise match-up is less easily observed and interpretable than the other two factors.

Data from the interviews suggest that there is a positive relationship between sports athletes' expertise and the brand equity of the endorsed brands. Two interviewees used the phrase "match made in heaven" to describe the relationship and they unanimously attributed to all three factors including expertise the effect of increasing their goodwill towards the endorsed brands. This analysis so far supports what the consumer survey discovered in terms of whether expertise match-up would enhance the brand equity of the endorsed products.

### **7.3.5 Brand equity and the intention of luxury purchase**

Most of the interviewees reported positive opinions toward the chosen sports celebrities, despite their various levels of liking and appreciating their personal characters. All of the interviewees confirmed that their goodwill towards the endorsed luxury brands increased because of the endorsement campaigns in relation to the athlete endorser's attractiveness, trustworthiness, and expertise. Previous stages of the study suggested that there is a positive relationship between the level of the perceived brand equity and the consumer's willingness or intention to buy the product. It hypothesises that higher brand equity would result in more people having the intention to buy the endorsed products. This section discusses the findings generated by the data collected from the confirmation interviews in order to validate the earlier results.

The sampling method of choosing the confirmation interviewees determined that the approached respondents who agreed to answer the research questions would likely already have an interest in the endorsed products. The confirmation interview data demonstrated that four of the six interviewees had already had strong purchasing interest. Three of the interviewees emphasised in their first response to the question regarding purchasing intention that they already had an interest in buying the products.

It is also interesting to observe that two of the consumers rejected the idea that their purchasing intentions came from influences by the endorsers. One of them said, *"I wouldn't say Li Na's endorsement is the primary reason for me to consider this brand"* citing the reason that she had already planned to purchase with or without the endorser's influence. The other consumer said, *"I wouldn't buy a Rolex for my girlfriend because of her, because I don't want my girlfriend to be like her."* In his answers to the interview questions this consumer demonstrated a strong aversion to the endorser's personal character and bad temper. Such data suggest that consumers with strong personal opinions of the product or the endorser tend to resist the influences from the endorsers and want to make their shopping decisions independently. One of them said, *"My intention to buy or not to buy the product remained the same. I am not buying a luxury watch because other famous people are paid to wear it."* The other example of such a negation of endorser influence indicated that it is common for consumers to have reservations about the power of influence by the endorsers while acknowledging the greater impact of influence on the luxury brand appeal. One of the interviewees said, *"I was not influenced by him to buy this car. I wanted to buy it anyway. I think he is more influential to his true fans. I just consider him a famous people. I am more a fan of Jaguar cars than a fan of him."*

The other three interviewees offered positive answers to the question. One of the interviewees said, *"I think Li Na is a perfect brand ambassador for Rolex. Quality for quality, respect for respect, attractiveness for attractiveness. I like to go to the store to see if they have something new. I saw that model Li Na wears. I know the model."* This strong opinion suggested a perfect match-up between the endorsed brand and the endorser as perceived by the consumer. The consumer was adequately familiar with the endorsed brand and paid close attention to the endorsement message so that she

could recognise the specific watch model that the endorser represented. Another consumer confirmed, *"I am now more interested in buying this car. I went to the store to take a look and talked about how to buy it."* The third consumer briefly made the comment that the endorser's influence on the brand equity made him feel stronger intention to buy the product.

The third consumer's comments suggested that while the interviewees might not have recognised a direct link between the celebrity endorsers and their intention of purchase, they would normally recognise the association between the brand equity and their purchasing intentions. It is appropriate to quote one of the consumer's answers to indicate that the endorsement message has increased the brand equity so that the consumer's intention of making the purchase is enhanced.

*"It (i.e., purchasing intention) can only be increased. My intention is becoming stronger. This is what endorsers should do, he makes me like the brand very much and have stronger purchase intention. I saw the picture of the car and Beckham on the Internet and thought this must be a good car. Then I visited the store to take a look and wanted to test the car. I think I made a good decision to visit. The real car is even better than on the photo."*

Although three of the interviewees declined to attribute their purchasing intention to the endorser influence, they went through a reflection process and eventually confirmed the enhanced brand equity and their purchasing intention becoming stronger, *"or at least she doesn't make me regret it"*. The other three demonstrated a strong positive opinion to this question and that the variables of brand equity and the purchase intentions are positively correlated. This analysis so far supports the findings of the previous researches with more detailed information.

### **7.3.6 Brand equity and the decision of luxury purchase**

The decision to make the purchase is one step further from the intention of purchase and the most critical step for luxury brand owners to see if their marketing efforts are effective (Eckman, Damhorst, & Kadolph, 1990; Lear et al., 2009). Two questions were asked to each of the six interviewees. One of the questions was specifically related to the case study, and the other invited the interviewees to discuss their past

experience of buying luxury brands under the influence of sports celebrity endorsements. The findings of the answers to these two questions are presented in the analysis below.

The data analysis revealed that making the decision to actually buy the products is primarily a psychological process under the influence of many factors. The consideration of the various factors was vividly expressed by one of the interviewees, who reported, *"I need to think about other factors before making this decision. It's quite a lot of money and I don't think I would buy it because of David Beckham. I am more interested in this car because of him, but I am not close enough to him to let him help me make this decision, although he is saying he drives this car and it's great. He is richer than I am, and he must be paid to say so."*

One of the interviewees said she might be interested but she was a hesitant shopper because she'd visited the Rolex shop to see the watch of her choice and thought about buying it when travelling outside China to get a better price. However, after being asked about the endorsement campaign and the commercial messages, she realised that her buying intention was so strong that she might have made the decision to buy the watch immediately. She said, *"If I buy now maybe it is really because of Li Na because I talked so much about her and realised it's something worth doing sooner rather than later."* This interviewee reported that she didn't have prior experience of buying luxury products endorsed by sports celebrities. This purchase would be her first experience. She acknowledged the influence from the endorser by suggesting that a sports athlete's endorsement would help her believe she was making a correct decision because she liked this athlete. It could be observed that this individual already had a high opinion of the brand in question. She mentioned words such as "successful", "spirit", and felt there was "something in common" between the endorser and the endorsed brand. This psychological process led to enhancing the brand equity and allowed her to change from regarding her visit to the Rolex shop as an information-finding experience to deciding to make an actual purchase.

Such a positive influence did not happen with the consumer who had expressed the negative impressions about the endorser. Because of his negative perception of the

attractiveness of the endorser, this interviewee insisted that making the purchase was entirely his individual decision and he would rather make his own choice without considering the endorsement. In this individual's situation, it was obvious that because the endorser failed to bring the result of enhanced brand equity to the endorsed product as perceived by the interviewee, the consumer claimed that his attitude to the product did not change and his decision would not be influenced. This individual had prior experience of buying a European brand watch under the influence of a sports celebrity athlete in the past 15 years. He claimed that, "*Now I am older, I don't recall other sports athletes influencing me. Not Federer, not Li Na. I have my own ideas now. Nobody can influence me.*" Therefore, from these two individuals, it is obvious that whether the sports celebrity athlete can add value to the brand equity of the endorsed brands was the critical factor in changing the consumers' psychological status and decision-making process.

Another key finding of the data analysis suggests that sports celebrity endorsements helped the endorsed brands to differentiate themselves from their competitors. This effectiveness was partly discussed by Erdogan, Baker & Tagg (2001), Henriks (1996) and Miciak and Schanklin (1994) in terms of endorsements helping to build brand recognition and awareness. This data analysis suggests that endorsements can also make it easier for consumers to make purchasing decisions when having to choose between several options. One of the interviewees said, "*Her endorsement makes it very easy to make a purchasing decision, as soon as I see the right style and model, I can buy it. Without her endorsement, I think Rolex and Omega and Longines are all like each other. But with Li Na, Rolex means something special for me. I could have been undecided between these three brands, but if you asked me to think of Li Na, the decision is very easy.*" This interviewee claimed that she was a fan of the endorser and she did not have prior personal experience of purchasing luxury products under the influence of celebrity sports endorsers. However she had experience of persuading her friends to make the purchasing decision because of their mutual favourite athletes. This individual illustrates the importance of using sports athlete endorsement to enhance the brand equity by differentiation.

Only one of these six interviewees had obviously had prior experience of buying luxury brands influenced by sports celebrity endorsers. And he is the one who



insisted that sports celebrity endorsement would not have influenced him in the case study situation. All the rest of the interviewees suggested that celebrity endorsement would at least help them to have confidence in their decision-making. One of the interviewees said,

*"I don't have such experience. But I suspect such experience will become more and more common, because sport is so big. Sport is everywhere. If you watch television, sports are a big part of it. So with sports getting more and more of people's attention, I think in the future sports athlete representation will become a big factor in my experience of buying luxury brands, especially such very big luxury items that I can only buy in China."*

The above analysis suggested a strong correlation between the effects of enhanced brand equity and the consumers' decision-making to make the purchases. This finding is consistent with the results of previous stage studies that suggested a positive relationship between the enhanced brand equity and the consumers' decision to purchase.

### **7.3.7 Preference for Chinese endorsers**

In the previous stage of research, the quantitative data analysis suggested that Chinese consumers rejected the assumption that Chinese sports celebrity endorsers are preferred over their international counterparts to represent luxury brands in the Chinese market. In the confirmation interview stage, the six interviewees were also asked this question. This section discusses the textual data analysis of their responses in order to verify the survey findings.

The first interesting finding is that whether Chinese sports celebrity endorsers are preferred appeared to be somewhat related to the sentiment of nationalism. Nationalism has consistently been observed to have played an important role in athlete endorsement campaigns (Bairner, 2001; Wong & Trumper, 2002). This is an element that the questionnaire survey failed to uncover. All the interviewees expressed a positive feeling towards Chinese endorsers and made it clear that they would be happy to see Chinese athletes representing high-class international brands. Some of the nationalist sentiment is a result of cultural understanding and

familiarity. One of the interviewees said, *“Of course I am happy to see that Li Na is Chinese, because it's easy for me to recognise her and understand what she represents.”* The same interviewee also said that she didn't think a foreigner would be a better choice because she didn't know him or her. For such cultural reasons, it seems that it is appropriate for international luxury brands to have a more sophisticated and comprehensive strategy of using both international and Chinese sports celebrity endorsers at the same time. One of the interviewees said, *“Foreign consumers come to see Federer and Chinese people come to see Li Na. Everyone gets to see whom they like. I think it is clever for Rolex to have a mix here.”* Some of the nationalist sentiment arose from national pride. One of the interviewees said, *“I would be very interested in luxury brands endorsed by Chinese athletes because it symbolises the fact that China is progressively becoming richer and stronger. In the old days, luxury brands were exclusively used by foreigners, now Chinese people are buying the greatest amount of luxury in the world, so there should definitely be Chinese endorsers.”* This attitude of pride is worth noting as China's rapid economic development has produced a huge social demographic with wealth and high living standards, therefore they have pride in themselves. Such an attitude will become a powerful emotional input (Desmarais, 2014) that imposes pressure on the brand owners and marketers to choose local athletes as the celebrity endorsers.

Another piece of important information generated by the interview data is the preference by consumers for Chinese sports celebrity athlete endorsers for personal reasons. These personal reasons directly result in either positive or negative preferences for their becoming luxury brand endorsers. One of the most cited personal reasons is the athlete's career achievements and skills. Two of the interviewees said that the Chinese tennis player is the best athlete in the history of Chinese sports. She is considered a greater athlete than most of the celebrity sportsmen in the country.

Negative impressions of the personal characteristics of Chinese sports athletes constitute the primary reason for Chinese consumers to reject them as high-end brand endorsers. Chinese consumers are critical in their standard of acknowledging the endorser's values. One of the interviewees said, *“I really can't name anyone from China to represent Jaguar in particular. An athlete has to be good in sports, to be a*

*world champion, but I think he or she must also look like the kind of person who deserves to drive this kind of car. Do you remember that Chinese table tennis champion? He drove a BMW, violated traffic laws and ran away. If you ask him to represent Jaguar, I think he is speaking a thousand bad words for this brand".* This interviewee was referring to a well-publicised scandal when an Olympic and world championship table tennis player was suspected of drunk driving in Beijing about 10 years ago. One of the interviewees also expressed a negative attitude to Liu Xiang, China's 110-hurdler and Olympic gold medallist who twice withdrew from the competition tracks in front of hundreds of millions of fans in Beijing 2008 and the London 2012 Olympic games. This interviewee said, *"I don't think Liu Xiang is suitable for Jaguar, although he runs fast. But he is not honest. I wouldn't say he is a gentleman. Jaguar is a gentleman's fast and powerful car. So, I think Beckham is more suitable in this situation, because I do not know much about his negative sides."*

As well as the personal character or behaviour factors, the suitability of Chinese sports celebrities was questioned by the consumers in terms of the sports events they are engaged with. Although in the last 30 years Chinese sports athletes have won hundreds of Olympic medals and the country has been considered one of the world's top three sports powers, most of the sports events that China is successful in are low-commercial value events, such as table tennis, wrestling, weight-lifting, etc. China has rarely produced high-value athletes in high-value sports events such as golf, tennis, or even football. Therefore, when it comes to the matter of endorsing high-end luxury brands, the number of candidates from the nation's massive sports celebrity pool is actually very limited. One of the interviewees said, *"Some Chinese athletes are not suitable to represent Rolex, for example, weight-lifters. Their events are too basic, not as complicated as tennis. So, I would say not every Chinese athlete is suitable."*

One of the main reasons for Chinese consumers to have reservations in their attitude towards native endorsers seems to be that they have seen very few such examples before. When asked to say whether they remembered seeing any Chinese sports celebrity endorsers representing world-class luxury brands, none of them could mention anyone other than Li Na. They also mentioned the NBA Chinese star Yao Ming and the Olympic hurdler Liu Xiang, however they either had difficulty

identifying the brands they represented or they realised that the brands they represented were not luxury brands. In the past decade, some of China's most successful athletes have endorsed many international brands, however most of the brands were not luxury brands. One of the interviewees said, *"I would say very few Chinese athletes are suitable for luxury brand endorsements. I don't remember see any. Did Yao Ming and Liu Xiang represent luxury brands? I don't remember. I would say I don't remember much, but if you ask me I would say I can remember a few foreign sports stars but as for the Chinese I can only name Li Na"*.

This analysis suggests that Chinese consumers would prefer to have Chinese sports celebrity endorsers to represent top international luxury brands because of their nationalistic pride. But their preferences are conditional upon personal and social reasons. The demographic of this interviewee group is concentrated in the age group of 31-50, who are the urban middle-class in one of China's richest cities. Their conditional support for Chinese endorsers is limited by the fact that they may not be able to represent all the age groups of Chinese luxury consumers. Although the data analysis of the confirmation interview provided evidence to further enrich the survey finding, the conditional support provided is not strong enough to support the argument that local heroes are preferential luxury brand endorsers.

## **7.4 Discussions**

The confirmation interviews with the six Chinese consumers provided detailed and valuable insights into the process whereby they make luxury product purchasing decisions, showing their motivations, reasons, and the elements that triggered their decisions. This section of this chapter will discuss the findings from the analysis of the research data to identify the critical elements that determined the results of the consumers' decisions and to propose a theoretical framework that will be applied to explain these critical factors in order to understand the difficulties of motivating the majority of consumers to make purchase decisions.

### **7.4.1 Identifying the three-level factors**

The analysis of the confirmation interview textual data revealed a pattern in the answers of the consumers revealing the levels of their psychological development

when reflecting upon and thinking through their attitude towards the sports celebrity endorsers and the brands that they have endorsed. These three levels of development factors can be summarised as personal, social, and commercial.

Invariably, when the consumers were asked about the attractiveness of the sports celebrity endorsers, their first response was always about their personal appearances and physical characteristics such as good-looking, sexy, beautiful, and handsome. So the notion of attractiveness always generates a first impression about someone's looks and physical image (Kahle & Homer, 1985; Silvera & Austad, 2004; Solomon et al., 1992; Till & Busler, 2000). Also important was their personal character as a professional athlete. One of the interviewees cited Li Na's bad temper as a reason for her not to be attractive. But the discussions quickly moved from what the endorsers looked like to how they performed as a sports athlete. Their professional identity and their skills were highlighted by each of the interviewees as the most important indicators of their personal attractiveness. A progression of thoughts could be observed from discussing the endorser's physical and career traits to their social characteristics such as status and wealth. However it can be argued that such traits can still be defined as closely associated with the endorser's personal identity. Based on such observations, this research argues that the value of being attractive is largely perceived and understood by consumers to be a personal level factor in the overall development of the athlete endorser's public identity.

The same pattern is visible in the data related to the value of trustworthiness. The respondents evaluated their trust towards the athletes firstly on their personal performances as excellent sportsman and sportswoman. Dedication to their careers was also an important consideration. Secondly, the respondents moved on to discuss the social profile and public roles of the endorsers, such as being a husband and a wife in each of their families, and being public figures. Some of the interviewees also emphasised the athletes' social relationships as positive assets that would increase their levels of public trustworthiness. Such relationships included their interactions with the sports fans and ties with social elite groups such as the British royal family. The word "respect" was the key to defining the trustworthiness of the sports celebrity endorsers. "Respect" could be defined as trust from the public and respect from society. Such respect results in the credibility of the athlete endorsers which is

one of the critical factors in determining the effectiveness of celebrity endorsement strategies (La Ferle & Choi, 2005; Pornpitakpan, 2003, 2004; Silvera & Austad, 2004). From the way the consumers defined and explained the concept of trustworthiness, it can be argued that the notion of trustworthiness is largely a social concept, which explains the level of social recognition and social profile the sports celebrity endorsers have established. This notion has suggested that the factor of trustworthiness belongs to the social level.

In their discussion of the endorsers' expertise and the relationships with the endorsement message, the respondents also demonstrated that their first response would be about the personal identity of the endorsers as sports athletes. They generally asked for clarification about whether to discuss their expertise in sports or in the products they have represented. They then started by explaining their understanding of the athletic expertise of the endorsers, followed by discussing the relationship between the athlete's expertise and the endorsed brands. The discussions about athletic expertise emphasised the personal-level characteristics of skills, success, achievements, knowledge of the events and the games. Their discussion about the relationship between the athlete's expertise and the endorsed brands carried strong evidence of recognising that such relationships were of a commercial nature. The terms "success" and "wealth" were mentioned. One of the athlete endorsers was described as being a symbol of a high-level life style and therefore having the expertise in representing a luxury brand. The relationship between the athlete's expertise and the endorsed brands was also exemplified by one of the respondents who pointed out that the endorser was paid to act as the brand ambassador. Such statements suggested the strong commercial significance in the consumers' evaluation and understanding of the relationship.

It is possible to understand from the above discussion that the consumers considered the factors of attractiveness, trustworthiness, and expertise respectively in a multi-level analysis involving their personal and social or commercial values. As a result, these three factors respectively represented the personal, social and commercial levels that will be further explained in terms of how they relate to a consumer's three-level considerations when making decisions in their views and purchasing decisions of a luxury brand product.

### **7.4.2 Three-level factors of the consumers**

This research attempts to find out in as much detail as possible about the demographic features of Chinese luxury consumers for the purpose of understanding their luxury purchasing intentions and decision-making actions. The data from the confirmation interviews with the consumers suggested three levels of consideration and decision-making in the process of their luxury purchasing. In a similar way to the consumers' perception of the sports athlete endorser's values, it is possible to categorise these three levels of consideration as personal, social, and commercial.

On the first level, the consumers revealed their personal considerations of luxury consumption. Such reasons are generally their awareness of the luxury brands and on a more advanced level their fondness for the brands. Also the previous stage of quantitative data analysis suggested that their income, purchasing power, and consumption habits all constitute the overall characteristics of their personal luxury purchasing behaviour. These characteristics appeared to be the ones that the consumers considered to be the most important. They seemed to be more important than the influence of the celebrity endorsement. More than half the consumers in the confirmation interviews made it clear that their purchasing interest and decisions were their own personal matters and not subject to influences from outside factors. However the data analysis demonstrated that at this personal level the endorsements were effective in generating brand awareness and brand equity, although consumers may not necessarily connect such influences with their purchasing decisions.

Consumers are members of the larger society in which they exist and with which they interact. There is evidence to indicate that a consumer's purchasing decision is also subject to social influences and the considerations of people living in their social circles. Such social level considerations include the influences from their friends, their social profile, and the general economic development of society. Two of the interviewees suggested mutual influences with their friends in making luxury product purchasing decisions. One of the interviewees suggested that the rapid development of China's economy and personal wealth played an important role in the luxury consumption of consumers. The social level considerations are related to

matters that have resulted from the economic, political, and geographical influences that society has created.

The last level of consumer considerations identified from the data analysis is the commercial level. Such considerations included the price, product details, promotional messages (including verbal promotions and introductions by the sales personnel), and locations of shopping luxuries. The alternative shopping location and price options are also important commercial factors to be taken into consideration. Some of the consumers recognised that commercial factors play a role in the relationship between the endorsers and the endorsed brands. Two of the interviewees mentioned the commercial deals and payments between the brand ambassadors and the brands. The interviewees particularly emphasised such recognition of the commercial elements when they answered the question related to the expertise of the endorsers. Regardless of how appealing the brands and products are and how persuasive the endorsement messages, consumers eventually made their decision with the action of paying money in exchange for the product of their choice. This simple and straightforward commercial action is at the core of what luxury brand managers and promoters want, and would use any possible means to enable to happen.

Based on this discussion, it is possible to identify the considerations that a consumer would make to finalise his or her luxury purchase decisions. The considerations would also involve three level of factors related to their personal, social, and commercial conditions. The following section will discuss this three-level consideration's relationship with the consumer's three-level perception of sports celebrity endorsements.

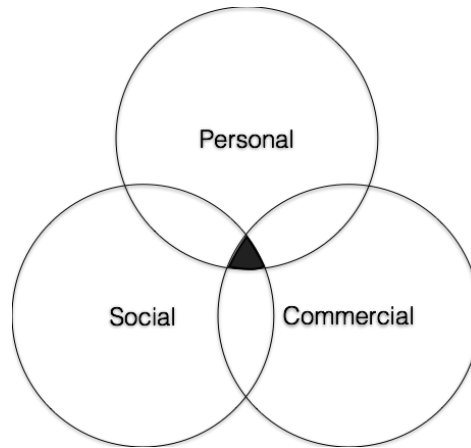
### **7.4.3 Synchronisation of the three-level factors**

The discussion so far suggests the understanding of the three-level factors of a consumer's perception of an athlete endorser's attractiveness, trustworthiness, and expertise as respectively belonging to the personal, social, and commercial domains. On the consumer side, their purchase interests and actions are also results of the



three-level factors of their personal, social, and commercial situations. The relationships of such factors can be illustrated in Figure 31 below.

**Figure 30 Three-factor model**



The data analysis findings suggest that each of these three factors is critical in establishing and enhancing the luxury brand equity and in developing the consumer's intention and decision to make the purchases. Even if two of them are valid, the effect is void without the third factor working. The three factors must work in joint synchronisation in order to achieve effectiveness of the endorsement marketing strategy. Therefore, only when all three factor sets overlap, the intersection (the marked zone in the centre of the figure) of the three factors would be the point when a consumer builds an effective purchasing interest or makes a purchasing decision. Although the relationship positioning and the balance between the three factors may vary and the positions and even the sizes of these three factors can change, this model suggests that the intersection zone is always the smallest shape in the overall framework. This further suggests that the consumer's decision to make the purchase can only be achieved when all three levels of factors are functioning properly and simultaneously. The synchronisation zone is always the smallest component of the structure, therefore the effectiveness is the scarcest achievable result. This model of analysis also helps to explain why the majority of the quantitative survey respondents replied with disagreeing or neutral attitudes as to whether their luxury products purchasing interests and decisions were under the

influence of sports celebrity endorsements. The reasons are that all three level factors must work in synchronisation for consumers to make the purchase decision and that the synchronisation of these three factors has a comparatively small chance of happening.

## **7.5 Summary**

This chapter used the qualitative data for a textual analysis to examine and verify the research findings generated by the previous stage of the study. The analysis results suggest consistency with the earlier research results in that each of the research variables was positively related. The connotation of this result will be further discussed in the conclusion chapter of this thesis.

Through further discussion of the qualitative analysis, this chapter is able to identify similarities to the theories of consumer internalisation of commercial messages (Ohanian 1991, Erdogan, Baker & Tagg 2001, Shank 2008). While recognising that a consumer's response to sports celebrity endorsements is a psychological process (Kelman, 1985; Lafferty, Goldsmith & Newell, 2002; McGuire, 1985), this research has generated findings to advance the theoretical analysis to create a three-level factor model to understand the factors that determine the nature of sports celebrity endorsements and their effectiveness in generating consumer purchasing interest and decisions. This original theoretical framework suggests that personal, social and commercial factors are all critical for a consumer to build purchase intentions and make buying decisions. According to this theoretical model, all three of these factors must function to result in purchase intentions and decision. The synchronisation of these three level factors is the most critical element in order to achieve the desirable consequence of customer purchase decision.

Therefore, this research has so far discovered the answers to the research question of how sports celebrity endorsements of luxury brands influence the purchase intention and decisions of Chinese consumers. This analysis reveals that because of their qualities of attractiveness, trustworthiness, and expertise match-up with the endorsed products, sports celebrities will help to establish and enhance brand equity of the endorsed product and brand. The enhanced brand equity will in turn result in the increase of the consumers' intention of purchase and actions of purchase. Also,

Chinese consumers seem to have particular conditions whereby they accept endorsement messages made by their local heroes. The discovery and discussion of these conditions leads to the formulation of the three-level factor theoretical framework that can be generalised to describe typical Chinese luxury consumers.

###

## **Chapter 8: CONCLUSION**

### **8.1 Introduction**

This thesis has studied the phenomenon of sports celebrity endorsements of luxury brands in the Chinese market and the relationships between the endorsement messages and the purchasing intentions and the decisions of Chinese consumers. The research examined the relationships between six variables, which respectively suggest that the consumers' perceptions of the *attractiveness*, *trustworthiness*, and *expertise* of the sports celebrities have positive relationships with the *brand equity* of the luxury brands, which is positively correlated with the consumers' *intentions* and *decisions* of purchasing the endorsed luxury brands. One of the research findings also speculates that Chinese consumers would consider local sports celebrities to be preferable endorsers of international luxury brands in the Chinese market. Through discussion of the quantitative and qualitative research data, this thesis proposes a theoretical framework which suggests that a consumer's final purchasing decision is determined by personal, social, and commercial factors that correspond to the personal, social, and commercial messages that the celebrity sports athletes would deliver. This research has also identified the typical characteristics of Chinese luxury consumers.

This chapter aims to summarise this thesis, and demonstrate the significance of this managerial implication research about Chinese luxury consumption and its relationship with sports celebrity endorsements. It will highlight and explain the original contributions of this research to the understanding and theoretical development of the functions and effectiveness of celebrity endorsement. Finally, this chapter will propose new perspectives for further research with considerations of the limitations and strengths of this thesis.

### **8.2 Overview of findings**

The main research question of this thesis aims at discovering whether Chinese consumers are willing to buy or actually take actions to buy luxury consumer products, particularly those heritage and high-end brands originate in Europe, under the influences of commercial endorsements by famous sports athletes who are also

known as celebrity sports athletes. This thesis has adopted a research design that comprises primary and secondary research. The primary used methodological triangulation to collect and analyse qualitative and quantitative data in order to answer the central research question. The triangulation research design serves the purposes not only of ensuring the validity of the data and confidence of the research findings (Bryman 2011; Denzin, 1989) but also widening and deepening understanding of the subject of the study (Olsen, 2004).

### **8.2.1 Secondary research findings**

The first step of the research reviewed extensively previous research literature in the area of sports celebrity endorsements and luxury consumption. Several important aspects of the research findings were generated by this stage to provide directional guidance to this study as well as discovering a knowledge gap that this thesis would be able to fill and supplement. Firstly, the literature review suggested three theoretical models regarding the effectiveness of sports celebrity endorsements of commercial brands. The three models included attractiveness, which postulates that the endorsers should have features that appeal to the general public, and particularly the targeted consumers, so as to generate the desired effectiveness of the endorsement messages (Chawla, Dave & Barr, 1994; Erdogan, 1999; McCracken, 1989). The second findings of the literature review suggest that consumers must trust sports athlete endorsers in order to be effectively influenced by the commercial messages presented by the athletes. The trustworthiness model is one step more advanced than the attractiveness model. For consumers to be influenced to the level of establishing the source credibility is a psychological process that is more complex than first impressions and appearance appeals (Hardin, 2002; Hovland et al., 1953; McCracken, 1989; Ohanian, 1990; Priester & Petty, 2003). The third main aspect of discovery of the literature review suggested that the sports celebrity endorsers must demonstrate a suitable expertise that would be consistent with the quality and cultural connotations of the brands that they have represented (Kamins, 1990; McDaniel, 1999; Till & Busler, 2000). The expertise match-up model is the latest and probably the most complicated line of thought among the three theoretical models, taking into consideration the overall social and personal factors involved in endorsement activities and communications. The finding of the literature review

revealed that celebrity endorsements affect consumers in a three-level psychological development journey. The first level is to generate consumer awareness of the endorsed brands (Erdogan, Baker & Tagg, 2001; Miciak and Schanklin, 1994; Seno & Lukas, 2007). The second level is to build goodwill to the endorsed brands and enhance their brand equity as perceived by the consumers (Atkin and Block, 1983; Bush et al., 2004; Erdogan, 1999). Apparently these two steps by themselves would generate intangible assets to the endorsed brands. The third step is the resulting purchasing intention that will eventually drive consumers to take actions to actually purchase the endorsed brands (Boyland, et al, 2013; Friedman & Friedman, 1979; Ohanian, 1990). Only the third and final step would generate a tangible and desirable result for the brand owners. However, as the literature review suggested, academic studies have comprehensively examined the first two steps, but understanding of what would cause the final and most critical step of purchasing action was limited. Such understanding was particularly limited, in fact minimal, in the area of the effectiveness of using sports celebrities to endorse luxury products and brands in the Chinese market..

Therefore the literature review moved one step further to study luxury consumption and its status in the Chinese market. Studies of luxury consumption revealed an in-depth knowledge of luxury brand definition and management (Dubois et al, 2001; Kapferer and Bastien, 2012). In particular, the previous studies differentiated luxury brands from mass consumer brands in terms of their commercial, cultural and psychological values for consumers (Heine 2011; Laurent & Dzellar 2001; Wiedmann et al, 2007). This stage of the literature review also examined Chinese luxury consumers in the newly emerging market and rapidly growing economy in the world's most populous nation, and suggests that Chinese consumers possess a vague understanding of luxury consumption and their preference for luxury brands is not associated with the cultural and historical heritages of those brands (Bain & Company 2010; Zhan and He, 2012). Rather their preference for masstige consumer products is a notable phenomenon (Truong, et al, 2009). The research suggests that Chinese consumers might be more receptive to commercial promotional messages such as celebrity endorsements and what are generally perceived as international consumption trends (Li et al, 2012).

Therefore, the literature review helped this thesis to identify the knowledge gaps in luxury consumption in the world's second biggest luxury consumption market (Bain & Company 2010). The most important of such gaps is whether sports celebrity endorsement would be an effective method to influence the consumption behaviour of Chinese luxury consumers. Also, the literature reviews revealed that it is still not known whether the previously established theoretical models could be effectively adopted to describe the characteristics of the Chinese market.

### **8.2.2 Knowledge from the brand professionals**

The primary study of this thesis started with gathering knowledge input from the luxury business. This was also the first stage of the methodological triangulation of the research to ensure the reliability of the research findings. Semi-structured interviews with eight luxury marketers, brand managers, and a researcher based in the Chinese market, generated knowledge of the perspectives of the luxury business management professionals in terms of the application of luxury brand management theories to real situations in one of the world's most dynamic emerging markets, and what the brand managers' expectations and understandings of Chinese consumers are.

Several themes emerged from the conversations with the brand managers in relation to soliciting their views around the main research question. Such themes centred on the established theoretical models of attractiveness, trustworthiness, expertise, and their related match-up. The knowledge provided by the brand managers demonstrated that they have expectations of Chinese consumers in that these tested and classic business management models would be effective in persuading them to be willing to and actually take actions to purchase the endorsed brands.

Two very important items of learning contributed by the brand managers were, firstly, their conviction that sport celebrity endorsements of luxury brands are an effective and essential means of commercial promotion of the brands. Secondly, they had expectations that Chinese consumers would prefer commercial endorsement messages generated by "local heroes", who are the Chinese sports celebrities because of their cultural heritages and well-established reputations among the Chinese public.

Based on this learning, the research set out to study six research variables: the sports celebrity athletes' attractiveness, trustworthiness, and expertise, the brand equity of the luxury brands that they would help to enhance, and consumer's intention and decision to purchase. The enhanced brand equity would in turn attract Chinese luxury consumers to become more willing to buy the endorsed products (intention to purchase) and more easily take purchasing actions (decision to purchase). Also the Chinese sports celebrity endorsers would be more effective brand ambassadors to persuade Chinese consumers to have such intentions and to make such purchasing decisions.

### **8.2.3 Understanding Chinese luxury consumers**

The second step of the triangulation study used an online survey to collect quantitative data from 327 Chinese consumers to build a comprehensive analysis about their demographic characteristics, luxury consumption behaviour, intention, and purchasing power. The research findings suggest that the geographic distribution of Chinese luxury consumers is concentrated in the economically developed areas of the country, with Beijing, Shanghai, and Guangzhou being the first-tier markets followed by the second- and third-tier markets in provincial cities and inland areas. However, although the leadership of the first-tier markets is evident, the other less wealthy markets are also important in terms of having big spenders. Therefore the geographical locations of Chinese luxury consumers are a significant consideration in the study of the market; however, the purchasing power of those consumers in less wealthy locations should not be underestimated. The key learning of the consumer demographic study also suggests that typical Chinese luxury consumers are young, generally between 31 and 50, and their income levels are the typical middle-class income of the country. There are more female luxury consumers than male luxury consumers in China. Therefore there is an argument that female consumers drive luxury consumption in the country. However, data analysis suggests that female consumers do not have the same level of income and purchasing power as male consumers. Chinese consumers prefer to buy luxury brands when they travel abroad. They generally do not have strong brand loyalty, or in other words, their preferences span evenly across many brands.



When the survey respondents were asked to indicate their attitude towards the sports celebrity endorsement models featuring the variables of attractiveness, trustworthiness, and expertise match-up, they demonstrated a consistent attitude that suggests a positive relationship between the variables and the brand equity of the endorsed luxury brands. Although the majority of the consumers surveyed had mainly neutral or negative opinions about their impressions of these characteristics of celebrity sports athletes, their attitude demonstrated a positive correlation with their attitude to the brand equity of the endorsed brands. The stronger their conviction about the attractiveness, trustworthiness, and expertise of the athletes, the more they considered the brand equity of the celebrity-endorsed luxury products to be enhanced. Such a positive relationship is also observed in the relationship between the brand equity and the survey respondent's intention and decision to purchase. The positive relationship between the personal characters of the endorsers and the endorsed brand equity results in positive relationships between the enhanced brand equity and the consumers' intentions and decisions to buy the endorsed luxury brands.

The quantitative survey results suggest that Chinese consumers have limited or largely negative preferences for their local heroes to represent international luxury brands. This finding is in drastic contrast to the expectations of luxury brand professionals as demonstrated in the earlier research. The next step of research, however, was able to provide further insights into this issue.

#### **8.2.4 Factors of consumer decision-making**

The basic understanding of Chinese luxury consumers' demographic characteristics and their attitude towards sports celebrity endorsements was further verified and tested by the confirmation investigation as the third and the final step of the research methodology triangulation. Qualitative interviews with six Chinese luxury consumers in one of the country's most important markets provided insights into their luxury consumption behaviour and their attitude towards Chinese sports celebrity endorsements of luxury brands. Through the confirmation interviews and the analysis of the qualitative data, this thesis has verified the reliability of the data generated in the previous stages of the research, particularly those from the

consumer surveys. The findings of the final stage of the empirical study supported the findings of the previous stages and also supported the discussion of the relationships between the six research variables. It can be concluded from the interviews that consumers' opinions confirmed the three variables of attractiveness, trustworthiness, and expertise of the sports celebrity endorsers as the brand equity drivers, which is consistent with the earlier findings. They also confirmed that their luxury shopping intentions and decisions were driven by the enhanced brand equity of the endorsed products. However, the textual data analysis suggests that their ideas about their preferences for Chinese sports athletes to endorse international luxury brands turned out to be conditional upon the athletes having the relevant personal characteristics, particularly social status, to make them suitable ambassadors of the brands. The interviewed consumers did not directly reject the notion of using Chinese athletes as luxury brand endorsers, but, analysed in detail, they would only prefer them if they had suitable personal characteristics or their professional behaviour was consistent with the status of the brands. Also, the interviewees demonstrated that nationalist emotion was the main driver for their interest in local heroes being brand ambassadors.

The most important research finding of the confirmation interview stage was the identification of the fundamental factors that would enable consumers' positive reactions to sports celebrity endorsement of luxury brands. This thesis has identified these factors to be on three inter-related levels, namely the personal, social, and commercial levels. The three-level model applies both to the sports celebrity endorsers and the consumers. On the sports celebrity endorser side, the three levels of influence would respectively correspond to the attractiveness (personal), trustworthiness (social), and the expertise match-up (commercial) characteristics of the athletes. This thesis argues that these three levels of factors all need to work together to be able to influence consumers. On the consumer side, the same situation exists, as the individuals demonstrated that they are also subject to their personal preferences and conditions, social environment and influences, and commercial conditions and affordability when responding to the endorsement messages and determining their behaviour of having purchasing intentions and making purchasing decisions to buy luxury products.

This thesis argues that the three factors must work simultaneously to make celebrity endorsement campaigns functional and to motivate consumers to make purchasing decisions. This theoretical framework explains the three factors that enable luxury consumption to happen under the influence of sports celebrity endorsements, and also indicates the fundamental ways that commercial promotions can have a chance of succeeding, because of the necessity for the simultaneous functioning of all three factors.

### **8.3 Chinese market and sports celebrity endorsement of luxury brands**

The significance of this research resides in two aspects. Firstly, its rapidly growing economy is driving China to become one of the world's biggest luxury consumption markets. This issue justifies the necessity of this kind of research that will generate understanding of the consumer market and particularly luxury consumption by the consumers of the nation. Secondly, with China becoming one of the world's top sports powers, sports is becoming an increasingly important and massive social and commercial phenomenon, which has resulted in the increasing use by luxury brand owners of sports celebrity endorsements as a component of the marketing mix (Kotler, 2000; Kotler & Armstrong, 2010). Therefore this section explains the significance of this thesis in these two aspects.

#### **8.3.1 Economic development and high-end consumption**

The Chinese economy has developed over the past 25 years at a faster pace than has ever been recorded before in human history. The annual Gross Domestic Produce (GDP) growth has always been higher than 7.5 per cent and reaches a maximum level of 13 per cent on a year-by-year basis. The wealth of the nation has doubled or trebled. China is currently the world's second biggest economy after the United States. But because of the massive population base of 1.4 billion, China is also one of the world's developing countries in terms of per capita GDP (Fleisher, Li & Zhao, 2010). In this economic situation, there exists a significant difference between rich individuals, who are usually the residents of the well-developed urban areas, and their poor peers who are rural residents in the country's inland areas. Although the

disparity between the rich regions and the poor regions has been somewhat reduced by the state's policy to develop its backward and poor areas, such difference of wealth is still phenomenal (Cai, Chen, & Zhou, 2010). In this situation, Chinese society has seen the rise of a massive population of urban consumers with strong personal purchasing power and interests.

Given such economic and social conditions, research into the Chinese luxury consumption market and luxury consumers is particularly important for both academic and practical reasons. Academically, this thesis has provided a comprehensive understanding of the Chinese consumer market with an emphasis on detailed studies of the consumers. This thesis has concentrated on the perspectives and demographic characteristics of the consumers, and generated in-depth understanding using this consumer-oriented approach. The findings of this thesis also have strong practical significance in terms of providing an understanding of Chinese consumers' behaviour and their luxury consumption motivations, and luxury brand managers' considerations in developing their market and business strategies in the world's biggest luxury market situated in one of the world's most dynamic and powerful economies.

### **8.3.2 Sports celebrity endorsements in luxury consumption**

As introduced in the earlier chapters (see Chapter 1), China has become one of the world's strongest sports countries. Since its return to the International Olympic Committee in its 1984 debut in the Olympics Games in Los Angeles, USA, China has progressed from an unknown and underdeveloped force in sports to become the world's leading sports nation, coming second after the United States in medal counts in the 2012 Olympic Games in London. China also has mass public participation in the amateur sports as a life style activity or hobby. There are tens of millions of regular sports participants in the world's most populous nation (Nicholson, Hoye & Houlihan, 2010). Accompanying this overall trend of sports development, China is also becoming one of the world's most important markets for sports businesses and commercial enterprises. Sports athlete endorsement deals also constitute an important part of the total business. Chinese consumers are familiar with seeing

sports celebrities representing sportswear, sports equipment, energy drinks, liquor, food, public services, etc.

The main academic research and knowledge gap this thesis has filled is the study of the phenomenon of sports celebrity athlete endorsements of luxury consumer brands. Celebrity endorsements of luxury brands are not rare in the Chinese market. Many luxury brand owners in the market have been adopting this common strategy. The study suggests that Chinese consumers are also familiar with the sports celebrity endorsement of consumer products. There are many academic studies in these two areas. However, sports celebrity endorsements of luxury brands and products is a phenomenon missing from academic studies in the Chinese market. The significance of this thesis in studying this phenomenon is multi-fold. Firstly, sports celebrity endorsements of luxury brands are an important and frequently adopted market development strategy used by the brand owners. In the Chinese market there have been Andrei Agassi representing Omega watches, Michael Owen representing Tissot Watches, Maradona representing Hublot watches, Li Na representing Rolex, David Beckham representing Jaguar cars, etc. Secondly, whether these endorsement campaigns and strategy are effective remains unknown. Thirdly, even if the brand owners have the market data to show whether the endorsement campaigns are effective or not, the reason behind their effectiveness or failure has never been studied or explained. Therefore, this study is the first comprehensive research project to look into the research question of whether Chinese consumers are actually influenced by sports celebrity athletes' endorsements of international luxury brands. Academically, this thesis is one of the first to study this topic. Practically, this thesis provides consumer-oriented insights for brand owners and sports athlete agencies to understand the reasons behind Chinese consumers' judgements and attitudes towards marketing strategies.

Overall this thesis is academically and practically meaningful in providing the required depth of understanding of luxury consumption and sports celebrity endorsements to meet the academic interests and practical inquiries by the professionals in the rarely explored areas where the two domains of study intersect. Having explained the significance of this thesis in the two primary considerations of

its academic and practical values, this chapter will further summarise the central arguments and knowledge contributions.

## **8.4 Central arguments and contributions to knowledge**

Through qualitative and quantitative data analysis about whether sports celebrity endorsements can positively influence Chinese luxury consumers and make them more interested in purchasing the endorsed brands and products, this thesis has identified the positive relationship between the endorser and the effects on consumers. However, the thesis moved one step further to establish a theoretical framework to explain and analyse this positive relationship. Based on this theoretical framework and its related analyses, the thesis has proposed its central arguments as presented below.

### **8.4.1 Central arguments**

Having established an in-depth understanding of Chinese consumers and their reactions to sports celebrity endorsements of luxury brands, this thesis aims at identifying whether the consumers could be more willing to buy endorsed products. The most important argument this thesis proposes is that the purchasing decision making results from the intensifying of the purchasing intention, which is a complex process determined not by a single force but a combination of personal, social and commercial factors. In Chapter 7, detailed analyses of consumer attitudes revealed that the sports celebrity endorsers' attractiveness, trustworthiness, and expertise match-up with the endorsed brands are respectively associated with their personal, social, and commercial images. When receiving and accepting each of these values of the sports celebrity endorsers, the consumers go through a psychological journey to interpret the messages they have received on personal, social, and commercial levels. Consequently, they make their purchasing decisions out of their comprehensive considerations of their own personal preferences, social status, and commercial potential. The three-level factors of personal, social, and commercial considerations are consistent in this analysis. Based on this analysis, this thesis argues that only when all three factors work simultaneously in synchronisation will the consumers

take action to buy the product. If any one of the factors is not functioning or is functioning negatively, the purchasing decision will not be possible. This central argument suggests that the purchasing decisions, seemingly resulting directly from the commercial promotion messages generated by the sports celebrity endorsers, are actually a complex combination of three-level factors. The probability of all three factors functioning simultaneously is naturally lower than the probability of any one or two of them working together, therefore the probability that a consumer will decide to buy an endorsed luxury product is lower than the probability that this consumer will be influenced by any one or two of the celebrity endorser's characteristics and values in the areas of being attractive, trustworthy, and having the expertise that is perceived to match the endorsed brands.

The practical significance of this central argument is to assist luxury brand managers and owners to understand the function of the three-level factors rather than the stand-alone elements of any of the three key characteristics of the celebrity endorsers. Also, in practical terms, the understanding of this three-factor theoretical framework will help to explain why it is so difficult to motivate consumers to make the final and critical decision of actually buying the endorsed luxury products.

Also, the central argument of this thesis suggests the necessity for luxury brand management professionals to take the personal, social, and commercial factors into consideration. In practical terms, these considerations would involve understanding the individual and group characteristics of Chinese consumers, which this thesis has dedicated its research efforts to investigate and present; the understanding of the social values and status of the consumers, which this thesis has also dedicated some of its major efforts to investigate but since it is such a complex matter, has left room for further studies; the understanding of the consumers' commercial conditions, which are mainly indicated by the income and purchasing power indicators, of which this thesis has delivered in-depth analysis in its quantitative analysis chapter (see Chapter 7).

Likewise, this central argument will suggest to luxury brand management professionals that they should take into consideration the three-level factors of the sports celebrity endorsers when employing the marketing ambassadors. Their values

of attractiveness, trustworthiness, and expertise need to be understood according to the three-level factors. Such understanding should also extend to the three-level factors of the consumers. A successful marketing campaign would correctly identify these three-level factors of both the endorsers and the consumers and make them dovetail with each other for maximum effectiveness.

Besides the central argument presented in the above paragraphs, this thesis also argues that the sports celebrity endorsers' values of attractiveness, trustworthiness, and expertise have positive relationships with the brand equity of the endorsed luxury brands, which in turn have a positive relationship with Chinese consumers' intention and decisions to purchase the endorsed products. This has been discussed in Chapter 7 of the thesis.

Another important argument of this thesis suggests the conditional preference that consumers have for Chinese sports celebrities to act as endorsers for renowned international luxury brands. This argument emphasises the conditions that the Chinese consumers have attached to their preferences. In the quantitative data analysis stage, the consumers rejected the assumption that they would prefer Chinese sports athletes as the endorsers rather than their international counterparts. However, in the confirmation data analysis, this thesis has identified that their weaker support for local heroes was due to the conditions that were attached. These conditions, interestingly, in turn are associated with the three-level factors of personal, social, and commercial values of the Chinese sports athletes in question.

#### **8.4.2 Contributions to knowledge**

Supporting the central argument and the two subsidiary arguments as discussed in the above paragraphs are some of the main discoveries achieved by this thesis as its original contribution to the sports business management knowledge base. Such contributions are briefly summarised as below.

Firstly, this thesis has contributed to contemporary knowledge about Chinese luxury consumers and the market. Such knowledge is built on the basis of quantitative analysis of the consumers' gender, age groups, social identity, economic and financial status, luxury consumption behaviour, attitudes towards sports celebrity



endorsements, and their interests and experiences in luxury consumption in association with their interests in social factors such as sports business. This was comprehensively presented and discussed in Chapter 6 of this thesis. The systematic understanding of consumers and their behaviour and attitudes constitutes the basis for further study of the main research question. Practically, such understanding is also a result of the most up-to-date information about Chinese luxury consumers in current social and commercial settings.

Secondly, by analysing quantitative and qualitative data to explore the relationships of the variables of the research, this thesis has generated knowledge to enable Chinese consumers to perceive and make up their minds about the values that sports celebrity endorsers have represented and delivered. Discovering the process and mechanism for the impression, perception, awareness, and decision-making of the consumers differentiates this study from most of the previous researches that adopted the approach of studying the brand managers and owners. This consumer-oriented approach created original knowledge in the social group that used to be regarded as passive receptors of marketing messages (De Mooij, 2010; Füller, 2010). Such knowledge also led to the development of the three-level factor theoretical framework that was discussed above.

Thirdly, this thesis generated understanding of an important question that has puzzled academics as well as luxury brand management practitioners with regard to whether Chinese athletes are preferable to their international peers as luxury brand ambassadors in the Chinese market. The fact of their preference being weak and conditional suggests that anyone making marketing promotions in China should consider the personal, social, and commercial factors that would play essential roles together for any strategy to be successful.

Lastly, this thesis has contributed original knowledge in the area where sports marketing overlaps with luxury consumption. This is an academic study topic that has not been investigated in such depth and comprehensiveness before. The knowledge produced is not only useful for describing and understanding sports celebrity endorsements of luxury brands and products, but it can also be applied in understand marketing promotion and luxury brand endorsements by non-sports

endorsers because they are generalizable knowledge about the consumer's characteristics and attitudes that can be applied across the areas of academic research and business partitions.

The summarised original contributions to knowledge provided the basis to achieve the central arguments of this thesis. The proposed three-level factor of sports celebrity endorsement effectiveness was thus developed as the overall summarisation of the knowledge in this particular research area.

## **8.5 Future research**

The considerations that could be given to future research into sports celebrity endorsements of luxury brands and products are unlimited. This is an important and complex topic that deserves much future study, for two main reasons. As Kapferer (2012) suggested, luxury consumption is almost as old as human history. It is an important and significant component of economic activity in human society. The higher the level of the economy, the higher the demand for luxury consumption. Therefore, luxury consumption is a long-term research topic. Secondly, sports business marketing is also a dynamic and long-term social phenomenon. Sports are also as old as human civilisation, as the classic Olympic Games were originated in Greece several thousand years ago. Sport will be particularly important as the world advances into the era of the greatest complexity of civilisation and cultural forms. Also, in modern history, sports are so closely interlinked with commerce that sports business has become one of the most dynamic business sectors of the world (Zimbalist, 2010). Therefore it is fair to argue that the scope of this research can be unlimitedly expanded and deepened.

However, a realistic evaluation of the selected future research directions can be proposed based on the analysis of the strengths and weaknesses of this research. This research has adopted a consumer-oriented perspective and incorporated the mixed applications of quantitative and qualitative data analyses in a methodological triangulation research design. The most important strengths of this research therefore are the approach, the thoroughness and comprehensiveness of the data, and the resulting establishment of a theoretical framework, which could be used to guide future researches.

The weaknesses of the research include the research sampling using a declining social media platform and the assumption that those who happened to see the survey invitations and completed the survey would naturally have a strong interest in luxury consumption-related topics, therefore this research identified them as representative luxury consumers. Although such a sampling method has great merits in its feasibility and economy of costs and time, the decline of the employed social media platform and the limitations of the internet-based social media reduced the randomness of the sampling and therefore the samples' representativeness could be challenged. The second weakness of this research is the use of the 5-point Likert scale measurement to gauge the variations of consumer attitudes. In retrospect, the 5-point scale could have been limited in its capability to measure the sensitivity of respondents' attitudes. A preferable measurement could have been the 9-point scale or a measurement with higher sensitivity and broader range. The third issue that must be considered is that the data collected had limitations in reflecting the social elements and situations of the consumer groups that were surveyed and interviewed. The data generated a large number of details about the consumers' demographic and individual conditions, but what could have supported this research better would have been the social considerations that they have about sports celebrity endorsement and luxury consumption.

Therefore, this thesis proposes to carry this research further with a stronger emphasis on the social behaviour and values of the consumers. Such an emphasis would create knowledge to understand luxury consumers more as a social group rather than just individual consumers. This social perspective understanding would also generate further support and additional building blocks to develop the proposed three-level factor theoretical framework. To continue the benefits of the methodological triangulation using not only qualitative but also quantitative data, the future research would increase the randomness of the survey sampling and the range of sales in order to increase the sensitivity of measurements of the consumers' social status and attitudes.

## 8.6 Summary

This thesis has employed a methodological triangulation to collect qualitative data and quantitative data from luxury brand managers and Chinese luxury consumers in order to answer the research question of whether Chinese consumers would be willing to purchase luxury brands endorsed by sports celebrity endorsers. The research findings suggest that for a typical Chinese consumer to be interested in or to take action to purchase the endorsed brands, there would have to be a cooperation and simultaneous functioning of personal, social, and commercial factors on different levels of their interactions with the endorsement communication messages. Such three-level factors are also applicable to the sports celebrity endorsers in terms of the attractiveness, trustworthiness, and expertise match-up that they attempt to display to influence the consumers on the receiving end. This thesis argues that the three-level factors must be functioning together in order to motivate a purchasing intention and to drive the intention to fruition: the actual decision and action of making the purchase. In the Chinese market, consumers' attitudes to endorsed luxury brands is in accordance with the perceived values and characters of the brand ambassadors, however they do not necessarily demonstrate the same attitude in making their final and critical purchasing decisions, because of the improbability of the three-level factors working together and at the same time. Chinese consumers have a positive and compatriot attitude to local sports celebrity athletes, but also have reservations as to whether they should be the preferred ambassadors to represent famous international luxury brands. Their supporting attitude is conditional upon their perception of the Chinese athletes' personal, social, and commercial characters and would require the synchronised functioning of these three-level factors. This research contributes original knowledge in understanding these critical relationships and argues that the complexity of making the three-level factors function in synchronisation explains the luxury brand managers' and sports marketers' difficulty in converting interested consumers into buyers in action.

It is this researcher's conviction that luxury consumption and the pursuit of the pleasure of owning luxury is part of the natural human desire for higher social status (Cummins, 2005; Miller, 2009; Nelissen & Meijers, 2011), therefore luxury consumption will continue to be an intriguing research question. By looking at the

knowledge gap where luxury consumption and sports marketing meet, this thesis suggests that research into sports celebrity endorsements of luxury brands in China will continue to be carried out with particular consideration to the country's rapid economic development, double-digit growth in the luxury consumption market, and the unstoppable rise of its power in world sports arenas. Such growth means not only business opportunities for sports business professionals and consumer brand managers, but also intriguing discoveries for academic scholars in the days to come.

- End-

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## Appendix I: Survey questionnaire with translations

Question numbers and Questions in Chinese	English Translation
请选择符合您的情况的答案，如选“其它”请注明您的答案。	<b><i>Please choose the answers that suit your conditions. If you choose "Other", please specify.</i></b>
Q1,"您的性别？"	What is your gender?
1,"男"	Male
2,"女"	Female
Q2,"您的年龄？"	What is your age?
1,"19-30"	19-30
2,"31-40"	31-40
3,"41-50"	41-50
4,"51- 60"	51- 60
5,"61-70"	61-70
6,"71-80"	71-80
7,"81 岁以上"	81 and older
Q3,"您的婚姻状况？"	What is your marital status?
1,"单身"	Not married
2,"已婚"	Married
3,"离异"	Separated
4,"其它"	Other
Q4,"您的学历？"	What is your education level?
1,"初中"	Junior high school
2,"高中"	High school
3,"大学"	Undergraduate
4,"研究生"	Graduate
5,"博士生"	Doctoral
Q5,"您在哪个城市居住？"	In which of these cities do you live?
1,"北京"	Beijing
2,"上海"	Shanghai
3,"广州"	Guangzhou

4,"天津"	Tianjin
5,"杭州"	Hangzhou
6,"重庆"	Chongqing
7,"成都"	Chengdu
8,"其它"	Other
Q6,"您的职业? "	What is your occupation?
1,"职业经理人"	Management
2,"大学老师"	College teacher
3,"政府官员"	Government official
4,"大学学生"	College student
5,"公司职员"	Employee
6,"自由职业"	Free-lance
7,"自雇"	Self-employed
8,"其他"	Other
Q7,"您的月薪? "	How much is your monthly income?
1,"少于 1999 RMB"	Less than RMB1999
2,"2000RMB — 4990RMB"	RMB2000-4990
3,"5000RMB — 14,999RMB"	RMB5000-14,999
4,"15000RMB— 24999RMB"	RMB15000-24999
5,"25000RMB— 34999RMB"	RMB25000-34999
6,"35000RMB— 49999RMB"	RMB35000-49999
7,"50000RMB 以上"	RMB50000 and above
Q8,"您目前的居住状况? "	How do you describe your residence?
1,"租房"	Rent
2,"有房"	Own home
3,"和父母住在一起"	Live with parents
4,"和朋友住在一起"	Live with friends
5,"其它"	Other
Q9,"您有喜欢的体育明星吗?"	Do you have any favourite athletes?
1,"如果有, 请说出他的名字"	Yes. (Please tell us his name.)
2,"没有"	No
Q10,"您喜欢的体育明星有没有代言过奢侈品?"	Has your favourite athlete(s) endorsed any

"	luxury brands?
1,"如果有, 请说出品牌的名称"	Yes. (Please tell us the brands.)
2,"没有"	No.
3,"不确定"	Unsure
Q11,"在过去 12 个月里, 您购买过以下哪个品牌的奢侈品?"	In past 12 months, have you bought any products of these luxury brands?
1,"奔驰"	Mercedes
2,"宝马"	BMW
3,"Louis Vuitton"	Louis Vuitton
4,"古琦"	Gucci
5,"奥迪"	Audi
6,"Hermes"	Hermes
7,"Cartier"	Cartier
8,"Tiffany & Co"	Tiffany & Co
9,"Porsche"	Porsche
10,"Burberry"	Burberry
11,"Prada"	Prada
12,"Ralph Lauren"	Ralph Lauren
13,"Moet & Chandon"	Moet & Chandon
14,"Ferrari"	Ferrari
15,"其它"	Other
Q12,"您多长时间会去购买奢侈品?"	How often do you buy luxury products?
1,"每周"	Weekly
2,"每月"	Monthly
3,"每年"	Yearly
4,"不确定"	Irregularly
5,"从不或很少"	None/Seldom
Q13,"您是否购买过体育明星代言的奢侈品?"	Have you bought products of a luxury brand that has been endorsed by a sports athlete?
1,"如果有, 请说出品牌和体育明星的名字"	Yes (Please identify them.)
2,"没有"	No
3,"不确定"	Unsure
Q14,"如果你喜欢的体育名人代言某个奢侈品,	Will you likely buy the products of a luxury

您会更倾向于购买这个奢侈品吗？ "	brand endorsed by your favourite athlete?
1,"是的"	Yes
2,"不会"	No
3,"也许"	Maybe
Q15,"通常每个月您会花多少钱在奢侈品的消费上?"	How much money do you spend per month in luxury shopping?
1,"少于 1000RMB"	Less than RMB1000
2,"1001-4999RMB"	RMB1001-4999
3,"5000-9999RMB"	RMB5000-9999
4,"10000-19999RMB"	RMB10000-19999
5,"20000RMB 以上"	RMB20000 and above
Q16,"谁通常来支付您的奢侈品消费？ "	Who usually pay for your luxury shopping?
1,"朋友"	Friends
2,"父母"	Parents
3,"自己"	Myself
4,"礼品"	Gift
5,"其它（请说明）"	Other (Please specify)
6,"该问题不符合我的情况"	Not applicable
Q17,"请选择您购买某个品牌奢侈品的主要原因:"	Please choose the reason(s) for buying certain luxury brands.
1,"产品来自于原产地"	The product comes from the origin of manufacturing
2,"产品的质量"	Quality
3,"产品的价格"	Price
4,"独一无二"	Uniqueness
5,"流行"	Fashionable
6,"优质服务"	Service
7,"我喜欢的名人代言 / 广告"	Endorsed/advertised by my favourite celebrity
8,"对我的形象有好处"	Good for my image
9,"来自同事的压力"	Peer competition
10,"其它（请说明）"	Other
11,"该问题不符合我的情况"	Not applicable

Q18,"我购买奢侈品的地点通常会选择在:"	I would choose to do luxury shopping at these locations:
1,"我出国的时候购买"	When travelling abroad
2,"朋友在奢侈品原产地代购"	Ask friends to buy at product origin
3,"我住的城市购买"	Where I live
4,"香港 / 澳门 / 台湾购买"	Hong Kong/Macau/Taiwan
5,"国内的一线 / 二线城市购买"	Big cities in China
6,"其它 (请说明) "	Other
7,"该问题不符合我的情况"	Not applicable

---

**请选择表示您是否认同以下的陈述: 1.强烈不同意; 2.不同意; 3.中立; 4.同意; 5.强烈同意**

***Please indicate your attitude towards below statements by choosing: 1. Strongly disagree; 2. Disagree; 3. Neutral; 4. Agree; 5. Strongly agree.***

---

Q19,"我认为体育名人对我有吸引力。" I think celebrity sports athletes are attractive.

"Q19","当我看到我喜欢的体育名人代言的奢侈品广告, 我会对这个产品产生更多的好奇心。"

Q20,"作为奢侈品牌的代言人, 体育名人都具备很高的吸引力。" As luxury brand endorsers, celebrity athletes are attractive.

Q21,"如果我喜欢这个体育明星, 我会更愿意购买他 / 她所代言的奢侈品。" I will be willing to buy the brand endorsed by the athletes who I consider attractive.

Q22,"我比较容易被我信任的体育名人代言的奢侈品代言所吸引而作出购买意向。" The endorsing athletes whom I consider trustworthy easily influence my purchase intention.

Q23,"体育名人代言的奢侈品更容易让我记住和回忆起它的品牌" Sports celebrity endorsement makes a luxury brand easier to be remembered and recalled in my memory.

Q24,"如果奢侈品采用体育名人代言, 它的品牌更容易让人识别" Sports celebrity endorsement makes a luxury brand more recognisable.

Q25,"如果奢侈品牌选择的是我喜欢的体育名人来代言，我会对它的品牌的美誉度增加信心。"	I have confidence in the brand equity of a luxury product if an attractive athlete endorses it.
Q26,"如果奢侈品采用体育名人代言，我愿意更多地去了解这个品牌。"	I am willing to know more about a luxury brand if it is endorsed by sports celebrities.
Q27,"体育名人都具备较高都专业素质。"	Sports celebrities have rather high professional expertise.
Q28,"由于有了体育名人的代言，我感觉和代言的奢侈品拉近了距离。"	sports celebrity endorsement shortens the distance between the endorsed luxury products and me.
Q29,"我认为购买体育名人代言的奢侈品会让我感觉更时尚。"	I think buying luxury products endorsed by sports celebrities makes me feel more trendy.
Q30,"我认为购买体育名人代言的奢侈品能让我在朋友和同事面前更有面子。"	I think buying luxury products endorsed by sports celebrity enhances my self-esteem in front of my friends and colleagues.
Q31,"我认为作为奢侈品牌都代言人，体育名人都具备了与品牌相符都专业素质。"	As luxury brand endorsers, celebrity athletes have rather high level of professional expertise.
Q32,"我认为体育名人代言的奢侈品比其它的奢侈品有更好的品牌美誉度。"	I think the luxury brands endorsed by sports celebrities enjoy higher brand equity than other luxury brands.
Q33,"我认为体育名人有可信度。"	I think celebrity sports athletes are trustworthy.
Q34,"作为奢侈品牌的代言人，体育名人都具备了很高的可信度。"	As luxury brand endorsers, celebrity athletes have rather high level of trustworthiness.
Q35,"我认为一个体育名人代言与他的专业相符合的奢侈品牌会增加品牌的美誉度。"	An endorsement matched up with the sports celebrity's expertise will enhance the brand



	equity.
Q36,"因为我被代言体育明星吸引而成为他们的粉丝，所以我也会成为这个代言品牌的粉丝。"	Because I am a fan of an attractive athlete endorser, I will buy the endorsed brand.
Q37,"我比较容易受体育名人代言广告的影响。"	I tend to be easily influenced by advertising by celebrity sports athletes.
Q38,"我希望购买或者拥有体育名人代言的奢侈品。"	I wish to buy luxury products endorsed by sports celebrities.
Q39,"我认为体育名人代言与他们的运动项目相符的奢侈品会激发我的购买欲望。"	Sports celebrity endorsements to brands matching their professional expertise makes willing to buy the products.
Q40,"体育名人代言与他们的运动项目相符的奢侈品会导致我的购买决定。"	Sports celebrity endorsements to brands matching their professional expertise makes me decide to buy the products.
Q41,"我会买更多的体育名人代言的奢侈品。"	I buy luxury products endorsed by sports celebrities.
Q42,"因为体育名人代言带来的品牌美誉度，我会更倾向于购买她 / 他所代言的奢侈品。"	Because of the enhanced brand equity of the products endorsed by celebrity athletes, I am willing to buy them.
Q43,"体育名人代言带来奢侈品牌的提升，所以我购买。"	I buy luxury products because sports celebrity endorsements have enhanced their brands.
Q44,"我会更容易做决定购买我信任的运动名人代言的奢侈品牌。"	It is easier for me to decide buying the luxury product endorsed by a trustworthy athlete
Q45,"我相信体育名人代言某产品，意味着他们同时也认可这个产品，因此因此我对他们代言的产品也更青睐。"	If I trust a sports athlete, I will have a stronger preference to the products he or she endorses.

Q46,"我会购买喜欢的某个体育名人代言的品牌，尽管他 / 她所代言的品牌会有所不同。"	I will buy the multiple brands endorsed by my favourite sports celebrity.
Q47,"我认为体育名人代言会增加奢侈品的成本，但是正因为名人代言，它也会显得更有品牌价值，因此我会购买。"	Although endorsements add costs and prices, I still buy the endorsed products because of the added values.
Q48,"我会购买任何国家的我喜欢的体育名人代言的奢侈品。"	I will buy luxury products endorsed by my favourite sports celebrities regardless of their nationalities.
Q49,"我最信任的体育名人是中国的体育明星。"	I think the most trustworthy sports celebrities are Chinese sports stars.
Q50,"我倾向于购买中国体育名人代言的奢侈品。"	I am inclined to buy luxury products endorsed by Chinese sports celebrities.
Q51,"我会倾向于购买外国体育明星代言的奢侈品。"	I am inclined to buy luxury products endorsed by foreign sports stars.
Q52,"我购买中国体育名人代言的奢侈品因为我的朋友和家人也都喜欢。"	I buy luxury products endorsed by Chinese sports celebrities because my family relatives also favour the brands.
Q53,"我觉得如果我拥有中国的体育名人代言的奢侈品，它们的品牌美誉度会使我在社交圈里更有地位。"	Buying brands endorsed by Chinese sports celebrities would enhance my social status because of their high brand equities.
Q54,"我觉得中国的体育名人比外国的体育名人更能增添品牌的美誉度。"	I think Chinese sports celebrity endorsements would add more brand equity to the endorsed brands than foreign sports stars would.
Q55,"我认为中国体育名人比外国体育明星更有吸引力。"	I think Chinese sports celebrities are more attractive than foreign sports stars.

Q56, "中国体育名人代言的奢侈品体现了我所崇拜的明星的专业素质。"

The luxury brands endorsed by Chinese sports celebrities match up with the expertise of the athletes whom I admire.

---

## **Appendix II: Manager interview sample transcript**

### **Interview with IWC brand manager**

#### **1. As luxury brand, what do you choose sports celebrity to endorse your brand?**

We have a very special relationship with those sports celebrity. Not only in sports, but also in cinema industry, quite exclusive . we call it "Friends of brands". They are friends of our brand, genuine relations, not on commercial terms. We don't use the word "endorsement", because no advertising campaign, no face image of those celebrities.

I don't use word for endorsement, but friends of the brand.

For example, VOLVO ocean race, it is a sponsorship program. Lots of emotion bring into Portuguese family, special edition. Yacht club.

We are also sponsoring Abu Dhabi, the boat. So Ian Walker, who is the skipper, visited our boutique store in Hong Kong during the Sanya Stopover. He said he understood more. Ian is not an endorser, but as part of the sponsorship deal. He likes the product, more than watch now, entire universe. He brought a lot of passion around this brand. That's how we build relations with the brand.

#### **2. What kind of message you are trying to send through those sports celebrities?**

Same passion about the product, the engineering, spirit behind the watch, lots of time, technician, designers to build the boats. Materials are the same, there is a connection. If there is a common passion, then we take on the journey together.

#### **3. Does IWC involve with a lot of sailing events? Why Zizu got involved in sailing? What kind of quality you look into this affair?**

Zizu does like boats, he lives in Madrid, which is half hour from Alicante. VOLVO ocean race is just F1 on the sea. We invited him to come over, there is a magazine who wanted to do some pictures for him. So he came, and jumped on the boat, and have some fun.

He has a great relation with us. Authentic relationship. It took a lot of trust for him to jump into the sea. So this is not through an endorsement contract, but a authentic relationships.

#### **4. When we talk about sports celebrity working with brands, Does endorsement means commercial deals?**

Absolutely!

We have different angles. Enter relationship through natural process.

Can be directly or more commercial.

We are in China.

Engineer for men, but we also have women followers. Authentic and genuine.

#### **5. Any Commercial?**

We never put any face of our friends on our products.

This is not how we do our communication. This is not IWC.

#### **6. Any sports celebrity activities in China market?**

Depends on the location. We have friends of brands locally. Celebrity from Hong Kong, sorry, not time, other commitment. Spend the day on the boat.

#### **7. VIP jump in Sanya? But ask for millions? Different concept?**

Many different way, approach, different attack. I don't know about China.

At the end of the day, you don't pay for friendship. It is all about value. Consumers are very savvy, dedicated.

#### **8. Happy with the VOLVO Ocean race sponsorship?**

Very! Very expensive though. This is a whole new world for IWC, sailing is new for us. Strategic decisions. It brings opportunity to the brands. Interact with market. The guest can be either media, or customers, retailers, business relationships. Hospitality and experience.

It is about experience. Perfect time for experience. Absolute unique. About sharing with our people.

#### **9. Abu Dhabi BOAT?**

Two contracts. Official timekeeper. Official sponsor of Abu Dhabi.

Two contracts are complimentary to each other. Two angles, but cover most of the fields. New challengers, and pioneering spirits.

MIDDLE EAST is a very important market.

They were new, we were new. New philosophy. We have a Platform in Dubai. 18 markets in the market. Huge potential locally. It took a lot of strength to take the decisions.

Bring EUROPE, HISTORY, luxury to the new territory.

We are very happy with the sponsorships.

#### **10. In terms of sales, China and Middle East, which is bigger?**

China is bigger. But Sanya came too late. Minimum prepared. Maybe next VOLVO Ocean Race.

Access

Dates, teams, Chinese team we want to be or remain the same team. Step by step.

Maximizing the chance now.

**11. Since your sponsor the VOLVO, any increase in sales?**

Difficult to say at the moment. Not evaluation directly to sales. More about brand awareness. Hard to answer that questions.

**12. What is you market development of China in the next 5 years?**

The company is setting news targets. Very ambitious. The brand is doing so well in China. At the moment, we are opening POS on regular basis.

**13. How many points of sales?**

A: TBC.

**14. Use more sports celebrity locally for brand?**

For sure. Yes.

**15. As industry expert, what qualities you do take?**

No difference. Both share passion. It is all about passion.

Not specific. Don't define, more about relationship. Kate Branchet. Nothing to do with each other. They like the brand. It is not about strategy.

Because we are storyteller. Ian Walker, he will be welcome. He will tell his story. About what he is doing.

They wear the brands.

**16. Any sports you know popular in China?**

Football is big. There is no specific strategy.

Take Zidane as an example, if there is any Chinese who is free, then we are happy to do the same.

We don't force him to jump.

## Appendix III: Confirmation interview sample transcript

1. Would you name the brand ambassador of the brand?

David Beckham. Everybody can tell you that.

2. What is your opinion regarding this athlete's attractiveness?

I think he is very attractive to my female friends because he is handsome and has very good figure. I think his picture with the car is very cool. I have to say he looks very cool with that car. Yes, I think he is attractive. I wish I were as attractive as he is. He looks very much like a gentleman.

3. What is your opinion of this athlete's trustworthiness?

Do you mean trust him personally or trust him for the advertisement? Both? I trust he can play good football, and he is a successful and famous sports star. I would trust him for his football history. Other than that, I don't know much about him. I don't think I can trust him for anything else. As for the advertisement, I do not have doubt about what the sales people told me he likes driving Jaguar. I think everybody likes driving this kind of car. That's why I am here. I can feel we have same ideas about this kind of car. I do not have doubt on him. I think that is a sort of trust.

4. What is your opinion of this athlete's expertise in relation to the endorsed brand?

Of course, he has expertise in football. A man with good sports skills must also have good driving skills. Good driving skills brings more pleasure driving a good car. So I do believe he has the expertise to own and control this car.

5. How do you see his/her attractiveness, trustworthiness, and expertise affect your attitude to the endorsed brand?

I think the effect is positive. I like the car and I have heard and seen positive things about Beckham. When they are together, I cannot get close to Beckham but I can get close to this car. I don't want to go to Beckham's events, it's too crowded. I agree that he is attractive and he has a good social profile. His football skills also make me believe he can enjoy driving a high-end car. He is rich. So, I think the Jaguar brand did a clever thing.

6. How do you see his/her influence on the brand affect your intention to buy the product?

I am now more interested in buying this car. I am here to talk about how to buy it. The talk with sales people about Beckham helped. I was not influenced by him to buy this car.

I wanted to buy it anyways. I think he is more influential to his true fans. I just consider him a famous people. I am more a fan of Jaguar car than a fan of him.

7. How do you see his/her influence on the brand affect your decision to buy the product?

His influence makes my decision seem to be more correct, can I say that? But I said I make my own decisions. He is just one of the factors, and a very small one. I make my decisions on my own.

8. How would you describe your experience of buying a luxury brand because of sports athlete's endorsement?

I bought my Nike shoes because of Jordan. OK, Nike is not a luxury brand. Then I don't remember others. If I buy this car tomorrow, it may count as one of my such experiences, but Beckham's influence is a small part of it.

9. How would you describe your preference to international or Chinese sports celebrity endorsers?

I prefer Chinese sports celebrities. But I don't think they often represent luxury brands. Some Chinese actors and film stars, such as Gong Li, Zhang Ziyi, and Chen Daoming they represent some luxury brands. I don't recall sports athletes of China representing luxury brands. What did Yao Ming represent? Some shoes. Liu Xiang? I wish to see them and I don't know why they haven't. I think Yao Ming maybe able to represent Jaguar car, but he is too tall. He can because he has brain. He is a smart businessman. I don't think Liu Xiang is suitable for Jaguar, although he runs fast. But he is not honest. I wouldn't say he is a gentleman. Jaguar is a gentleman's fast, powerful car. So, I think Beckham is more suitable in this situation, because I do not know much about him and his negative sides.



## Appendix IV: Sample of manager data analysis

Key Themes	Evidence from the interviews
1. Brand awareness	<p>P1: In China, probably the most important, and the most difficult step, is to make your brand known, to create <b>awareness</b>. Therefore, when you come through football, basketball, or Formula 1, which is popular, and when you come through Jet Li, which is popular, then you create large <b>awareness</b>. And that is what we are trying to do. And once you have achieved <b>awareness</b>, then you have the influence on a huge crowd of which part of it are your customers. Also football is popular, yes, every billionaire, and every millionaire watches football also. So you get the whole landscape.</p> <p>P3: Chinese visitors soared to become the top demographic on our dedicated site; 85% of Chinese site visitors were new. This has brought <b>increased awareness</b> of our brand among a qualified audience of tennis fans and reinforced the brand’s connection with tennis, a sport growing in popularity in China.</p> <p>P4: Leveraging soccer players, especially international icons at international level has helped Hublot build awareness among the targeted audience.</p> <p>P7: Sport celebrities do not have the barrier of language and culture differences, which make them <b>universal and preferred</b> by global brands.</p> <p>P6: <b>Brand awareness</b>, definitely yes; Sales, not sure yet.”</p> <p>P7: <b>Brand awareness</b> tracking normally enhances with celebrity endorsement and if related advertising is successful.</p>
2. Brand image	<p>P4: Hublot is already a well-known brand among watch specialists; one of the goals for Hublot is to become a global</p>

	<p><b>top brand.</b> Hublot is not yet at the same level as brands such as Omega, or Rolex. Thus, leveraging soccer players, especially international icons at international level has helped Hublot build <b>brand image</b> among the targeted audience.</p> <p>P5: Sports celebrity endorsement has created a lot of brand recognition as well as <b>positive media coverage</b>, and hopefully brand recall from consumers.</p> <p>P7: The influence of sports celebrity endorsement could last for more than 3 years because customers remember the <b>image</b> and the connection between the sports celebrity endorser and the brand/product he represents.</p>
<p>3. Brand responses</p>	<p>P3: Sports fans will be following every step of key sports events so what better way for the brand to underline its engagement with them than by sponsoring the event that their ambassador is taking part in.</p> <p>P7: Positive, very positive. Newly rich people need to measure their success with iconic products.</p> <p>P6: Brand awareness, definitely yes; <b>Sales</b>, not sure yet.</p>
<p>4. Attractiveness</p>	<p>P3: Liu Xiang is not only the best in his sports, he is also physically very <b>attractive</b>.</p> <p>P7: Sports celebrities are different from entertainment celebrities in that no one can tell the result of a sport competition until the very end of the game. The <b>attractiveness</b>, the excitement and passion of the sport experience make sport celebrities more closely connected with audience than any other engagement.</p>
<p>5. Credibility</p>	<p>P5: If there is not a fit, then it lacks <b>credibility</b>, and if it lacks credibility, then it lacks persuasiveness.</p>

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P6: We believe Jeremy Lin's character, intelligence, perseverance, and pursuit of excellence is perfectly in tune with the Volvo car owner's characteristics of appreciating smart understand luxury with **a human touch**.

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6. Trustworthiness

P1: Li is our first Asian ambassador as well as the first film star to work as a Hublot ambassador. Li also **convinces** the public of his mastery in Chinese Kung Fu. We are going to do a special watch with Jet Li, and we are going to do special promotions.

P7: Sports celebrities do not have the barrier of language and culture difference, which make them **universal and preferred** by global brands.

P8: Sports celebrities have less negative publicity than other celebrities, which is why more and more luxury brands choose sports celebrities because they represent higher achievements and goals and consumers tend **to trust** them more.

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7. Match-up of expertise

P2: Different brands would use different sports.

P3: While we are looking at the athlete's performance, we are also looking at their PR skills, and their ability and willingness to communicate with our audience

P4: Because these kind of personalities are in line with the luxury brand value. If you look at the watch industry, for example the brand TAG Heuer, their main values are innovation, performance, key words like that. If you talk about innovation, then it has direct link to the motor sports. And in performance of all kinds of sports, there is pressure, commitment required of the sportsmen; for brands like TAG Heuer, sportsmen are the best they can find for their brand.

P6: It depends on a lot on the positioning of the brands; less

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established brands, or less institutional brands would collaborate with sports celebrities. There needs to be a link between the brand equity and what the sports celebrity could represent.

P6: Some brands decide to have an association with the sportsmen, to do a kind of **match-up**, in order to transfer, acquire the value from the sportsmen and associate the value with the brand.

P7: Different genders and sports make the connection with brand and product variable.

P8: If the luxury brand has endorsed sports (F1, sailing, golf) as a core part of its lifestyle communication (take Ralph Lauren and Polo for instance), then choosing an acknowledged figure from that same universe brings additional legitimacy to the brand image and might attract "aficionados" of those sports as well as being a driver for co-branding opportunities.

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#### 8. Multiple endorsement

P3: **Multiple endorsements** happen in China a lot because only a very small number of sports celebrities are of real commercial value, and every brand wants to have the same endorser.

P6: Exclusivity is important. So we won't sign with sports celebrities who **multi-endorse** brands.

P7: Sports celebrities should endorse no more than 10 brands otherwise the **multi-endorsement** will confuse the consumers.

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#### 9. Negative PR & publicity

P5: **Negative publicity** can be a risk of sports celebrity endorsement, so choosing the right sport and right endorser is vital.

P7: Sports celebrities are less risky than entertainment stars in terms of **negative PR** coverage.

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P8: Sports celebrities have less **negative publicity** than other celebrities, so that's why more and more luxury brands choose sports celebrities because they represent higher achievements and goals and consumers tend to trust them more.

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10. Friends of brands

P2: We have a very special relationship with those sports celebrities. Not only in sports, but also in the cinema industry, this relationship is quite exclusive. We call it "**Friends of brands**". We didn't pay anything to Zizu for him to do this. Nor would you see any advertising about this, no facial image of those celebrities. He is a friend of our brand.

P4: There are two types of brand endorsers: You have brands who consider celebrities as **friends of the brands**: they will do some appearances with the brand, they will claim that they like the watch, but not as official ambassadors, because they are not used in the advertising campaigns. This is very typical for brands that don't have massive marketing or communication budgets, but try to develop this kind of relationship. The other is called **brand ambassador**, which refers to an exclusive contract with celebrities which will cost a lot, and which also has a lot of constraints on how to use the images of the celebrities apart from the exclusive contract.

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11. Local heroes/local stars/Chinese stars

P1: We are also developing some activities with the blogger Han Han, who is also a very famous rally car driver. So those two elements, Jet Li and Han Han, are a specific strategy used for China.

P2: Chinese athletes who could achieve international success will be more preferred with stronger local linkage. At the same time, international stars could enhance the global image of the brand, so the best practice will be to have both a Chinese and an international star.

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P4: I think for China, what should be considered, first of all, is to choose a **local celebrity** rather than international. Secondly, leverage the most popular sports celebrities locally and adapt to the local trends.

P5: He brings different things to China because of his One foundation **charity**, which represents good and controversial areas. Only those local celebrities who have international appearances and profiles will do. Thanks to the movies, both in the US and China, people from around the world know him.

P6: **Chinese star** with international fame. Jeremy Lin is the pride of the whole Chinese population, and we are excited to work with him.

P7: International ambassadors are not that popular in China. So the first thing for those brands is to identify **local ambassadors**.

P8: I would not be surprised to see LV using a local athlete to reinforce their position in the Chinese market in the near future.

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12. Increased sales

P1: Every time Hublot create a new partnership with a celebrity, they create a new Limited edition, associated with that endorser, and because it is a limited edition, people want to buy.

P4: We have an aggressive distribution plan in 2 tier cities in China in the next 5 years. However, I cannot share with you the numbers at this moment.

P6: Brand awareness, definitely yes. **Sales, not sure yet.**"

P5: We will have 40 POS by 2015. We have 24 by now.

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P6: Volvo Cars has 131 dealer shops in China up to now. The number will **definitely increase** in the year 2012.

P7: Sales increase depends mostly on brand awareness and connection enhancement. With the condition that the activation campaign is successful, it is almost guaranteed that sales will increase.

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The 12 key themes generated from the initial open coding process require further explanation and analysis in order for the coding process to move into the selective stage, in which the key concepts can be generated for the next stage research to examine.

## Appendix V: Sample of confirmation interview analysis

One of the interviewees said, *“Of course I am happy to see that Li Na is Chinese, because it's easy for me to recognise her and understand what she represents.”* The same interviewee also said that she didn't think a foreigner would be a better choice because she didn't know him or her. For such cultural reasons, it seems that it is appropriate for international luxury brands to have a more sophisticated and comprehensive strategy of using both international and Chinese sports celebrity endorsers at the same time. One of the interviewees said, *“Foreign consumers come to see Federer and Chinese people come to see Li Na. Everyone gets to see whom they like. I think it is clever for Rolex to have a mix here.”* Some of the nationalist sentiment arose from national pride. One of the interviewees said, *“I would be very interested in luxury brands endorsed by Chinese athletes because it symbolises the fact that China is progressively becoming richer and stronger. In the old days, luxury brands were exclusively used by foreigners, now Chinese people are buying the greatest amount of luxury in the world, so there should definitely be Chinese endorsers.”* This attitude of pride is worth noting as China's rapid economic development has produced a huge social demographic with wealth and high living standards, therefore they have pride in themselves. Such an attitude will become a powerful emotional input (Desmarais, 2014) that imposes pressure on the brand owners and marketers to choose local athletes as the celebrity endorsers.