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Determinants of purchasing luxury handbags among the generation Y

Jati kasuma [1, *], Yusman Yacob [2], Nurnazirah Jamadin [3] Ahmed Sadeeq Shafiee [4]
Shahrin Sulaiman [5]

[1]*Senior Lecturer, Faculty of Business Management, Universiti Teknologi Mara Sarawak*
[2]*Lecturer, Malaysian Cooperative College, Kuching, Sarawak*
[3]*Lecturer, Faculty of Business Management, Universiti Teknologi Mara Sarawak*
[4]*Undergraduate Student, Faculty of Business Management, Universiti Teknologi Mara Sarawak*
[5]*Lecturer, Faculty of Information Management, Universiti Teknologi Mara Sarawak*

Abstract: New trend has emerged within the handbag industry due to the consumer demand for status-laden products. Generation Y has had exposure to high technology and economic independence since their upbringing days, as a result of which their preference has always been spending on technology goods and brands perceived to have quality and class. The purpose of this study is to investigate why Generation Y acquire luxury designer handbags either for mere use or just to show off apart from functional utility. Handbags have been selected as the focus of this research because they are consumed visibly by individuals and have the ability to be used for higher-level needs such as conveying self-image, investment items, and self-reward. The results reveals that, individual value is the critical dimension of Generation Y purchase intention of luxury branded handbags. In terms of relationships shows that there is a positive relationship between purchase intention and the independent variables; financial value, functional value, individual value, and social value. Among all the independent variables, individual value holds the strongest effect size with the purchase intention.

Key words: Brand equity; Generation Y; Buying purchase intention; Luxury bags

1. Introduction

Symbolic consumption is the process when individuals by using status goods as symbols communicate meaning about themselves to their reference groups (Veblen, 1899). Luxury items such as designer handbag is one of the symbolic consumption goods that have high relation with high quality, exclusive, high price and social status. Casidy (2012) stated that Generation Y consumers' shopping behavior suggested that personality traits perform an important role in affecting people's attitude toward prestige fashion brands. Nelson and Devanathan (2005) mentioned brand consciousness like materialism, is not the same for everyone and should be regarded as an individual difference variable. In fact, Jati Kasuma et al. (2014) also reveals their study result shows that there is a significant relationship between Perceived Emotional Value and Status and Materialistic Consumption towards intention to purchase a luxury brand of Sereni and Shentel headband among adults women when just purchasing expensive headband.

Generation Y has had exposure to high technology and economic independence since their upbringing days, as a result of which their preference has always been spending on technology goods and brands perceived to have quality and class (McCrindle, 2006). The amount of consumption of luxury handbags increased gradually since brands are seen as status symbols, further research is done due to this extraordinary phenomenon. According to Grotts and Johnson (2013) new trend has emerged within the handbag industry due to the consumer demand for status-laden products. Numbers of handbag rental web sites are increasing due to the price of luxury handbags. Consumers who are on a tight budget can rent a bag for a period of time they desire.

Due to the rapid increase in spending on luxury fashion branded products by young consumers, it is necessary for luxury brands to understand what motivates these individuals towards their purchasing, thus to communicate with them more effectively. The purpose of this study is to investigate Generation Y members' consumption for luxury designer handbags for which mere use or display of particular branded products brings prestige to owners, apart from any functional utility. Handbags have been selected as the focus of this research because they are consumed visibly by individuals and have the ability to be used for higher-level needs such as conveying self-image, investment items, and self-reward. This study intends to find out if Generation Y purchase intention is influenced by factors such as financial value, functional value, individual value, and social value associated with the consumption of luxury brand. The research objectives of this study are to examine the critical dimensions and relationship between the

* Corresponding Author.

dimensions of Generation Y intention to buy luxury designer handbags and brand equity; finally to examine the strength of the relationship between purchase intention of luxury handbags and brand equity.

2. Literature review

2.1. Financial value

Luxury bags represent an extensive price range depending on the brand name, Coach to Hermes. A Coach bag may cost around MYR500 to MYR2000 while a Hermes Birkin would cost MYR30, 000 depending on the colour, hardware fixtures, and skin. Prestige pricing-setting a rather high price to suggest high quality or status (McCarthy and Perreault, 1987) - may make certain products or services more desirable (Groth and McDaniel, 1993). Some bags may not be easily found in stores. Interested buyers sometimes have to go through a waiting list in order to get a Birkin bag. This has pushed the envelope further as not everyone can own and buy one. These designer bags not only represent wealth and identity but also hold financial value. The price escalates with time; vintage bags can be sold at a high price especially limited ones. According to Grotts and Johnson (2013), the average price for luxury handbags increases from $600 to $10,000 in a four-year time span. Oil paintings, 18th century French Bordeaux, Faberge eggs, coin collections, Louis Vuitton Luggage and Hermès bags are alternative assets, which are called high-ticket pieces in the world of finance and investment. Some buyers see this opportunity as a great investment.

2.2. Functional value

Luxury bags hold functional value where they are perceived to be functionally better in the sense of usability, quality and uniqueness. The guarantee function, understanding by this the promise or guarantee of quality, is based on the appraisal that the brand is reliable, efficiently carries out its performance qualities and meets the generated expectations. Similarly, it is fitting to associate this function with the perception that the brand is linked to products with a suitable level of performance and is concerned about conveniently satisfying consumer needs, contributing variety and innovation (Rio et al., 2001). Wiedmann, Hennings and Siebels (2009) explained that luxury goods are those that have a high ratio of price to quality. When it comes to luxury bags, it always gives the impression of high quality bag. Luxury designer bags are made to last long and durable. Different bags have different quality depending on the stitching and material used. Each and every Hermes Birkin is hand sewn, and passed through different artisan in order to finish. Material used should not possess aesthetic value but also superior quality to ensure longevity. Gentry et al. (2006) found that one reason consumers buy luxury brands is because of the superior quality reflected in the brand name. Brand logos can be very memorable and provide a variety of appreciated meanings as it does not act as a communication tool but also act as a symbol which represents luxury brand ideas which is consistent with consumer perceptions Gobe (2001).

2.3. Individual value

Individual value represents the aspect of consumer's personal point of reference towards luxury consumption as well as addressing personal value, Danziger (2005). This dimension also includes self-identity, materialistic, and hedonic value. Sometimes, a bag is not used to carry personal belongings but also works as an accessory which is basically to express one's feelings or identity. Puntoni (2001) confirmed the significant impact of self-congruity on luxury brand purchases. From this point of view, consumers may use luxury items to integrate symbolic meaning into their own identity (Vigneron and Johnson, 2004). Consumers might acquire luxury bags due to positive emotional experience when they purchase one. This usually happens to a group of people who enjoy shopping, also known as shopaholic. Emotional responses to luxury include aesthetic beauty, enjoyment and sensory pleasure (Wiedmann et al., 2009). Others may purchase luxury bags due to self-gifting behaviour such as rewards due to accomplishment or consolation for disappointment also known as retail therapy. Hence, hedonism describes the perceived subjective utility and intrinsically attractive properties acquired from the purchase and consumption of a luxury brand as arousing feelings and affective states received from personal rewards and fulfilment (Sheth et al., 1991).

2.4. Social value

Owning and carrying a MYR15, 000 Chanel 2.55 flap bag around town will leave an impression to others. Possessions serve as a signal or source of communicating and portraying impressions of who they are and what their status or position is (Douglas and Isherwood, 1979; Belk, 1988). Designer bag is an arm candy and usually worn in public places or social events. In order to get notice and accepted by the society or known as the elite group, consumers buy these luxury handbags to impress them. Dubois and Duquesne (1993) studied that the reason of consuming luxury goods is primarily for their symbolic value. Mason (1981) views satisfaction resulting from conspicuous consumption as a being consequence of audience reaction to the wealth displayed by purchase and not from the actual qualities of the good or service.

2.5. Research framework and hypothesis development

Basically, this research looks for empirical evidence that could be used to explain the relationship between the factors and purchasing of luxury brand handbags. Thus, a research framework has been developed and formulated (Fig. 1).

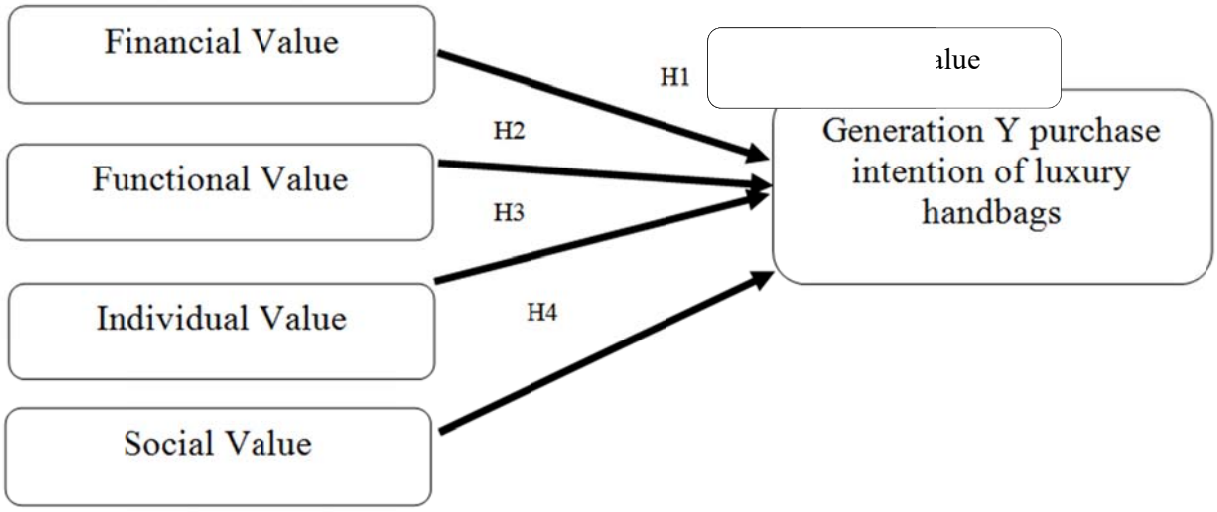

Fig. 1: Research framework and hypothesis development

The research framework above represents on generation Y purchase intention of luxury handbags which consist of financial value, functional value, individual value, and social value which is adapted from Wiedmann et al. (2009). Based on the research problems and objectives, the following hypotheses were developed.

H1: There is a positive relationship between financial values on generation Y purchasing of luxury handbags

H2: There is a positive relationship between functional values on generation Y purchasing of luxury handbags

H3: There is a positive relationship between individual values on generation Y purchasing of luxury handbags

H4: There is a positive relationship between social values on generation Y purchasing of luxury handbags

3. Methodology

A quantitative-based research has been designed in order to collect the data as survey forms will be distributed. This is in line with the aim of this research which is to investigate on the determinants of purchasing luxury handbags among the generation Y in Kuching, Sarawak. The target respondent for this research is Generation Y with the age between 20 – 38 years old. G-power analysis software 3.1.9.2 is used to determine the sample size of this study. Therefore, by using the effect size of f square 0.15, α error prob 0.05, power Gf 0.8 with number of 4 tested predictors, therefore 85 respondents is the minimum sampling for this study. Convenience sampling method is used for data collection. A total of 384 questionnaires were distributed among the target population, but only 200 survey questions were given back and can be used to analyze. Roscoe (1975) suggested that sample size larger than 50 and less than 500 are appropriate for most studies. A pilot test was conducted to ensure the questionnaire was well designed and to measure consistency. Likert scale from range 1 to 5 to assess respondents' level of agreement. Data were then tested using correlation and regression analysis using Statistical Package for Social Science (SPSS) Version 20.

4. Findings and discussion

4.1. Test of hypotheses (Table 1)

Table 1: Pearson correlation test

		Financial Value	Functional Value	Individual Value	Social Value
Purchase Intention	Pearson Correlation	0.646	0.580	0.707	0.564
	Sig.	0.000	0.000	0.000	0.000
n = 200 Weak relationship 0.4 ≤ r ≤ 0.85 Strong Relationship Significant, p < 0.05 **Correlation is significant at the 0.01 level (2-tailed).					

Findings show that there is a positive relationship between purchase intention and financial value, functional value, individual value, and social value. With Pearson correlation values are in the range of 0.50 to 0.10 which means the relationship is strong. In short, there is a significant relationship between the dimension of generation Y intention to buy

luxury designer handbags and brand equity. Thus, all hypotheses are accepted.

4.2. Demographic profile (Table 2)

Table 2: Demographic profiles of 200 respondents

Variable		Count	Percentage
Gender	Male	88	44.0
	Female	112	56.0
Age (Years)	20 – 24	46	23.0
	25 – 29	64	32.0
	30 – 34	58	29.0
	35 – 38	32	16.0
Marital Status	Single	106	53.0
	Married	86	43.0
	Divorced	8	4.0
Occupation	Self-employed	44	22.0
	Freelance	24	12.0
	Public Sector	74	37.0
	Private Sector	58	29.0
Income (RM)	< 1000	14	7.0
	1001 - 2000	32	16.0
	2001 - 3000	54	27.0
	3001 - 4000	62	31.0
	> 4000	38	19.0
Favourite Brand	Louis Vuitton	34	17.0
	Chanel	24	12.0
	Prada	12	6.0
	Gucci	20	10.0
	Coach	18	9.0
	Michael Kors	18	9.0
	Kate Spade	4	2.0
	MCQ	2	1.0
	Goyard	2	1.0
	Ralph Lauren	2	1.0
	Fendi	6	3.0
	Christian Dior	4	2.0
	Celine	4	2.0
	Braun Buffel	2	1.0
	Hermes	6	3.0
	Givenchy	6	3.0
	Mansur Gravriel	2	1.0
	Balenciaga	16	8.0
	Philip Lim	2	1.0
	Burberry	2	1.0
	Vivienne Westwood	2	1.0
	YSL	6	3.0
	Alexander Wang	2	1.0
	CK	2	1.0
	Lanvin	2	1.0

4.3. Regression analysis (Table 3)

Table 3: Regression analysis

Model	Predictors (Constant)	R^2	B	Sig.
1	Mean Financial Value	0.626	0.289	0.000
	Mean Functional Value		0.141	0.042
	Mean Individual Value		0.358	0.000
	Mean Social Value		0.200	0.000
a. Dependent Variable: Mean Purchasing Intention				

From the regression analysis in Table 3 above showed that the value of the R-square value is 0.626 which means 62.6% of the variance in purchase intention is explained by the independent variables. While the remaining 37.4% is explained by other factors such as purchase experience, the origin of the bag and others. Based on the unstandardized coefficients, among all the independent variables, individual value holds the strongest effect size with the purchase intention with the Beta score of 0.358 followed by financial value, social value and functional value. The result indicates that individual value is the most critical dimension that leads to the purchase intention among the respondents.

5. Conclusion

This study is conducted due to the expanding business of luxury market as the demand for luxury goods are increasing globally.The amount of consumption of luxury handbags increased gradually since brands are seen as status symbols, further research is done due to this extraordinary phenomenon. Throughout the studies, most of the respondents are female who lived in the urban area due to the fact that modern women constantly acquiring designer handbags rather than men. More than half of the respondents are single and have two or less household units with at least MYR 2000 to MYR 4000 income per month. Mostly the respondents are working in the public sector and bachelor graduates. These people may own 1 or 2 designer handbags regardless of its authenticity. It seems that Louis Vuitton is the most favourite handbag brand by the respondents. In short, the result shows that Functional Value is the critical dimension as it has the highest mean value. In order to determine the relationship between the dimensions of Generation Y intention to buy luxury designer handbags and brand equity, correlation analysis was done. All of the Pearson correlation value shows that there is a significant relationship between the variables. Thus, all hypotheses are accepted. Regression analysis was done to examine the strength of relationship between purchase intention of luxury handbags and brand equity. And it can be seen in that among the independent variables, individual value holds the strongest dimension with the purchase intention.

Different luxury consumer may have different value orientations and brand preferences that may satisfy their emotional and cognitive needs. Based on the results, functional value such as brand names, quality, and exclusivity are important to meet superior standards such as signals of wealth, power and status. To others, luxury handbags may be serving as investment items or work as accessories to express individual self. The view of luxury value lies in financial, functional, individual and social aspects and can be broadened as better understanding of conditions and drivers of luxury goods are recognized. In order to elicit more sales of luxury handbags among generation Y, marketers may be able to base their strategies on this model with regards to financial, functional, individual and social value dimensions. This might help to improve efficiency of marketing efforts for luxury goods. Consumers in other countries may buy, or intend to buy luxury handbags for many reasons but they possess similar values and regardless of the country of origin, the basic drivers are expected to be the same - among the financial, functional, individual, and social values. A cross-cultural research with the collaboration among researchers from different places should be done to identify other drivers such as purchase experience, handbags' country of origin, and history of a bag. And if a bigger sample size is covered and the data collection period was longer, the respondents of this study can be improved.

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