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FACTORS AFFECTING “A” LUXURY BRAND LOYALTY ON CHINESE COLLEGE STUDENTS IN SHANGHAI CITY OF CHINA

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ABSTRACT

The purpose of this paper is applied quantitative analysis to investigate the factors affecting “A” luxury brand loyalty on Chinese university students in Shanghai city, China. factors were defined as service quality, service escape, service equity, alternative attractiveness, customer participation, service risk avoidance, service episodes, competitive productivity. A total sample of 255 shoppers collected by survey questionnaire in Songjiang district in Shanghai in Wanda shopping mall. The majority of respondents were students aged 15-25 years old. Most of them were studying in schools in Songjiang District with income range from 7,500 to 40,000 baht. They went shopping 1-2 times a week, spent 2-3 hours shopping and paid less than or equal to 10,000 baht per month to buy luxury goods. The data sets utilized descriptive statistics and multiple regression analysis. The researchers found that no alternative attractiveness ($\beta = 0.126$) accounted for 6.8% positively affecting Christian Dior brand loyalty with statistical significant at .05.

KEYWORDS

“A”brand, China, Brand loyalty, quantitative, multi-analysis, regression.

1. INTRODUCTION

The In 2017, the total sales of China's personal luxury goods market reached 20 billion euros (about 142 billion RMB), up 20% from the same year, and the growth rate in the world is far ahead in the major regions of the world. In the global luxury goods market, the total sales volume of 262 billion euros (2 trillion yuan) is 8%. Chinese consumers contribute to the world's 32% luxury consumption, becoming the world's main growth point. In the global consumer goods market in 2017, consumers from China were expected to contribute about 83 billion 500 million euros (about 650 billion yuan), up 13%, accounting for 32% of the world, and the highest in all countries and regions. It is estimated that in 2017, the global personal luxury market growth rate was 6%, of which Chinese consumers grew 11% year-on-year, while the growth rate of consumers in other countries was only 3%.

The core of brand equity is brand loyalty. If consumers have no loyalty to the brand, the brand is just a symbol for identification only. Studies have shown that 80% of a luxury company's performance comes from 20% of customers who are an often patron, and the cost of developing a new customer is 6 times the cost of maintaining an existing customer. As a strategic asset, brand loyalty is closely related to the survival and development of the company.

The luxury market consists of a number of diverse categories and is considerable in size, reaching more than \$1 trillion U.S. in 2014 [1]. This market has also experienced tremendous growth, with the total number of consumers tripling in the past twenty years and is forecasted to reach 400 luxury consumers worldwide by 2020 [2]. A key catalyst of this global phenomenon has been the remarkable increase in luxury consumption in many Asian markets. Moreover, heightened demand in the emerging markets of China, India, and the Middle East has provided much of the growth of the overall luxury market in recent years [3]. Therefore, luxury goods are considered by economists or marketing consultants to be aimed at pursuing high prices and high-quality-consumer markets, and the prices are much higher than ordinary products when with similar characteristics. These consumers have increased their spending on luxury goods outpacing any other demographic group [4]. According to a study by

Roland Berger Strategy Consultants, young consumers are developing an increasingly positive attitude toward luxury consumption and that perceptions of what constitutes “luxury” has fluctuated over time [5,6]. Still, more mature consumers are currently of the greatest economic relevance in the luxury segment. According to Bain & Co, middle-aged luxury consumers are the highest spenders (each consumer spends an average of 1600 € a year on luxury items), while older luxury consumers make up more than 50% of luxury sales [7]. Similar studies have also found that customer satisfaction, customer loyalty, perceived service quality, and product involvement influence word-of-mouth effects.

Shanghai Songjiang District is located in the southwest of Shanghai City, the economic development situation is swift and violent. In 2017 GDP realized the total value of RMB 104 billion 40 million yuan, the big universities stand and the Songjiang university city covers an area of about 1300 acres. It is the largest university park in China so far, various transportation hubs, subway lines, traffic lines and railway lines are crisscross. The main consumer groups of luxury goods are gradually becoming younger, and students are becoming the main consumers. In this regard, the study also helped new luxury goods companies to grasp the Chinese market, but also to a certain extent on the existing several major brands of new trends in the development of help.

2. LITERATURE REVIEW

Fennell believes that perceived service quality is the perception of the customer's perception of the product placement, store size, and store image in the store's stores, and the overall evaluation of the company's service quality [8]. Lu Juan thinks that customer perceived service quality is the result of the customer's actual perception of the service compared with the previous expectations of the quality of the service environment [9]. Liu Chang in the study of high-end consumer goods find that customer perceived service quality of bad environment refers to the customer's sales staff to the company's communication methods and marketing experience service experience and experience [10].

Oliver believes that satisfaction is an emotional response to the product or service that is expected. This definition emphasizes that consumers' attitudes toward products or services are mainly determined by

expectations [11]. Churchill and Surprenant believe that satisfaction is the result of consumers' comparison of the cost before the purchase with the income gained after purchase and consumption [12]. This definition emphasizes that the value of the acquisition and cost of the consumer's purchase consumption is higher than it is expected to make consumers satisfied [13]. The satisfaction degree of consumers from the vast majority of definitions is an attitude of fairness to services, and the fairness of service for equivalent exchanges can bring enough satisfaction to consumers.

Giese and Cote believe that customer satisfaction should have the following three characteristics: First, satisfaction is a cognitive and/or emotional response; second, satisfaction is expressed as a satisfaction of product characteristics and expectations; and third, satisfaction is not Occur at random, need to consume or experience the displayed exports within a certain period of time [13]. Tsiros believes that consumers' satisfaction after purchase depends on the interpretation of whether the performance of the product meets the expectations of the consumer and the difference between the consumer's performance on the product and the consumer's expectation [14]. The degree of satisfaction generated by consumers is also a result of the comparison of competitors of similar products, mainly reflected in purchase policies, service quality and fairness.

Xie Peihong et al. pointed out that customer satisfaction in the e-commerce market is a total of satisfaction that the customer experiences in the shopping site, such as convenience of transactions, fast logistics, safe and convenient payment methods, and a complete customer service system [15]. Therefore, improvements in corporate transactions, logistics, and security have made its customers more satisfied. The customer's feedback to the employees of the company, their satisfaction level and demand is going to be a perfect system for the customer to participate in the company. It has a very positive impact on establishing a completely autonomous, customer-led feedback system.

When Jiang Yushi studied the customer loyalty in the retail industry, he came to the conclusion that customer loyalty has a significant positive impact on the customer's willingness to communicate through word-of-mouth [16]. This research mainly analyzes the influence of customer loyalty on word-of-mouth effect from two aspects behavioral loyalty and attitude. Tang Shaoxiang considered that the word-of-mouth or

recommended products provided by loyal customers are more effective than the marketing activities of companies when they review researches on customer loyalty [17].

Krugman applies the theory to the analysis of consumer behavior when studying the impact of television advertising on consumers [18]. The study found that consumers have different levels of interest in advertising stimuli or different interests, and to a certain extent, consumers will have different effects on their purchase behavior. Zaichkowsky's study on the conceptualization of involvement theory divides the involved theory into advertising involvement (customers' attention and psychological changes in advertising stimulation), product involvement and purchase decisions (customers' evaluation and perception of post-purchase behavior). three aspects [19]. The product involvement theory is the evaluation of the customer's perception of the service brought by the product and the evaluation of the degree of satisfaction after the purchase.

Dick believes that customer loyalty refers to the customer's positive attitude toward corporate brands and products [20]. Customer loyalty is very important for companies, manufacturers and retailers. Only when the customer has a high positive rating on the brand, product or service, and the customer has a repurchase behavior, the customer loyalty is lasting. Dietz believes that customer loyalty is when customers repurchase their favorite corporate brand or product for a certain period of time in the future, which in turn forms a shopping habit for the brand or product of the company [21]. The customer loyalty under this definition is that regardless of whether there is a substitute or appearance in the market environment or the influence of the company's marketing efforts, the customer will not change its purchase of the company brand or product.

3. RESEARCH DESIGN

The sample size was calculated from 40 pilot questionnaires by using G*power version 3.1.9.2, created by Erdfelder, Faul & Buchner from the concepts of Cohen and approved by Wiratchai with the Power (1-β) of 0.80, Alpha (α) of 0.20, Number of Test Predictor of 8, Effect Size of 0.03745202 (Calculated by Partial R² of 0.0361) [22,23]. As a result of G*power calculation, the minimum number of the total sample size was 255 [24]. Consequently, total 255 sets of the questionnaire would be collected from participants. Cronbach's Alpha Coefficient of 40 pilots testing of questionnaires.

Questionnaire	n = 40	n2 = 255
Variable Factor		
Service Quality(SQ)	.720	.671
Servicescape(SC)	.824	.845
Service Equity(SE)	.829	.844
No Alternative Attractiveness(NAA)	.791	.858
Customer Participation(CP)	.782	.838
Service Risk Avoidance(SRA)	.819	.721
Service Episodes(SEE)	.815	.843
Competitive Productivity(COP)	.836	.861
Independent Factor		
Brand Loyalty(BL)	.783	.757

The researcher used factor analysis technique to investigate construct validity as well as analyzed factor loading value of each factor. However, factor loading value result should exceed 0.3 to ensure the reliable component of questions [25, 26].

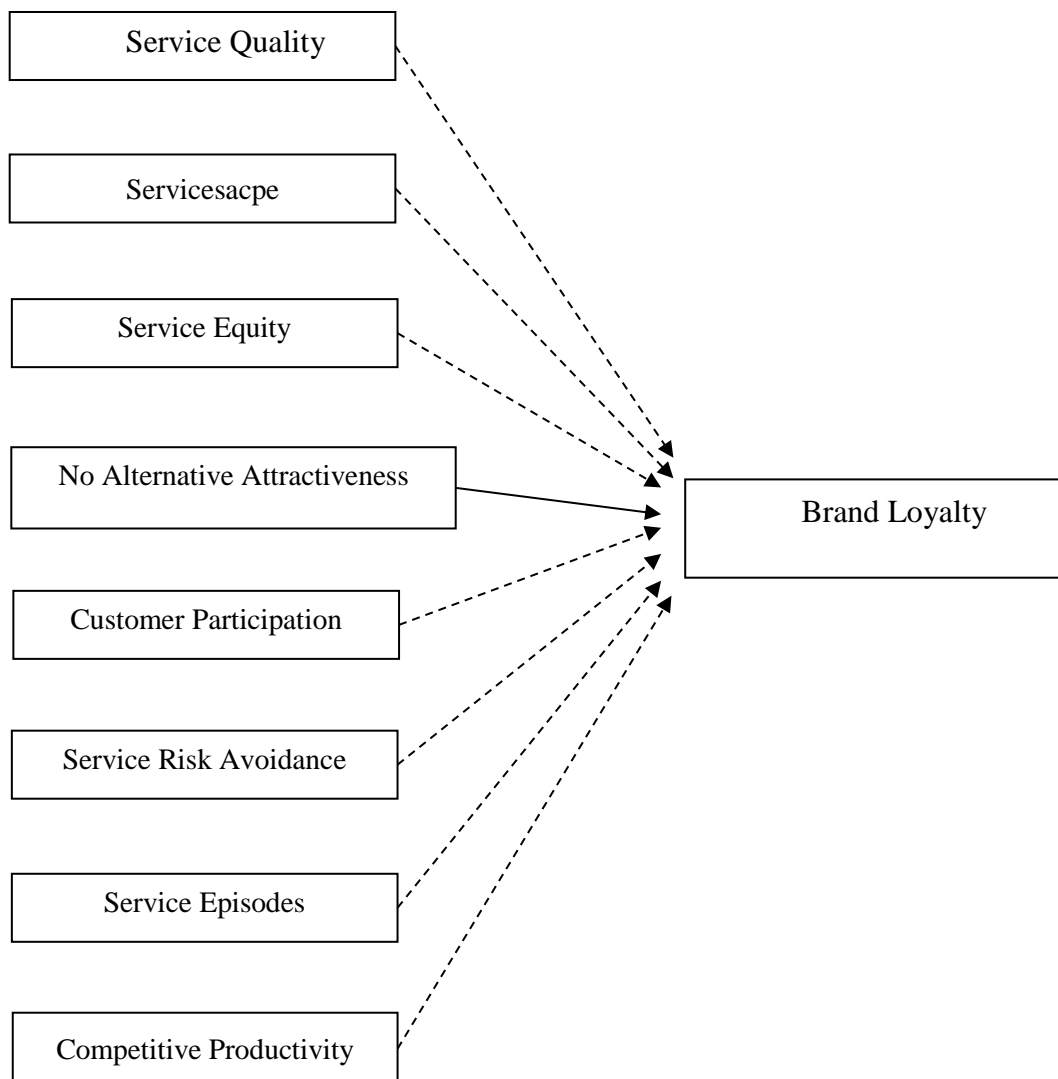
Factor analysis was conducted based on these factors: Service Quality (SQ), Servicescape (SC), Service Equity(SE), No Alternative Attractiveness(NAA), Customer Participation(CP), Service Risk Avoidance(SRA), Service Episodes(SEE), Competitive Productivity(COP) and Brand Loyalty(BL) at n = 255.

4. RESEARCH RESULTS

255 respondents consisted of 73.7% females and 26.3% males, with the age above 21 years old which calculated as 62.4%. The proportion of the bachelor's degree and graduate degree or above accounted for 47.8% and 31.8%, respectively. The percentage of people who earn more than 20,000 baht per month is 47.9%. These students mainly came from business schools (18.0%) and international colleges (25.5%). The proportion of their family members from 2 to 5 members is as high as 81.5%. However, the proportion of Chanel brands that were interviewed was 22.0%. Finally, the percentage of people willing to spend 4000-800,000 baht per month on luxury goods accounted for 71.8%. Result of Multiple Regression Analysis found that no alternative attractiveness had positive impact on brand loyalty of Chinese university students towards products of "A"

brand at statistical significant level of .01, whereas service quality service scape, service equity, customer participation, service risk avoidance, service episodes and competitive productivity had no positive impact on

brand loyalty of Chinese university students towards products of "A" brand.



5. DISCUSSION AND RECOMMENDATION FOR MANAGERIAL IMPLICATION

The purpose of this study is to describe the positive impact factors of service quality, servicescape, service equity, alternative attractiveness, customer participation, service risk avoidance, service episodes, competitive productivity towards brand loyalty on Chinese university students in Songjiang district. A quantitative research method was used for this research through questionnaires surveys to collecting data. The populations were collected from 255 respondents who were shopping in a large department store in Songjiang District, Shanghai, and were working in a Dior physical store. The data analysis completed by SPSS version 23, the results could be concluded as the following.

Multiple Regression analysis applied to test hypotheses in this study and the results are interpreted. Overall analysis result indicates that multiple factors are positively influencing Chinese university students towards products of "A" brand loyalty. The result of the hypothesis testing exposed that no alternative attractiveness ($\beta=0.126$) were matched assumption and had been considering the most while respondents were selecting "A" sellers at the statistical significant level at 0.05. Whereas, the rest of hypothesizes need to be rejected since those factors (service quality, servicescape, service equity, customer participation, service risk avoidance, service episodes, competitive productivity) have not detected or without strong positive influences at 0.05 significant level.

This paper explored factors positively affecting Chinese university students towards products of "A" brand loyalty in Songjiang district in Shanghai. Brand loyalty always relying on multiple factors rather than only one, service quality, servicescape, service equity, alternative attractiveness, customer participation, service risk avoidance, service episodes, competitive productivity were investigated to find out

consumers considering the most of times when purchasing brand among those factors.

Overall, this study found that no alternative attractiveness influenced consumers' brand purchasing decisions. Regression analysis verifies that Hypothesis 4---- no alternative attractiveness have a positive relationship with the brand loyalty. The study has confirmed that it is consistent with previous studies. Based on the results of this study, we have a new understanding of the factors that influence brand loyalty. Among the usual influencing factors, our fixed thinking mainly focuses on brand image management, ignoring the important role played by customer satisfaction in it. Customer satisfaction is not only reflected in the service environment, service fairness, service quality and transfer service risk, but more importantly, it is reflected in customer participation. Compared to other luxury brands, our brand is no alternative attractiveness, whether it is fair, or policy is more beneficial to the customer, more reflected in the satisfaction of service satisfaction and other brand comparison. The decision-making power of today's luxury goods market is concentrated in the hands of consumers, which promotes the formation of the buyer's market. In the buyer's market, customer loyalty plays an active role through customer satisfaction and word of mouth. Customer loyalty is the foundation for a company's success in marketing and its strong competitiveness.

According to research and analysis, the store will display the product in a background, the different brand performance combination enables the customer to experience the most complete brand experience. Customers are also influenced by the aesthetics of architecture, products and sales staff. Furthermore, it is a more sensory experience for customers who can touch products, music, smells, decorations, light, logos and advertising materials. There are further features of interaction. Here customers can get the richest information about the brand and enjoy the service of luxury

brand customers. This will enhance luxury customer satisfaction, customer loyalty and perceived quality of service.

Traditionally, in every city or country, luxury goods companies enjoy a reputation for having the most beautiful window display in a store. The Christmas window of Saks Fifth Avenue in New York is accompanied by the growth of generations of children. The window of the Spanish brand Loewe was eagerly awaited in the 1950s and 1960s, but Hermes was on St. When the window has changed, long queues will appear at the door. This is one of the ways that the luxury goods industry loves to use. Louis Vuitton has spent a great deal of investment in this area, employing well-known artists to decorate spectacular and complex display windows. It is like a real work of art. All these can improve customer satisfaction, customer loyalty and perceived service quality.

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