

THE PERCEPTIONS OF LUXURY PRODUCTS AS STATUS SYMBOLS

BY TAIWANESE COLLEGE STUDENTS

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Chair

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Abstract

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The purpose of this study was to analyze the perceptions of Taiwanese college students enrolled at Washington State University (WSU) toward luxury products as status symbols. A self-administered survey consisting of 15 statements was administered to 71 Taiwanese college students at WSU. The results indicated that most respondents agreed that luxury products can bring perceived status to the owner, and function as a status symbol. The results also showed that more respondents were motivated to buy luxury products in order to express their personal taste and individuality but not to fit in with their peers. Finally, more respondents agreed that they like visible designer labels and logos, but they considered the quality to be more important than the logos and labels when purchasing luxury products.

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CHAPTER ONE

INTRODUCTION

Representing nearly half of the world's population, Asian markets are not only dynamic but also powerful (Phau & Chan, 2003). Compared to the stabilized businesses in Europe and the United States, luxury boutique retailing in Asia is making overwhelming sales. Asian consumers have been the major contributor to the growth of the luxury markets for the past ten years (WWD staff, 2004). Among all Asian countries, Taiwan is one of the most booming and profitable luxury markets (Feliciano, 2004a; Ng, 2004; Phau & Chan, 2003; Roth, 2003; "Spotlight," 2004; "Taiwan envoy," 2004). Due to the strong purchasing power of Taiwanese consumers, many renowned luxury brand companies are zealously expanding their markets in Taiwan and expect a growth in each year (Bolger, 2003; Goldstein, 1992).

The luxury brands industry is unique and different from other industries as seen in the marketing and promoting strategies, the management of boutiques, the consumption patterns and consumer behaviors of their customers, and the establishment of brand images. However, research focused on the luxury fashion industry is somewhat scarce, and there is a lack of research related to Taiwanese consumers of luxury items (Dubois & Duquesne, 1993). Luxury brand companies that are developing businesses in Taiwan find understanding

their target market to be important, as it builds a loyal customer base. This is especially important for the young generation, including Generation X and Generation Y who are considered the driving force of the luxury business (Wong & Ahuvia, 1998).

The purpose of this study was to analyze the perceptions of Taiwanese college students enrolled at Washington State University (WSU) toward luxury products as status symbols in order to find out what influences the subjects' decisions when they make purchases of luxury brand goods. Therefore, readers can understand how the symbolic meanings of luxury brand products affect Taiwanese college students' buying decisions. The study consisted of three research questions, described below.

The first research question addressed whether purchasing, using, and displaying personal luxury products are related to obtaining perceived social status. According to Feliciano (2004b), to obtain social status is the main motivation for Asian consumers to purchase luxury goods because the public display of wealth or luxury possessions are believed to be recognized and admired by others. Nia (2000) also stated that the ownership of luxury brand products is perceived to give the owners personal satisfaction and social status.

The second research question was designed to examine whether

purchasing, using, and displaying personal luxury products are related to either fitting in with peers or expressing personal taste. Influenced by the collectivist Confucian tradition, Asian consumers purchase luxury goods because they intend to conform to social norms and act in a socially appropriate manner (Schutte & Ciarlante, 1998, Wong & Ahuvia, 1998). The second research question helped examine whether Taiwanese college students agreed with this statement.

The third research question examined whether the brand image and the visibility of labels, or the quality and materials of products are more important when purchasing personal luxury products. Dubois and Duquesne (1993) stated that status label or image associated with a product is often valued more than the product itself. Yuan et al. (2005) pointed out that compared to the logos on products, the quality and material were less important to young customers.

A questionnaire containing 15 statements was administered to 71 students. The sample of this survey were international Taiwanese college students enrolled at Washington State University (WSU). The survey was conducted at the Chinese New Year's party in 2005 held by the Taiwanese Student Association at WSU. There were 70 questionnaires completed and returned.

An existing and valid scale, Status Consumption Scale (SCS) (Eastman,

Goldsmith, & Flynn, 1999), was applied to measure the perceptions of respondents toward luxury goods as status symbols. Three questions were obtained from a survey from Unity Marketing's research, *Luxury Report 2004-The who, what, where, how much and why of luxury shopping*. The remaining seven questions in this survey were developed based on Yuan et al.'s (2005) and Dubois and Duquesne's (1993) research related to the visibility of logos and labels on luxury products.

CHAPTER TWO REVIEW OF LITERATURE

Luxury Products as Status Symbol

When classifying people by social class, we usually use one's annual income, educational level, occupation, or the family background. However, it is difficult to obtain accurate information on these issues when we randomly see someone on the street. Based on our perceptions, we simply judge people by what we view, their appearance, gender, accent, hairstyle, clothing and accessories they wear, or the cars they drive. As Kaiser noted (1997), people are accustomed to observe others and draw implicit inferences about them on the basis of appearance.

Some products are perceived to communicate a certain image, social role or status (Sproles & Burns, 1994). For the purpose of achieving higher perceived social class and social status, many consumers are motivated to purchase and display expensive clothes and other accessories to show that they have the ability to afford luxury items. Thus, certain clothing and accessories that we wear in public may become status symbols (Solomon & Rabolt, 2004). Hamilton and Hamilton (1989) stated that dress can be a powerfully symbolic way to express subtle values, relationships, and meaning in human culture. Dubois and Duquesne's (1993) study revealed that consumers buy such goods

for what they symbolize.

Conspicuous Consumption

Some consumer behavior can be related to the concept of “conspicuous consumption” originated by Thorstein Veblen in 1899 (Brannon, 2000). Veblen defined the upper strata of the social system as the leisure class who displayed wealth in two ways, through “conspicuous leisure” and “conspicuous consumption” (see appendix A) (Brannon, 2000, p.75). As Solomon and Rabolt (2004) noted, Veblen defined the term conspicuous consumption as referring to people’s desire to provide prominent visible evidence of their ability to afford luxury goods. In the early 1900s, people of the affluent leisure class would hold extravagant parties to display their wealth to their guests and most importantly their competitors. Veblen also pointed out the “decorative” role women used to play by wearing expensive dresses and jewelry serving as an advertisement to promote their husbands’ wealth to the public (Solomon & Rabolt, 2004).

Fashion is a visible form of conspicuous consumption. Simmel introduced the trickle-down theory of fashion diffusion in 1904 (Kaiser, 1997). An early fashion diffusion theory in which the lower classes imitated the upper classes’ styles, fashion was used to maintain superiority of the elite who then would

discard the old styles and adopt new fashions. Trickle-down theory is no longer the only theory to explain fashion diffusion. The trickle-across theory King proposed in 1963 could further explain how fashions trickle across horizontally within social strata, such as the middle class, instead of vertically across strata (Brannon, 2000).

Conspicuous consumption is also no longer restricted only to the upper class, and is found in all classes. Consumption can mask class conflict. Kaiser (1997) stated that every individual from any social class is able to practice conspicuous consumption and participate in the fashion process through different means (Kaiser, 1997).

In modern society, conspicuous consumption includes both purchasing and displaying luxuries in public, because an individual's consumption pattern can symbolize his or her social status (Martineau, 1968). The consumer wants that status to be validated by observers. Piron (2000) referred to conspicuousness as the social and public visibility surrounding the consumption of a product. Though the forms have been changed, from the past to the present, the motivation of the consumers to achieve higher perceived social class by displaying wealth has remained the same.

Products Communicate Meanings

It is no doubt that clothing and accessories which can be visible in appearance have always served to communicate and convey information about the status of the wearer (Solomon & Rabolt, 2004). Schutte and Ciarlante noted that “consumer goods always have the attribute of carrying and communicating cultural meaning” (1998, p.97). Noticing the symbolic function of products, many luxury enterprises endeavor to add symbolic meaning to their goods and to create an image, thus ascribing an identity and perception of value by successfully branding and advertising the goods (Twitchell, 2002).

Luxury Brand Products

Some of the most representative status symbols in fashion today are products of luxury brands such as Chanel, Hermes, Bulgari, Louis Vuitton, Gucci, and Christian Dior (Stanger, 2003). These labels are renowned for their distinguished design, fine quality, and the extremely high price. At the same time, they are also endowed with symbolic function which gives the perception of higher social class and social status to the consumer. Phau and Chan (2003) noted that the display of high-end fashion labels represents status and sophistication. Baugh and Davis (1989) stated that luxury goods are often

associated with the perceptions of status, high image, and prestige because of their exclusivity and high price.

Grossman and Shapiro (1988) defined luxury goods or status goods as goods for which the mere use or display of a particular branded product brings prestige on the owner, apart from any functional utility. The luxury market can be divided in two segments: “one of authenticity and the quest for absolute quality, where brands act as standards of excellence; the other of models and social codes in which the brands represent symbols” (Dubois & Duquesne, 1993, p.43).

Twitchell (2002, pp.32-33) stated that luxury is a sign of status and class in modern societies and the two reasons that consumers buy luxury goods are to show that they belong to the higher class and to discriminate themselves from those of the lower class. In Nia’s study (2000), the results also indicated that consumers believe that ownership of original luxury brand products gives them personal satisfaction and helps them be admired, recognized and accepted by others.

Therefore, to more and more brand-conscious and status-conscious consumers, all kinds of recognizable designer labels, initials, logos, or trademarks on the luxury products play an important role because they signify

status and directly represent the brand image, the price level, and the reputation of the luxury brand.

Country-of- Origin Effect (COO)

One of the reasons why consumers view luxury products as status symbols is because of their perceived inherent attributes of rarity and exclusivity (Feliciano, 2004b). Country-of-origin effect (COO) is also an important factor which affects consumers' buying decisions and prompts them to purchase (Piron, 2000). Nigashima defined COO effect as "the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history, and traditions." (Nagashima, 1970, p. 68)

The objective of Piron's study in 2000 was to measure and analyze the impact of country-of-origin on consumers' purchasing intention of products which are consumed conspicuously. Although the results indicated that a product's COO may not be a strong determinant in purchasing products, it appeared that COO would affect consumers' buying decisions more when buying luxuries rather than necessities (Piron, 2000).

The COO effect has also become an indicator of quality and it would affect consumers when evaluating products (Lin & Sternquist, 1994). In Lin and Sternquist's study (1994), the results indicated that products from more developed countries usually gain more positive evaluations than products from less developed countries, and also Taiwanese consumers' perceptions of product quality was influenced by the COO effect.

Because of the COO effect and country stereotyping, we can observe that consumers are more inclined to buy products which are made in specific developed countries such as Japan, Germany, France, and Italy. Consumers often purchase Japanese electronics, Japanese and German cars, French perfumes, and French and Italian designer fashions (Lin & Sternquist, 1994; Piron, 2000). Those more developed countries are not only given credit for the excellent design and quality of their products, but because they project an image of a privileged lifestyle on the products which attracts consumers. According to the Far Eastern Economic Review's (FEER) Asia Lifestyles study, the majority of respondents from Asian countries voted Sony Corporation of Japan their favorite brand of technology goods, and also they look to Europe for their luxury products ("Despite crunch," 2002).

The COO phenomenon is especially prevalent in the developing Asian

countries where people aspire to European and Western culture and lifestyle. The major European luxury markets currently are Great Britain, France, Germany, Italy, and Spain. Because the consumers truly identify themselves with the European lifestyle, they feel that they would become closer to the same lifestyle if they purchase and use the luxury products from those countries (Dubois & Duquesne, 1993).

Taiwanese Luxury Consumers

The conditions of Asian market differ from one another and the proper marketing strategies for each country vary as well (Phau & Chan, 2003). At the end of 1980, the Taiwanese government reduced the tariff on imports and attracted many designer-label companies to launch their products to Taiwanese consumers (Yun, 1996). Due to increasing levels of disposable income since 1987, a large number of middle-class emerged and began to have a higher standard of living (Lee, 1998). Roo (1989) stated that the Taiwanese middle class started to spend on luxury status symbols from the mid-1970s.

Taiwan became one of the largest potential luxury markets in East Asia. For the past ten years, the annual sales of luxury good vendors in Taiwan have achieved a ten percent increase (Feliciano, 2004a; Ng, 2004; Phau & Chan,

2003; Roth, 2003; “Spotlight,” 2004; “Taiwan envoy,” 2004).

However, among all the studies on Asian luxury markets, Taiwanese consumers are the most ignored and have remained neglected compared to the consumers in Japan and China. It is because the sales in Japan accounts for at least 30 percent of all the luxury goods sales worldwide, and China is considered the fastest growing and potentially most profitable luxury market in the coming future (WWD staff, 2004; Ng, 2004; “Spotlight,” 2004).

Background on Taiwan

Taiwan is an independent country though historically a part of China. It is not yet recognized by the United Nations and most major countries in the world, however, due to the pressure of the government of Mainland China. Taiwan is generally perceived as a part of China by the Western world although the two have respective independent governments with different political and economical systems (Bolger, 2003; Phau & Chan, 2003; Roo, 1989; The World Factbook, 2005).

Taiwan possesses a very unique culture. Although the root of Taiwanese culture stemmed from Chinese culture, it is also derived from some Taiwanese aboriginal culture and is influenced by Japanese culture since Taiwan was

colonized by Japan for five decades before World War II (Phau & Chan, 2003).

From a geographic point of view, Taiwan borders the East China Sea, Philippines Sea, South China Sea, and Taiwan Strait. Taiwan is located in the south of Japan, north of the Philippines, and off the southeastern coast of China (The World Factbook, 2005). Such open geography and proximity has brought Taiwan great opportunities to communicate with the surrounding countries.

With the diverse multicultural and historical background, combined with such open and accessible islanded geography, Taiwanese are susceptible to different cultures and new trends. For instance, as other Asian countries, Taiwan has idolized Western and European culture for decades, other than that, currently it is also deeply affected and influenced by the neighboring Japanese and South Korean pop-culture through all formats of visual and print media. Lee (1998) stated that Taiwanese consumers tend to make their purchase decisions depending on the product messages delivered in the media.

The open attitude of Taiwanese to other cultures corresponds to the conclusion of Dubois and Duquesne's study (1993) that the more positive the attitude towards cultural change, the higher the propensity to buy luxury products (Dubois & Duquesne, 1993). Lee (1993) stated that the more acculturated the Taiwanese became the more they intended to buy well-known

brand names. Those findings may explain why a large amount of loyal customers appeared and a seemingly unstoppable trend of purchasing luxury products occurred in Taiwan (Feliciano, 2004a; Ng, 2004; Phau & Chan, 2003; Roth, 2003; “Spotlight,” 2004; “Taiwan envoy,” 2004). It may be because the Taiwanese commonly hold a positive attitude towards any cultural change and are adaptive to new trends.

In Phau and Chan’s study on the East Asia market (2003), the results indicated that Taiwanese respondents showed a ‘weak’ sense of national identity, and people without a ‘strong’ national identity are more likely to accept and adapt to new products associated with foreign luxuries or cultures.

The high populations and high demand for imported goods make Asia the best performing market in the world (Phau & Chan, 2003). The population of Taiwan is one thirteenth of the U.S. population, and the total territory of the United States is 200 times larger than the total area of Taiwan (The World Factbook, 2005). It indicates that the population density of Taiwan is exceedingly high. Liang (2005) stated that the population density of a place is in direct relation to the sales of luxury products because in highly populated places, luxury products can be seen, judged, and compared, and people are easily motivated and influenced by each other. That might explain why the

luxury industry originated in crowded cities such as Paris, Milan, and New York, and the luxury market is booming in the Asian countries including Japan, Hong Kong, Taiwan, and China all with high population density (Liang, 2005).

In terms of education, the literacy rate is as high as 96.1% in Taiwan, and more than 30% of population has college or university degrees (The World Factbook, 2005). Higher education signifies better jobs and higher incomes. Also, the average age of people getting married in Taiwan has risen, and more and more people choose to remain single. Statistics showed that the average age of males entering their marriage was 33.4 in 2002 compared to 32.9 in 2001; as for females, the average age was 27.9 in 2001 compared to 27.4 in 2002 (Yiu, 2003). Peng stated that the trend of getting married later resulted from the increased level in education in Taiwan (Yiu, 2003).

Yuppies, Middle Class, and SINS--- Single Income, No Spouse

In Hong Kong, Singapore, Taiwan, South Korea, and other fast-developing Asian countries, a young generation of yuppie classes is purchasing foreign consumer goods associated with Western images of success including brand names and designer labels to develop middle-class status (Coll, 1994; Yun 1998). This growing class of young urban professionals and entrepreneurs

(yuppies), mostly in their 20s or 30s, enjoy buying and using luxury products to enhance their life quality (“More successful young generation,” 1997; Worthy, 1990). Luxury products become emotional rewards to yuppies after they undergo the stress from their jobs (Stanger, 2003).

The booming sales of luxuries in Japan proved that young Japanese customers were not affected by the domestic economic recession (“Business: Snob appeal,” 1999). An example would be the single Japanese “office ladies” who extravagantly use a great portion of their wage and semiannual bonuses for overseas shopping trips and spend on luxury products in order to compete among peers and enjoy the free spending before marriage (Nishiyama, 1998).

Market research suggests that the pursuit of status is the main motivation of middle-class consumers to make luxury purchases in Southeast Asia (Vatikiotis, 1996). Not only in Asia, the better educated and more sophisticated middle-market consumers in Canada are also trading up and willing to pay high prices for luxury products (Stanger, 2003). Middle-income consumers upscale their purchases not only for perceived status but also for comfort, pleasure, and being free with their money; lower-income consumers are more status-conscious and eager to show the public that they are climbing up the social ladder by purchasing luxuries (Goldman, 1999).

Cashill and Matteson (2000) discovered that there a new group has emerged which is categorized as the SINS, as in “Single Income, No Spouse.” This group consists of the late baby boomers (born between 1943 and 1960) and early Generation X’ers (born between 1961 and 1981) who are highly-educated and have been motivated to work and earn a higher income. Instead of saving money for children’s education, their priority of life is to search for personal fulfillment and meaning.

These cohorts are not hesitant to pursue better quality of life and become high spenders on self-indulgences including designer fashion, status cars, expensive traveling and all sorts of luxury services which provide them a sensuality or special experiences (Cashill & Matteson, 2000; Freeman, 2000). Groups including the yuppie, the middle-class, and the SINS might have emerged and become major target markets of all the luxury brand companies in Taiwan.

Luxury Becomes Necessity

One of Taiwan’s leading fashion magazines, *Brand*, conducted a telephone survey in January, 2005. The 2909 participants voted on the ten most popular luxury brands in Taiwan. The survey found that the ten most popular luxury

brands in Taiwan for 2005 are Louis Vuitton (51%), Gucci (11%), Dior (9%), Chanel (8%), Burberry (6%), Coach (4%), Hermes (4%), Fendi (3%), Bally (2%), and Anna Sui (2%). The demographics revealed that 95% of all the participants are females, also 59% of them were born in between 1971 to 1980 (“The top ten,” 2005, January). The dominance and popularity of those brands indicate that the trend of purchasing luxury brand products in Taiwan is prevalent among young females. There is a great tendency for Taiwanese consumers to buy luxury products for three reasons: to stand out and be recognized, to fit in an exclusive peer group, or just to spoil themselves with the precious and privileged brand name goods (Feliciano, 2005b).

One phenomenon noticed by a Taiwanese newspaper is that the average age of luxury product consumers has declined from the 30s to the mid 20s. Taiwanese customers’ first-time experience of buying luxury products is at 26 of age; in Japan, the average age is even younger (23 years) which is about the age of a college graduate. A total of 65% of respondents from a newspaper survey think that the luxury brand products are not exclusive to the rich or the affluent middle aged women anymore, but have become common for the general public (UDN, 2005).

In terms of consuming luxury products, it seems that the boundaries

between social classes and ages have been demolished. It is difficult to pinpoint the luxury buyers in Taiwan because most people are potential targets since there is a real desire on the part of consumers of all ages and backgrounds to be part of the luxury marketplace (Feliciano, 2004b). For Generation Y, who were born between 1982 and the present (Brannon, 2000), luxury brand products are no longer luxuries but are perceived as necessities because it is important that how Generation Y are seen and judged by others, especially their peers (Liang, 2005).

The Luxury Youth Market

To the older generations, the goal of life is first to have a plan of investments, settle down with houses and cars, and then maybe buy some luxury products with the surplus of savings. On the contrary, the priority of Generation Y is to enjoy the life with luxury goods and services (Liang, 2005). Easily obtained credit and bank loans are also catalysts for young consumers to invest in luxury goods (UDN, 2005). As a result, many of the young customers ended up in debt to buy luxury products. Goldman (1999) stated that consumers have kept spending beyond their limit, and as of December 1998, a total of \$559 billion had been borrowed on their credit cards.

Observing the enormous potential of the youth market, many luxury brand companies have adjusted their marketing strategies to cater to young customers' preference. Dior's advertisements have changed from a refined and elegant ladylike image to a bolder and eye-catching sexy supermodel portrait (Yuan, Xu, & Lai, 2005). Chanel is targeting the teen market by promoting a new fragrance called *Chance* with other cheaper cosmetics products ("Chanel debuts," 2003; "Chanel crossing boundaries," 1998). Chanel's Taiwan branch opened a new boutique in 2004 which sells purses, shoes, and accessories within a famous department store. The goals of this new boutique are to shorten the distance between Chanel's superior brand image and the general public and to develop more young loyal customers (Personal observations, 2004). Louis Vuitton, Dior and some other luxury brands have further designed and launched a brand new category of products which include the iPod case aimed at the increasing number of young MP3 player users (Yuan, Xu, & Lai, 2005). It is important for the marketers to notice how different demographics define luxury, and what is now popular with their young customers and adjust their products to the trend ("The democratization," 2002).

The brand companies in Taiwan discovered that for the youth market, the best selling products would be the ones with obvious labels and for which the

price is under 400 dollars (Yuan, Xu, & Lai, 2005). Brand analysts also indicated that the most popular color for women in Taiwan recently is pink. Therefore, any classic pattern or design of luxury products in the color pink would be popular at the present time. According to a boutique manager of Chanel in Taiwan, the Chanel headquarters in France was interested in Asian merchandisers' strong preference of any products in pink which is different from Western merchandisers' choices (Interviews with Monica, July, 2004).

Young consumers care more about the logos than quality; they focus more on the visibility of logos or labels (Yuan, Xu, & Lai, 2005). In fact, Taiwanese consumers do consider the quality of a product to be significantly important (Lee, 1993). However, Lee (1993) stated that a luxury brand name is as an indication and a guarantee of good quality to Taiwanese. Thus, they pay less attention to the quality when purchasing luxury products.

Label/Logo V.S. Quality

During a one-month internship in Taiwan's branch of the Chanel company in July, 2004, my observations in the boutiques confirmed the notion that the product's logo is essential to the majority of their customers (Personal observations, 2004). Handbags and accessories with a designer label always

sell fast (“Conspicuous consumption,” 1997). According to the interviews with Chanel’s senior sales associates, the low sales amount of the products designed without a visible Chanel’s CC logo is always predictable (Interview with Monica, July, 2004).

To most young people and middle-class customers, it is important that the luxury labels are recognized and accepted. They need validation by observers, and of being seen as somebody who can afford luxury products and have the taste to buy them (Feliciano, 2004b; Mill, 1999). Therefore, luxury products may not be able to function as status symbols without the logo or label. In Dubois and Duquesne’s study (1993), the results indicated that status label or image associated with a product is often valued more than the product itself. According to Solomon (1983), the consumption of products with symbolic features may depend more on their social meaning than their functional utility.

Collectivist Oriented Societies

When we analyze the causes of luxury faddism in Taiwan, the cultural factors have to be carefully considered. Roo (1989) noted that the Taiwanese government stresses Confucian values. Wong and Ahuvia (1998) pointed out that Asian and Western consumers buy the same luxury brand products for

different reasons and motivations, and also that the products have different social functions in each society. The difference stems from the opposition of individualism and collectivism. Asian societies share a Confucian collectivist cultural tradition, and conversely Western societies are culturally more individualist oriented (Manasian, 1985). Kaiser (1997) noted that signifiers (luxury goods) can float freely from one cultural context to another, and in the process, what is signified is lost or altered.

James (1992) noted that in the individualist cultures which prevail in many of the Western countries, personal goals are considered to be more important than group goals, and independence and personal achievement are particularly stressed. By contrast, in collectivist cultures which deeply influence East Asian societies, groups goals are weighed more than personal goals, and duty, harmony, equality, politeness, modesty, and discipline are highly valued (James, 1992).

Markus and Kitayama (1991) developed a theory of independent and interdependent constructs of self which can also demonstrate the difference between Western and Asian cultures regarding luxury consumption. The belief of the independent construct of self which dominates Western societies is that all individuals are inherently distinct and separate. Therefore, in Western

cultures, people are encouraged to express and be true to one's own opinions and taste and not being affected by social pressure to conform. The individual freedom is also positively valued.

Opposed to the independent construct of self, the interdependent construct of self which is common in Asian cultures, puts great emphasis on the fundamental connectedness of human beings to each other (Wong & Ahuvia, 1998). Based on that perspective, Asians are taught to conceal personal opinions and preferences if they differ from others, and to conform to group norms and act socially appropriate in order to achieve social harmony in society. Accordingly, pressure to conform is common in Asian societies. In addition, because the interpersonal relationships in Asian societies is deeply influenced by the collectivist orientation, it is essential for individuals to pursue social harmony, empathy, belongingness, commitment to group, and dependency together (Schutte & Ciarlante, 1998).

The needs for power, affiliation, and achievement are the three most significant human needs (trio of needs) according to Schutte and Ciarlante (1998). These describe consumer behaviors. Western consumers lay more stress on the individualistic needs of achievement and power than the need for affiliation, whereas in the collectivist Asian cultures, social needs including

affiliation, admiration, and status are weighed much more heavily than the individualistic needs for achievement and power (Schutte & Ciarlante, 1998).

Wong and Ahuvia (1998) noted that relative to Western consumers, Asian consumers focus more on publicly visible possessions that have public meanings. Schutte and Ciarlante (1998) defined public meanings as the meanings attributed to the product which the individual believes are held by others. In Asian societies, the public display of possessions and wealth will help individuals fit in with the major groups or higher class, and it is the public meaning of the products which propel consumers to make purchases.

In the research on consuming luxury goods done by Wong and Ahuvia (1998), it was found that if the majority of their subjects agree that luxury products are socially appropriate in collectivist societies. A good member in these cultures is expected to conform to such public display of wealth in order to fit in. In Asian societies, the intention of consuming luxury goods is conformity to the social norms (Wong & Ahuvia, 1998). It is important for Asian consumers to maintain homogeneity in the society and to feel compliant to societal norms.

The education system has greatly contributed to the formation of the collectivist orientation in Asian societies. Since kindergarten, students have

been encouraged to comply to uniformity and rigidity and are taught to digest and retain enormous amounts of information, so their creativity, independent judgment, and self-expression of individuality are all restrained. Influenced by the collectivist Confucian tradition, the concept of interdependence and restriction, the Asian consumers purchase luxury goods which they feel are in accordance with group norms and will be recognized and approved by their group (Schutte & Ciarlante, 1998).

In conclusion, previous studies indicated that luxury products can bring perceived status to the owners, Asian consumers purchase luxury products in order to fit in with peers, and consumers usually care about the visibility of logos more than the quality of luxury products. This study was designed to examine Taiwanese college students' perceptions toward luxury products and to see if the results correspond to previous findings in order to analyze the young Taiwanese consumers.

Following the literature review on luxury goods and Taiwanese consumers is the chapter of methodology. This chapter discusses the method used to examine the perceptions of Taiwanese college students enrolled at Washington State University toward luxury products as status symbols.

CHAPTER THREE METHODOLOGY

Research Questions

The objective of this study was to analyze the perceptions of Taiwanese college students enrolled at Washington State University (WSU) toward personal luxury goods as status symbols. Three research questions were developed.

As discussed earlier in the review of literature, clothing and accessories have always served as a medium to communicate and convey information on the status of the wearer and over time they have become status symbols (Solomon & Rabolt, 2004; Sproles & Burns, 1994). The ownership and display of luxury goods can bring prestige and perceived social status on the owner (Grossman & Shapiro, 1998; Nia, 2000).

Numerous studies have demonstrated that luxury goods are attractive not only because of the fine quality and distinguished design but also the perceived higher social status they confer on their owners (Solomon & Rabolt, 2004; Martineau, 1968; Baugh & Davis, 1989; Grossman & Shapiro, 1988; Twitchell, 2002). However, there is a lack of relevant studies focused on young Taiwanese consumers. Therefore, the purpose of the first research question is to examine whether Taiwanese college students agree that the intention of purchasing,

displaying, and using luxury goods is to obtain perceived social status.

Research Question 1: For Taiwanese college students at WSU, are purchasing, using, and displaying personal luxury products related to obtaining perceived social status?

According to previous studies (Schutte & Ciarlante, 1998; Wong & Ahuvia, 1998; Markus & Kitayama, 1991), individuals in Western societies which are individualist oriented are encouraged to express uniqueness, rather than being affected by social pressure to conform. Conversely, in commonly collectivist oriented Asian societies, people tend to conceal personal opinions and preferences if they differ from others, conform to group norms, and act in a socially appropriate manner. It appears that Western consumers purchase luxury products to express personal taste, whereas Asian consumers buy luxury goods in order to fit in with peers. Thus, the second research question is:

Research Question 2: For Taiwanese college students at WSU, are purchasing, using, and displaying personal luxury products related to fitting in with peers or expressing personal taste?

In Dubois and Duquesne's study (1993), results indicated that the status of the label or image associated with a product is often valued more than the product itself. However, this research was conducted a decade ago and may

not describe the current consumers. Yuan et al (2005) discovered that young Taiwanese consumers are more concerned with the visibility of logos or labels on the luxury products than the quality or materials of which the products are made. Therefore, the third research question is:

Research Question 3: For Taiwanese college students at WSU, which is more important when purchasing personal luxury products; the brand image, the visibility of labels and the classic pattern, or the materials and quality of products?

Survey Development

A self-administered survey consisting of 15 statements was administered to 71 Taiwanese college students at WSU. The first section comprised the participants' demographic information including class, gender, age, and major. The remaining survey was divided into three parts. The first part contained five statements to measure status consumption, the tendency to purchase goods and services for the perceived social status. This existing scale, the Status Consumption Scale (SCS), was obtained from Eastman et al.'s study (1999) which described and confirmed the development and validation of the scale.

Among the three statements in the second part of the survey, one statement

was acquired from an existing survey of Unity Marketing's research, *Luxury Report 2004- The who, what, where, how much and why of luxury shopping*.

Unity Marketing is a professional marketing consulting firm specializing in consumer perspectives for luxury brand companies (Unity Marketing, 2005).

The other two statements were designed and modified based on Schutte & Ciarlante's book, *Consumer Behavior in Asia* (1998), and Wong and Ahuvia's study (1998) which are both related to the Confucian collectivist philosophy that deeply influences Asian societies.

The last part of the survey comprised seven statements; two of them were from the same existing survey of Unity Marketing's *Luxury Report 2004*. The other five statements were developed and modified based on Yuan et al.'s study (2005), Dubois and Duquesne's research (1993) and the conclusions drawn from personal observations recorded during an internship in Chanel boutique in Taipei, Taiwan during July, 2004. The statements in this part were primarily involved with perceptions of Taiwanese consumers toward the visibility of labels or logos on the luxury products compared to the tangible attributes of goods including quality and materials.

All subjects involved were assumed to be fluent in English because they passed English proficiency tests to become current students at WSU.

Additionally, all the statements were written in short, simple and straightforward sentences, so there was no need for Chinese translated version of the survey. In the fifth statement, the adjective “snob” from the original Social Consumption Scale (1999) was replaced by “show-off” which is synonymous to “snob”, and importantly, it is much more understandable by Taiwanese.

In Eastman et al.’s research (1999), a Likert-type response format was used to measure the Status Consumption Scale. A Likert scale was also used to measure the questions in the survey of Unity Marketing’s *Luxury Report 2004* from which three statements in this survey were selected (2004). Therefore, in order to maintain consistency, a 5-point Likert scale which ranged from strongly agree (SA), agree (A), neither agree or disagree (N), disagree (D), and strongly disagree (SD) was adopted to be the measurement for all 15 statements.

Sampling Plan and Data Collection

Young generations of consumers are seen as the driving force of the luxury market in Asia (Wong & Ahuvia, 1998). The Status Consumption Scale adopted in this research was strongly recommended by Eastman et al. (1999) to

measure status consumption in different ethnic groups and countries. All subjects participating in the survey came from the Taiwanese ethnic group.

The potential sample was estimated to be about 100 Taiwanese college students currently attending WSU, according to the Taiwanese Student Association at WSU (Taiwanese Student Association, 2005). One key point is that the Taiwanese students who took part in the study were restricted and defined as Taiwanese students who were born, raised and educated to at least high school in Taiwan, but were currently enrolled in undergraduate or graduate school at WSU. It is important to ascertain that the subjects of this survey grew up in Taiwan and were influenced by Taiwanese education and culture. Therefore, American Taiwanese or other foreign Taiwanese were not selected to participate.

Convenience sampling was used with the goal of sampling at least 60 students. No effort was made to achieve a certain proportion of genders, age groups, and academic majors. With the consent and assistance from the president of the Taiwanese Student Association at WSU, Kevin Chang, the survey was executed at the Chinese New Year's party of 2005, an annual activity attended by most Taiwanese students at WSU. After the research objectives and instructions of the survey were briefly explained by the

investigator, participants answered the survey.

Reliability and Validity

The validity and reliability of the Status Consumption Scale was established and fully demonstrated in Eastman et al.'s research (1999). The study described how the Status Consumption Scale was developed and evaluated in a series of six studies. Throughout the six studies, the reliability of the scale was respectively assessed with coefficient alpha (.86), (.81), (.87 and .85), (.81), and (.83).

Three statements were selected from an existing survey in the *Luxury Report 2004* by Unity Marketing, and the content related evidence of validity was established and verified.

Due to the lack of existing survey instruments related to the perceptions of consumers toward logos or labels on luxury products, the other seven statements of the survey were designed based on the review of literature and personal observations focused on Taiwanese luxury consumers in Chanel boutiques during the internship in July, 2004. The statements were discussed and modified with committee members, addressing content validity.

Data Analysis

The Statistical Package for the Social Sciences (SPSS) was used to analyze the data. A 5-point Likert scale ranging from strongly agree, scoring a five, to strongly disagree, scoring a one was used to analyze the results. If the mean was above 3.00, the overall responses toward the statement tended to be more positive. Frequency analyses were also used to interpret the results.

Independent *t*-tests were conducted to compare gender and age groups on each statement.

CHAPTER FOUR RESULTS AND DISCUSSION

Demographic Information

A total of 70 usable surveys were completed and returned. All respondents were Taiwanese, undergraduate or graduate students currently enrolled at WSU. In terms of participants' class, 13% were freshmen, 19% were sophomores, 21% were juniors, 23% were seniors, and 24% were graduate students (See Table 1). There were less than 30 subjects in each group, so statistical comparison was not possible.

Forty-one of respondents were male, and 29 were female. As for the distribution of age groups, 43% of participants fell in the range of 18 to 22 years old, 46% of them belonged to the range of 23 to 27 years old, the remaining 11% are above 28 years old (See Table 1). To more effectively compare age groups, students of 23 to 27 years old and students above 28 years old were combined into one age group since they all belong to Generation X (born between 1961-1981) (Brannon, 2000). Also according to Taiwanese Student Association, there was no student older than this age range.

Table 1
Demographics Characteristics of Participants (N= 70)

Characteristics	<u>N</u>	%
Class		
Freshman	9	13
Sophomore	13	19
Junior	15	21
Senior	16	23
Graduate	17	24
Gender		
Male	41	59
Female	29	41
Age		
18-22	30	43
23+	40	57
Majors		
Business and Economics	25	36
Engineering and Architecture	15	21
Liberal Arts	13	19
Agricultural, Human, and Natural Resource Sciences	8	11.4
Science, Education, Veterinary Medicine	5	7
Others	4	5.6

As table 1 shows, 36% of all subjects attend the College of Business and Economics; 21% were majoring in College of Engineering and Architecture; 19% were in the College of Liberal Arts, 11% were in the College of Agricultural, Human, and Natural Resource Sciences, and 7% were in the Colleges of Science, Education or Veterinary Medicine.

Analyses of Results

Research Question #1

As for the frequency analyses in this study, the percentages of respondents who strongly agreed and agreed were combined, and also the percentages of respondents who strongly disagreed and disagreed were added together. As shown in Table 2, results of the Status Consumption Scale indicated that 39% of the respondents agreed that they would purchase a luxury product because it can give the owner perceived status, as opposed to 31% who disagreed. In response to the statement of “I am interested in new luxury products if they were perceived as status symbols,” 31% of respondents agreed; while only 19% disagreed. The results also indicated that 47% of respondents admitted that they are willing to pay more for a luxury product if it was perceived as a status symbol compared to only 19% who disagreed.

In response to the statement of “the status of a product is irrelevant to me,” 18% of respondents disagreed, and 50% neither agreed nor disagreed. Frequency analyses for the statement of “a product is more valuable to me if it has some show-off appeal” indicated that 43% of respondents agreed; while 30% had no opinions and 27% disagreed (See Table 2).

An independent *t*-test was conducted to observe statistical significance

between genders and age groups. No statistically significant difference was found.

Table 2
Response to Survey Statement 1-5

Statement	<u>M</u>	SA(%)	A(%)	N(%)	D(%)	SD(%)
I would buy a luxury product just because it has status.	3.03	6	33	30	21	10
I am interested in new luxury products with status.	3.19	9	36	29	20	7
I would pay more for a luxury product if it had status	3.26	10	37	31	11	10
The status of a product is irrelevant to me.	2.81	9	23	50	16	3
A product is more valuable to me if it has some show-off appeal.	3.17	10	33	30	19	9

Based on the results, for Taiwanese students at WSU, purchasing, displaying, and using luxury goods are indeed related to obtaining perceived social status. A majority of the respondents (44 %) agreed that they were interested in luxury goods which symbolize prestige and social status. Gaining status was one major motivation which tempted the respondents to make buying decisions, even if the prices are costly.

The results indicated that the respondents believed luxury products are closely related to perceived social status and corresponded to previous studies.

Grossman and Shapiro (1988) stressed that luxury goods have the ability to

bring prestige and status to the owner. Twitchell (2002), Baugh and Davis (1989), and Phau and Chan (2003) all stated that luxury is a sign of status, and those high-end fashion brands and designer labels are associated with prestige and high image. The results also verified Nia's study (2000) that the ownership of luxury products will give individuals personal satisfaction and help them achieve higher perceived status by having their luxury products recognized, accepted, and admired by others.

In terms of Asian consumers, in those fast-developing Asian countries including Taiwan, yuppie and middle-class consumers are motivated to make luxury purchases in order to pursue and build perceived status (Vatikiotis, 1996; Coll, 1994; Yun 1988).

Research Question #2

As shown in Table 3, 64% of respondents agreed that if many people around them are buying and using some particular luxury product, they would pay more attention to the brand, and only 18 % disagreed. The mean (3.49) of this statement was the highest in the survey and indicates that most participants could identify with this statement. Liang (2005) noted that consumers in highly populated places like Taiwan are easily motivated, influenced and compared by each other, and thus they tend to purchase more luxury brand products.

The majority of respondents (59%) agreed that buying luxury was being free to express their personality and individuality. On the contrary, only 37 % agreed that buying and using luxury products could help them to fit in with peer groups. The results demonstrated that 63% of the participants either had no opinion or disagreed with this statement that they purchase luxury goods because they intend to fit in with peers.

The results indicated that more respondents felt that they buy luxury products because they are motivated to express their individuality. Interestingly, these results contradicted earlier studies which emphasized that the intention of Asians to buy luxury products is to fit in with peer groups and conform to the social norms. Wong and Ahuvia (1998) concluded that unlike Western culture which is more individualist oriented, Asian societies have inherited and practiced the traditional and more conservative Confucian collectivist culture that in order to achieve and keep harmony in society, individuals should conform to the group norms and veil his or her own opinions if they differ from others.

Schutte and Ciarlante (1998) also stated that social harmony and commitment to the group are considered significant values in Asian societies, and the public display of wealth and possessions like luxury products will help

individuals fit in with peers, major groups, or higher class. Therefore, because luxury products became highly valued and considered as socially appropriate in Asian societies, more and more people purchase them because of conformity pressures and try to avoid being unique from others.

Although most respondents (64 %) agreed that they would pay more attention to those luxury brand products which have booming sales, they denied that the motivation of buying luxury products is to fit in with peer groups. A majority of them firmly agreed that luxury goods can help them express their personality and personal taste.

The results differentiated the respondents from the traditional image of Asian consumers with Confucian and collectivist values. In Lin's (1995) study on Asian and U.S. managers, the finding indicated that in Asia, the younger generation became more individualistic than the older generation. Goldman (1999) and Stanger (2003) noted that young middle-income consumers buy designer label products not for the conformity with social norms, but for personal comfort and pleasure. Some Taiwanese consumers are motivated to make luxury purchases in order to stand out and be recognized as a unique individual (Feliciano, 2005b).

Table 3Response to Survey Statement 6-8

Statement	<u>M</u>	SA(%)	A(%)	N(%)	D(%)	SD(%)
Paying more attention to popular luxury brand products.	3.49	10	54	17	11	7
Luxury is being free to express my personality.	3.43	11	47	21	13	7
Buying luxury helps me fit in with peer groups.	2.97	6	31	27	26	10

The age of respondents ranging from 18 to 28 years old which consist of late Generation X'ers and Generation Y are deemed as the most potential consumers in luxury market (Wong & Ahuvia, 1998). With the advancement of the Internet and other media, the Taiwanese young generation might be heavily influenced by diverse cultures, especially the mainstreams of Western culture. This may have caused the young individuals to shift their viewpoints from being more dependent and collectivist oriented to more independent and individualist oriented. In addition, because all the respondents are currently taking higher education in the United States, perhaps Western culture has impacted them on some level.

The new generations of yuppies, the middle class, and SINS (single income, no spouse) have emerged in Taiwan (Cashill and Matteson ,2000; Coll, 1994; Yun 1998; "More successful young generation," 1997; Worthy, 1990; Vatikiotis, 1996). For those who are well-educated and earn higher incomes,

buying luxury goods is about enjoying the best quality of life and indulging themselves with lavish products. For these consumers, fitting in with peers is not as important. The trends of those groups might also have impacted the consumption pattern of Taiwanese college students when buying luxury products.

An independent *t*-test indicated a statistically significant difference between men and women on the statement that buying luxury is being free to express their personality and individuality, $t(68) = 2.17, p = 0.034$. The analysis revealed that male respondents ($\underline{M}=3.66$) agreed more with the statement of “luxury is being free to express my personality” than female respondents ($\underline{M}=3.10$).

Research Question #3

The third part comprising seven statements related to the impact of visible logos or labels of luxury products on Taiwanese college students' buying decisions. As shown in Table 4, 40% of participants agreed that luxury is defined by the brand of the product, indicating that they feel if it is not a luxury brand, it is not a luxury, and 36 % disagreed. The mean is 3.00 (neither agree or disagree) which indicated that most respondents held a neutral opinion toward this statement.

The majority of respondents (59%) agreed with the statement that when quality is equal between two luxury products, they buy based upon the luxury brand's reputation. Compared to another statement related to quality of luxury products, 56% of respondents disagreed that the popularity and reputation of the luxury brand are more important than its material and quality (See Table 4).

Results revealed that although the high popularity and reputation of luxury brands would attract them to purchase, prior to that, the design, quality, and material must be taken into consideration and meet certain standards. It appeared that more respondents felt that they care about the quality more than the label of a luxury product.

This finding contradicted Yuan et al.'s article (2005) that young customers weigh logos or labels on the products as more important than quality and materials of which products were made. Also, it differs from Dubois and Duquesne's study (1993) which found that status label or image associated with a product is often valued more than the product itself. The results are likely supported by Lee (1993) who found that Taiwanese consumers consider the quality of a product to be very important.

Based on the results, 41% of respondents agreed that when buying luxury products, they would like the ones with a visible brand label, so others can

notice it, but nearly 37% disagreed. In response to the statement of “the label of a luxury product represents its brand image, so if I like the brand image, I would like the label on the product,” 49% of respondents agreed; while 23% disagreed (See Table 4).

Frequency analyses for the statement of “I would not buy a luxury product if the label is too exaggerated, but at least it has to be visible” indicated that 45% of respondents agreed, compared to 23% who disagree. Finally, there was an even distribution of respondents (26: 27) who agreed and disagreed that the visible label on luxury products makes them feel that it is worth it to pay the high price (See Table 4).

Most respondents believed that the brand logos or labels directly represent the brand image, so if they identify themselves with the brand image, they would accept and prefer luxury products with visible logos or labels. Due to Taiwan being a more conservative culture, products with exaggerated logos or labels are usually disliked by Taiwanese consumers (Personal observations, 2004). In fact, it was the 1980s to early 1990s when consumers loved to flaunt the big logos. Some consumers felt that the designer labels and logos have become too prevalent today that they tended to differentiate themselves by using products with more discreet labels, but at the same time, they still wanted

to be recognized that they could afford luxury brands (Mill, 1999). Mill also noted that the high-end labels including Louis Vuitton, Fendi, Dolce & Gabbana, and Prada all adjusted their design with more discreet labels on their products to cater with customer's preference (1999).

Table 4
Response to Survey Statement 9-15

Statement	<u>M</u>	SA(%)	A(%)	N(%)	D(%)	SD(%)
Luxury is defined by the brand of the product.	3.00	9	31	24	23	13
When quality equals, I buy based upon the reputation.	3.47	17	41	20	14	7
I like luxury products with visible brand label.	3.00	11	30	21	21	16
Reputation of a brand is more important than quality.	2.54	9	20	16	29	27
I like to have label on the product if I like the brand image.	3.36	13	36	29	20	3
The label has to be visible, but not too big.	3.27	11	34	31	16	7
The visible label on the product makes me feel it is worth it to pay high prices.	2.97	11	27	24	21	16

Based on the results, it appeared that a logo which can transfer meaning is an essential part to a luxury product, however, it can not surpass the importance of design, quality, and material of a luxury product. This finding corresponds to Dubois and Duquesne's (1998) research that consumers have two equally

important requests with luxury products: one is authenticity and absolute quality; the other is the symbolic meanings they give to their owners. Lee (1993) also noted that Taiwanese consumers consider the quality of a product to be significantly important and they view luxury brand names as an indicator and a guarantee of superior quality.

Independent *t*-tests showed there was a statistically significant difference between males and females on the statement that they like to have a label on the product if they like the brand image, $t(68)= 2.26, p= 0.027$. This result indicated that male participants agreed that the label of a luxury product represents its brand image, and they prefer to have visible labels on the products versus females. By comparing the means of each statement, on the average, responses from male participants showed a more positive attitude toward each statement than females. This result is an interesting finding because according to Unity Marketing's *Luxury Report 2004*, women represent a more significant, direct, and potential purchaser in luxury purchases. From the results of this survey, male Taiwanese college students at WSU appeared to be more interested in luxury goods with perceived status.

The results of this study indicated that more respondents believed luxury products can bring perceived social status to the owner. Also, more respondents

were motivated to buy luxury products for expressing individuality rather than fitting in with peers. Finally, more respondents agreed that they like luxury products with logos, but they consider the quality to be more important than the visibility of logos and labels.

CHAPTER FIVE

CONCLUSION

Conclusion

One important finding from this study was that most respondents agreed that luxury brand products can bring perceived social status to the owners. In order to obtain perceived social status and to be recognized by others, the respondents would be motivated to pay high prices for the personal luxury products and display them in public. This finding confirmed Nia's research (2000) that the ownership of luxury products can give personal satisfaction and bring perceived social status to the individuals. Twitchell (2002), Baugh and Davis (1989), and Phau and Chan (2003) all stated that luxury is a sign of status and is associated with prestige and high image.

Another significant finding contradicted previous studies (Schutte & Ciarlante, 1998; Wong & Ahuvia, 1998) that observed that because Asian consumers are influenced by traditional Confucian collectivist culture, they purchase luxury products in order to fit in with peers, conform to the social norms, and act in a socially appropriate manner. The results of this study indicated that more respondents buy luxury products in order to express their individuality and personal taste, not to fit in with peers. The reasoning might be that the Taiwanese younger generation is gradually being influenced by

individualist Western culture and the lifestyles of the yuppie and the middle class that have emerged in Asian countries (Coll, 1994; Yun, 1998; “More successful young generation,” 1997; Worthy, 1990). Lin (1995) noted that in Asia, the young generation was more individualist than the older generation.

Most respondents agreed that the labels and logos on luxury products are closely related to the brand image. Yuan et al. (2005), and Dubois and Duquesne (1993) discovered that young consumers valued status labels, logos, or images associated with a product more than the product itself. However, the findings from this study revealed that although the respondents prefer to have visible labels or logos on the luxury products they purchase, they consider the quality to be more important than the visibility of the logos and labels. Respondents stated that they would put more emphasis on considering the quality, design, and materials of which the products are made.

Recommendations

The luxury brands industry is unique and different from other industries. In order to succeed, it is important for marketers to understand their target market and how their customers evaluate products and make buying decisions. From this study, the marketers can be aware that Taiwanese college students perceive

luxury products as status symbols. They highly value the quality of luxury products, and they also select luxury brands to express their individuality.

Based on the results of this study, advertisers should be aware that Taiwanese consumers are significantly influenced by brand image. Thus, it is essential to develop and maintain an impressive brand image by using creative advertisements to keep loyal customers.

Limitations

One limitation of this study was that the total sample size of 70 represented the whole population of Taiwanese college students at WSU, however, the findings of this study are not generalizable to all Taiwanese college students, Generation X, and Generation Y of Taiwan.

Recommendations for Further Studies

The results of this study indicated that young Taiwanese consumers are less influenced by the collectivist oriented culture than before. Researchers are suggested to study the symbolic meanings of luxury goods to young Taiwanese generations and how they are affected by the cultural changes and became more individualist oriented.

At the beginning of this study, no existing questionnaire was found to apply for the research questions. Based on previous studies, an appropriate survey was developed and applied to examine the subjects. Researchers are recommended to modify the instrument and apply it to engage in further related studies.

The market of Generation X and Generation Y in Taiwan is potential but dynamically changing. A replication of this study is recommended to examine a larger and more random sample of college students in Taiwan in order to gain a more objective and full-scale perspective of their perceptions toward luxury products.

Further studies are also recommended for an analysis of the difference between young males' and females' perceptions toward luxury goods so that marketers can understand the difference and efficiently market the two groups of consumers.

Cross-cultural research to compare the difference between Taiwanese and American college students' perceptions toward luxury products as status symbols is also suggested for further studies. The research would help readers understand the collectivist and individualist influences on Taiwanese and American consumers' purchases of luxury products.

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APPENDIX A

OPERATIONAL DEFINITIONS

1. Brand Name: “The trademarked and proprietary name a company uses to promote its products through advertising, labeling, and other marketing initiatives“ (Brannon, 2000, p.405).
2. Brand Image: “A distinct set of tangible and intangible characteristics that identify a brand to a target customer “(Brannon, 2000, p.405).
3. Branding: “A competitive strategy that targets customers with products, advertising, and promotion organized around a coherent message as a way to encourage purchase and repurchase of products from the same company” (Brannon, 2000, p.406).
4. Conspicuous Consumption: People’s desire to provide prominent visible evidence of their ability to afford luxury good (Solomon & Rabolt, 2004).
5. Designer Name Brands: “Brands based on the aesthetic taste and reputation of a known designer; these products are developed by the designer’s firm or through licenses, sold to retailers through the wholesale market, and carried by retailers who often compete in the same market area” (Brannon, 2000, p.408).

6. Labeling: “A name, label, or slogan that acts as an identifier for a trend and serves to connect the trend to spirit of the times in an original and catchy way” (Brannon, 2000, p.411).
7. Luxury consumption: “The practice of which brands are purchased, motivations for purchase, how these goods are used, and the meaning of those goods to the people that consume them” (Wong & Ahuvia, 1998, p.423).
8. Luxury goods: Goods for which the mere use or display of particular branded products bring prestige on the owner, apart from any functional utility (Grossman & Shapiro, 1988).
9. Personal Luxury Products: “Luxury products include luxury automobiles, luxury clothing and fashion accessories, luxury fragrance, cosmetics and beauty products, and luxury jewelry and watches” (Unity Marketing, 2004, p.13).
10. Status: “A position based on prestige and lifestyle. Status frequently derives from class position, but it may be achieved independently through other status markers” (Encyclopedia in Sociology, 1981).

11. Status consumption: “The motivational process by which individuals strive to improve their social standing through conspicuous consumption of consumer products that confer or symbolize status both to the individual and to surrounding significant others” (Eastman, Goldsmith, & Flynn, 1999, p.43).
12. Status Markers: “Styles, fashion details, accessories, or any appearance factors that denote high rank, wealth, or achievement” (Brannon, 2000, p.415).
13. Target Market: A group of potential purchasers whose lifestyles, preferences, and aspirations predispose them to see a match with the offer of goods for sale (Brannon, 2000).

APPENDIX B
WASHINGTON STATE UNIVERSITY
ASSENT FORM
SURVEY FOR RESEARCH

Researcher: Yi-Ning Chang, graduate student of Department of Apparel,
Merchandising, Design, and Textiles
Contact Phone#: 509-333-3194

We are doing a research study about the perceptions of international Taiwanese college students toward personal luxury goods as status symbols. If you decide that you want to be part of this study, you will be asked to fill up the following survey, and it will take you about 15 to 20 minutes.

When we are finished with this study we will write a report about what was learned. This report will not include your name or that you were in the study.

You do not have to be in this study if you do not want to be. If you decide to stop after we begin, that's okay too.

This study has been reviewed and approved by the WSU Institutional Review Board (IRB). If you have questions about this study, please contact the researcher at 509-333-3194. If you have questions about your rights as a participant, please contact the WSU IRB at 509-335-9661.

Class: Freshman____ Sophomore____ Junior____ Senior____ Graduate____

Gender: M____ / F____ Age: 18-22____ 23-27____ 28+____

Major: _____

In the following survey, the luxury products refer to personal luxury products which include luxury automobiles, luxury clothing and fashion accessories (such as handbags and shoes), luxury fragrance, cosmetics and beauty products, and luxury jewelry and watches.

Please circle how strongly you agree or disagree with each of the following statements about luxury. Strongly agree = SA, Agree= A, Neither agree or disagree= N, Disagree= D, Strong Disagree= SD

1. I would buy a luxury product just because it has status.

SA A N D SD

2. I am interested in new luxury products with status. SA A N D SD

3. I would pay more for a luxury product if it had status.

SA A N D SD

4. The status of a product is irrelevant to me. SA A N D SD

5. A product is more valuable to me if it has some show-off appeal.

SA A N D SD

6. If many people around me are buying and using some particular luxury brand products, I will pay more attention to the brand.

SA A N D SD

7. Luxury is being free to express my personality and individuality in the things I wear, in the car I drive. SA A N D SD

8. Buying and using luxury products can help me to fit in the majority of groups in society. SA A N D SD

9. Luxury is defined by the brand of the product, so if it is not a luxury brand

it is not a luxury. SA A N D SD

10. When quality is equal between two luxury products, I buy based upon the

luxury brand's reputation. SA A N D SD

11. When buying luxury products, I would like the ones with a visible brand

label, so others can notice it. SA A N D SD

12. The popularity and reputation of the luxury brand are more important than

its design and quality. SA A N D SD

13. The label of a luxury product represents its brand image, so if I like the

brand image, I would like the label on the product. SA A N D

SD

14. I would not buy a luxury product if the label is too big, but at least it has to

be visible. SA A N D SD

15. The visible label on luxury products makes me feel that it is worth it to pay

the high price. SA A N D SD

Thank you so much for filling up this survey!!!!

MEMORANDUM

TO: Yi-Ning Chang
Apparel, Merchandising, and Interior Design (2020)

FROM: Malathi Jandhyala (for) Cindy Corbett, Chair, WSU Institutional Review Board (3140) MJ

DATE: 8 March 2005

SUBJECT: Approved Human Subjects Protocol - New Protocol

Your Human Subjects Review Summary Form and additional information provided for the proposal titled "*The Perceptions of International Taiwanese College Students Toward Personal Luxury Goods As Status Symbols*," IRB File Number **8433-a** was reviewed for the protection of the subjects participating in the study. Based on the information received from you, the WSU-IRB **approved** your human subjects protocol on **8 March 2005**.

IRB approval indicates that the study protocol as presented in the Human Subjects Form by the investigator, is designed to adequately protect the subjects participating in the study. This approval does not relieve the investigator from the responsibility of providing continuing attention to ethical considerations involved in the utilization of human subjects participating in the study.

This approval expires on 7 March 2006. If any significant changes are made to the study protocol you must notify the IRB before implementation. Request for modification forms are available online at <http://www.ogrd.wsu.edu/Forms.asp>.

In accordance with federal regulations, this approval letter and a copy of the approved protocol must be kept with any copies of signed consent forms by the principal investigator for THREE years after completion of the project.

This institution has a Human Subjects Assurance Number FWA00002946 which is on file with the Office for Human Research Protections. WSU's Assurance of Compliance with the Department of Health and Human Services Regulations Regarding the Use of Human Subjects can be reviewed on OGRD's homepage (<http://www.ogrd.wsu.edu/>) under "Electronic Forms," OGRD Memorandum #6.

If you have questions, please contact the Institutional Review Board at OGRD (509) 335-9661. Any revised materials can be mailed to OGRD (Campus Zip 3140), faxed to (509) 335-1676, or in some cases by electronic mail, to ogrd@mail.wsu.edu.

Review Type: NEW OGRD No.: NF
Review Category: XMT Agency: NA
Date Received: 1 March 2005