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A study of consumer perception of a Chinese  
luxury fashion apparel brand in Sweden

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## **Abstract**

In recent years, China has started to share a great place in the world's luxury market but the first-tier luxury brands today are mainly from the west. When many famous international luxury brands enjoy success in China, what attitudes do consumers have toward Chinese luxury brands?

This thesis investigates consumer perceptions of a Chinese luxury fashion brand in Sweden. The impact of nation brand image in terms of consumer buying behavior and perception is examined by performing a case study of Shanghai Tang, comparing it to the American luxury fashion brand Ralph Lauren through the brands' country of origin and brand history. Then a questionnaire is developed to analyze the luxury consumers' perception of the Chinese brand Shanghai Tang and calculate the probability of customers purchasing luxury goods by Shanghai Tang. Finally, the future of Chinese luxury in Sweden will be discussed through an in-depth interview.

Key words: luxury concept, Chinese luxury, nation brand image, brand's country of origin, brand history, consumer behavior

## Table of Contents

Acknowledgement .....	2
Abstract .....	3
List of figures.....	6
List of tables.....	6
Chapter 1 Introduction .....	8
1.1 Background of the Study.....	8
1.2 Problem Formulation .....	8
1.3 Objective & Research Questions .....	10
Chapter 2 Methodology .....	11
2.1 Research Method.....	11
2.1.1 Case study.....	11
2.1.2 Survey & Questionnaire Development.....	11
2.1.3 Interview.....	13
Chapter 3 Literature review .....	14
3.1 Luxury Brand Concept.....	14
3.1.1 Introduction of Luxury .....	14
3.1.2 Luxury Brand & Product.....	14
3.1.3 Luxury Brand Identity & Culture.....	16
3.2 Nation Brand Image .....	17
3.2.1 Nation brand personality .....	17
3.2.2 Country of origin .....	17
3.3 Consumer Behavior.....	17
3.3.1 Definition of Consumer Behavior .....	17
3.3.2 Motivation .....	18
Chapter 4 Empirical Case Study .....	19
4.1 About Shanghai Tang.....	19
4.1.1 The Company .....	19
4.1.2 SWOT analysis.....	20
4.2 A comparison study with Ralph Lauren.....	22
4.2.1 Ralph Lauren .....	22
4.2.2 Shanghai Tang vs. Ralph Lauren.....	22
Chapter 5 Analysis.....	25

5.1 Survey Analysis .....	25
5.1.1 The approach to the questionnaire participation .....	25
5.1.3 Questions analysis of questionnaire Section One.....	33
5.1.4 Questions analysis of questionnaire Section Two .....	57
5.2 Interview Analysis .....	61
5.2.1 The motivations of purchasing luxury goods .....	61
5.3.2 Country of origin to luxury brands .....	62
5.3.3 Opinion about Chinese luxury brands .....	63
5.3.4 How to enhance Shanghai Tang’s competitiveness to adapt in Swedish luxury industry.....	63
5.3.5 The reasons of buying Chinese luxury products .....	64
Chapter 6 Findings and Discussion .....	65
6.1 Results related to Research Question 1 .....	65
6.1.1 Luxury goods consumption in Sweden .....	65
6.2 Results related to Research Question 2 .....	66
6.2.1 Nation brand image effect .....	66
6.3 Results related to Research Question 3 .....	67
6.3.1 Consumers’ attitudes toward Chinese luxury fashion brands .....	67
6.3.2 Motivations of buying Chinese luxury goods .....	67
6.3.3 Probability of purchasing Shanghai Tang .....	67
6.4 Summary .....	67
Chapter 7 Conclusion.....	68
7.1 Major Recommendation.....	68
7.2 Limitations of the Study.....	68
7.3 Future Research Directions .....	68
References.....	69
Literature: .....	69
Articles: .....	69
Online Sources: .....	70
Appendices.....	72
Appendix I: Questionnaire .....	72
Appendix II: Interview .....	75

## List of figures

Figure 1: Shanghai Tang Company .....	19
Figure 2: Bags from different brands.....	41
Figure 3: Dresses from different brands .....	46
Figure 4: Bags from Shanghai Tang & Ralph Lauren .....	49
Figure 5: Dresses from Shanghai Tang & Ralph Lauren.....	52

## List of tables

Table 1: SWOT analysis of Shanghai Tang.....	20
Table 2: Comparison of Shanghai Tang and Ralph Lauren.....	23
Table 3: Reliability of basic information .....	25
Table 4: Frequencies (Years in Sweden) .....	26
Table 5: Frequencies (Gender) .....	26
Table 6: Frequencies (Age).....	26
Table 7: Frequencies (Occupation).....	27
Table 8: Frequencies (Total participants * luxury buying behavior).....	27
Table 9: Crosstabulation (Gender * Buy Luxury Products or Not).....	28
Table 10: Crosstabulation (Age * Buy Luxury Products or Not).....	29
Table 11: Crosstabulation (Years in Sweden* Buy Luxury Products or Not).....	30
Table 12: Crosstabulation (Occupation* Buy Luxury Products or Not) .....	31
Table 13: Reasons for not buying luxury goods .....	32
Table 14: Crosstabulation (Gender* Brand Preference).....	33
Table 15: Crosstabulation (Age* Brand Preference).....	33
Table 16: Crosstabulation (Years in Sweden* Brand Preference) .....	34
Table 17: Crosstabulation (Occupation* Brand Preference) .....	34
Table 18: Frequencies (Country of Origin) .....	35
Table 19: Descriptive statistics (Country of Origin) .....	35
Table 20: Crosstabulation (Gender* Country of Origin).....	36
Table 21: Crosstabulation (Age* Country of Origin).....	36
Table 22: Crosstabulation (Years in Sweden* Country of Origin) .....	37
Table 23: Crosstabulation (Occupation* Country of Origin) .....	37
Table 24: Frequencies (Brand History) .....	38
Table 25: Descriptive Statistics (Brand History).....	38
Table 26: Crosstabulation (Gender* Brand History).....	38
Table 27: Crosstabulation (Age* Brand History).....	39
Table 28: Crosstabulation (Years in Sweden* Brand History).....	39
Table 29: Crosstabulation (Occupation* Brand History) .....	40
Table 30: Frequencies (Choice among five bags) .....	41
Table 31: Crosstabulation (Gender* Shanghai Tang bag).....	41
Table 32: Crosstabulation (Age* Shanghai Tang bag).....	42
Table 33: Crosstabulation (Years in Sweden* Shanghai Tang bag) .....	42
Table 34: Crosstabulation (Occupation* Shanghai Tang bag) .....	43
Table 35: Crosstabulation (Gender* Ralph Lauren bag).....	43

Table 36: Crosstabulation (Age* Ralph Lauren bag) .....	44
Table 37: Crosstabulation (Years in Sweden* Ralph Lauren bag).....	44
Table 38: Crosstabulation (Occupation* Ralph Lauren bag) .....	45
Table 39: Frequencies (Choice among five dresses) .....	46
Table 40: Crosstabulation (Gender* Shanghai Tang dress) .....	46
Table 41: Crosstabulation (Age* Shanghai Tang dress) .....	47
Table 42: Crosstabulation (Years in Sweden* Shanghai Tang dress).....	47
Table 43: Crosstabulation (Occupation* Shanghai Tang dress).....	48
Table 44: Frequencies (Choices between two bags).....	49
Table 45: Crosstabulation (Gender* Bag choice).....	49
Table 46: Crosstabulation (Age* Bag choice).....	50
Table 47: Crosstabulation (Years in Sweden* Bag choice) .....	51
Table 48: Crosstabulation (Occupation* Bag choice) .....	51
Table 49: Frequencies (Choices between two dresses) .....	52
Table 50: Crosstabulation (Gender* Dress choice) .....	53
Table 51: Crosstabulation (Age* Dress choice) .....	53
Table 52: Crosstabulation (Years in Sweden* Dress choice).....	54
Table 53: Crosstabulation (Occupation in Sweden* Dress choice).....	54
Table 54: Frequencies (Keep same preference or not) .....	55
Table 55: Bag choices * Keep same preference or not.....	55
Table 56: Frequencies (Does Shanghai Tang quality as a luxury brand).....	57
Table 57: Crosstabulation (Age* Opinion).....	58
Table 58: Frequencies (Will you buy Shanghai Tang products) .....	58
Table 59: Crosstabulation (Age* Will you buy Shanghai Tang products).....	59
Table 60: Reasons for buying Chinese luxury brand products.....	59
Table 61: Reasons for not buying Chinese luxury brand products.....	60

## Chapter 1 Introduction

### 1.1 Background of the Study

The global financial crisis is not over yet, and the world's luxury goods market is also facing a downturn. However, there is an entirely different story in China. With the rapid development of the domestic economy, a growing number of Chinese people show the ability and desire to buy luxury goods. In 2012, Chinese luxury consumption accounted for a third of global luxury sales, more than any other nation in the world. In China, luxury brands have become a symbol of social status and identity. Chinese rich are hungry for luxury goods, they buy luxury goods to keep their own superiority and show that they don't just have money but also good taste. For middle-class white-collar workers, to buy a luxury branded good may cost several months wages, but a special fascination for luxury goods and the desire to be recognized as elites in a competitive society motivate them to save up few months to buy a piece of luxury dream.

Over the last two decades, almost 80% of well-known international luxury brands have opened stores in China and have enjoyed great success. In recent years, many luxury retailers have started to release affordable products to attract more shoppers and expand to small and medium-sized cities in China. While facing a situation that foreign brands dominate the luxury market in China, some local brands once wanted to become Chinese luxury brands, but they are still not on par with established luxury brands. The reason that China's affluent greatly appreciate western luxury brands is because there is no real "Designed in China" luxury brand, even though a large number of factories have been manufacturing products for the worlds' leading brands.

Shanghai Tang might be a chance for Chinese fashion to compete with global players on the luxury market arena. When "Shanghai Tang", this Chinese-named brand appeared together on the Richemont Group (the world's second-largest luxury goods group) list with Cartier, Montblanc, Dunhill etc., Shanghai Tang became the pride of Chinese fashion on the international stage. A combination style of east and west, along with its deep cultural heritage and sophisticated technology gives Shanghai Tang a potential for being a recognizable Chinese luxury fashion brand.

With a Chinese luxury apparel brand emerging on the global luxury market, what are the consumer attitudes toward it?

### 1.2 Problem Formulation

The stereotype thinking of "Made in China" is usually associated with knockoffs; cheap and bad quality. Many international luxury brands have been counterfeited, and China is one of the biggest counterfeit producers. With this cognitive bias, it is hard to imagine that foreign consumers would like to spend money on Chinese

branded products, especially expensive goods. On the other hand, China is seen as the world's factory, manufacturing products for many luxury brands. Although those luxury goods are made in China, consumers are still willing to buy because of the trust on the brands. Unfortunately, China has a superb manufacturing technique but does not have its own luxury brands and still "make the wedding dress for others"<sup>1</sup>.

Shanghai Tang is an exception among Chinese fashion brands. It was established by a well-know upper class Hong Kong businessman in 1994 and acquired by Richemont, the world's second-largest luxury group 6 years later. It was the first time Chinese-style fashion clothing joined the global luxury market. The symbolic style of Shanghai Tang is contemporary design with oriental elements, which captures customers' hearts, since nowadays many luxury goods shoppers consider style and quality rather than the brands. In Hong Kong, Shanghai Tang is highly appreciated because of its Chinese cultural heritage and unique design. However, does Shanghai Tang have the same reputation in the world?

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<sup>1</sup> Chinese proverb that basically means to work to fulfill someone else's dream rather than your own.

### 1.3 Objective & Research Questions

Our study aims to understand the luxury fashion goods consumers' perceptions of Shanghai Tang and analyze the probability of success in the Swedish market as well as any reasons for not buying.

The reason to choose Sweden as a potential market to analyze is because Shanghai Tang hasn't opened store in Sweden yet and also, since we are here, we have access to Swedish customers for the study.

This study attempts to find answers to the following Research Questions (RQs):

*RQ1. What percentage of people in Sweden shop luxury fashion branded goods and does the customer background matter?*

A quantitative research is suitable to use to answer this question. We will develop a questionnaire for the ideal participants and find 200 participants from age 18 to 55 who are living in Sweden to calculate the percentage of people who are buying luxury goods. The questionnaire will be distributed through emails and social networking sites. The answer will be calculated from the survey and reported as numerical data.

*RQ2. To what extent does nation brand image affect luxury goods consumers' behavior in Sweden?*

To answer this question, the answers will be gathered from both survey and interview. To measure the importance of brand's country of origin to the luxury goods buyers and test if their buying decision will change after knowing the brand.

*RQ3. What are the attitudes and perceptions of consumers who live in Sweden toward Chinese luxury fashion brands and what is the probability of customers in Sweden purchasing goods by Shanghai Tang?*

This question will be answered by the results from survey and interview. First we will analyze customers' perceptions toward Shanghai Tang by asking whether Shanghai Tang is qualified as a luxury fashion brand or not in the questionnaire. Then we will interview 5 Swedish luxury goods consumers to obtain individual experience of buying luxury products and perceptions toward Shanghai for qualitative research. And then the probability of customers purchasing Shanghai Tang products in Sweden will be calculated.

## **Chapter 2 Methodology**

### **2.1 Research Method**

This research is planned to be a multifaceted study. Case study, literature review, comparative study, survey and in-depth interview methods are used to approach the research subject.

In this study, we use luxury concept, nation brand image, consumer behavior, luxury brands' country of origin and history of the brand as a theoretical basis, to analyze the strengths and weaknesses of Chinese fashion luxury brands by performing an empirical case study of the representative Chinese luxury fashion apparel company Shanghai Tang and compare it to the existing well-known American brand Ralph Lauren to address the importance of national image and heritage to a luxury brand.

In order to understand to what extent brand image affect the customers buying behavior in Sweden and calculate the probability of customers purchasing goods from Shanghai Tang, a quantitative research method is chosen by conducting a questionnaire. In this questionnaire, we will analyze the correlation between customer background (gender, age, time spent in Sweden and occupation) and the perception of brand importance, brand country of origin and brand history, in order to find the attitude of Swedish luxury consumers toward Chinese luxury fashion branded goods, and eventually calculate the probability of purchase.

Finally, an interview is used to collect qualitative data about the individual luxury goods consumers' shopping experience and their opinions about Shanghai Tang.

#### **2.1.1 Case study**

The case study is used to analyze Chinese luxury brands' global competitiveness through the brand image. Relevant information is mainly collected from Internet resources and correlated research papers about Shanghai Tang. The SWOT analysis method will be used to study the company's international competitiveness.

A comparison with an American luxury brand, Ralph Lauren, which has established successful business in the Swedish market, will be made afterwards in order to find vulnerabilities and possible solutions.

#### **2.1.2 Survey & Questionnaire Development**

To be able to answer the research questions, a questionnaire survey is conducted to obtain the data by following steps: design, distribute and review questionnaires. The survey results will be interpreted by a statistical analysis with SPSS statistics software.

The questions are formulated to answer our research questions and they are composed of two types: closed-ended questions and open questions. The pre-

designed and standardized answer will not be only beneficial to the respondents' comprehension and ability to answer questions correctly, but also for improving the rate of response and efficiency. The most important is that it is an easier way to conduct statistics and a quantitative research. However there are few downsides such as lacking flexibility of some answers. Due to this reason we also design open questions to increase authenticity and reliability.

Who our ideal respondents are must be considered before developing questions. Since the subject of this study is about consumer behavior in Sweden toward a Chinese luxury fashion brand, the main subjects to research are the people who residents in Sweden and shop luxury fashion branded products. Age, gender and occupation may also influence buying behavior. The age groups are set as 18-25, 26-35, 36-45 and 46-55. The reason to set it that way is because the target group of Shanghai Tang is people aged 25 to 55 who buy luxury fashion products. The young consumers may also be potential (and future) customers of Shanghai Tang, which is why we set an additional age group of 18-25. We want this study to be relevant for Europe in general, so in order to minimize the cultural background and geographic differences, only the luxury goods buyers in Sweden are focused (rather than including Chinese buyers, for instance). For this reason, we expect the sample size will be 50 and possibly an unevenly number of male and female customers because Shanghai Tang has more female products so far. The samples that don't match this standard will be deducted in order to get a more accurate outcome.

The questionnaire constitutes two parts: basic information and two sections of questions (see appendix questionnaire). The basic information part contains gender, age, how long they have been in Sweden and occupation. Since most Swedish people we know are not so luxury product oriented, it is interesting to know if the luxury purchasers are mainly immigrants or Swedish. Following the customers' background there are two questions about if they buy luxury fashion branded products and possible reasons for not buying. The respondents who answer "yes" to the question will be led to the following questions of Section One and Section Two. The ones who don't buy luxury goods will just have to answer the open question about why they do not buy luxury goods and then come to the end of the questionnaire. However, this open question is not compulsory because we do not want people take offense to the questionnaire.

The first section aims to test the impact of brand image on consumer buying behavior through several aspects: brand preference, brand's country of origin, brand heritage and history. To know if the respondents have brand preference, the question is designed to be very simple to answer, with "Yes" and "No". However, many people have latent brand preference but they may not realize it, so the next two questions are supplements for the answer. To be able to understand how important the brand's country of origin and brand history is to the customers, these two questions are designed as a scale from value 1 to 5, indicating as "not

important at all” to “very important”. After that there is a small test: there are some pictures of hand bags and dresses with similar style and color from different fashion companies. The respondent is asked to choose the ones that look attractive to them without knowing the brands. Shanghai Tang’s bag and dress are among those pictures as it is the company that we study. Additionally, a bag and a dress from Ralph Lauren are also included. Therefore, the result will be more reliable with comparison. Following that there is another similar question, asking the participants about which bag or dress they want to buy by showing them 2 pictures (Shanghai Tang and Ralph Lauren) from those 5. They can choose to buy one of the bags, both bags or neither and same for the dresses. After the decisions have been made, the next question is if their preferences are the same when knowing the brand names. We would like to know the reason if anyone did not want to keep the same buying decision when knowing the brand and this is the last question of Section One.

Section Two attempts to understand if consumers regard Shanghai Tang as a luxury brand and if they are willing to purchase goods from this brand. Lastly, we ask about their motivations for buying Chinese luxury brands and the reasons for not buying.

Before distributing the questionnaire, in order to ensure the questionnaire will give us the answers to our research questions, we hand out 10 questionnaires to friends as a pilot test to see if the questionnaire takes too much time to answer and if the questions are interesting and understandable. Then we will spread the questionnaire through friends’ circles, networks and social websites. For retrieving questionnaire time, we estimate it will take about four or five weeks.

### **2.1.3 Interview**

This interview research is related to the survey study as a supplement. The questionnaire provides numerical data from designed questions but lacks open answers. In order to get a better understanding of luxury goods consumers’ motivation of shopping and their perceptions of Shanghai Tang, the in-depth interview maximized their ability to express the comprehension of Chinese luxury fashion products clearly.

The interview includes five questions. The first question is about general motivation for purchasing luxury branded goods which refers to the consumer behavior –motivation in the literature review. Following is a question that examining the nation brand image effect by asking interviewees that if they think country of origin of a luxury brand is important and if it affects their buying decisions. Then what a Chinese luxury brand is in their opinion will be described. Eventually, recommendations of how to develop Shanghai Tang in Sweden and what will make Swedish customers desire Chinese luxury products will be discussed.

## Chapter 3 Literature review

The literature review chapter gives theoretical foundation to this research. The main theory is composed by three parts: *Luxury brand concept* which includes definition of luxury, luxury brand, and brand culture. *Nation brand image* consists of nation brand personality and country of origin. *Consumer behavior* includes definition of consumer behavior and motivation.

### 3.1 Luxury Brand Concept

#### 3.1.1 Introduction of Luxury

Luxury is a word being used increasingly everyday and everywhere, yet it is not simple to define. The term can refer to a service, a product, or a lifestyle. The meaning of luxury depends on individual needs and experiences of customers. Therefore, Hennings et al. (2013) believes that there is not much consensus on the meaning of luxury, since there are no two exactly same persons in the world. For that reason, the definition of the luxury concept has to be able to reflect the subjective character with multiple dimensions that include financial (exclusivity), functional (excellent performance), individual (enjoyment), and social value components (status).

Arghavan & Zaichkowsky (2000) thinks luxury does bring some prestige to the consumers, which enhance one's self esteem. The exclusivity and rarity of the luxury is the one of the key components that makes luxury so special and different from others.

Wiedmann et al. (2007) suggests that luxury can be seen as a transnational type of culture in this changing global world of cross-culture consumers. The luxury concept stands for a system of both the tangible (clothing, cars) and the intangible (beliefs, expected behaviors). Luxury cannot be limited to just one area or country; however, country of origin effects does have certain level interferences.

#### 3.1.2 Luxury Brand & Product

As is mentioned in the prior paragraph, a brand is defined by the perceptions of customers. Especially for the luxury brands, culture and history are the roots. In addition, it merges with reputation and sophisticated followers with time passing by (Kapferer & Bastien, 2009). Heine, K. (2012, p.60) states that luxury brands can be referred to as the image in the minds of target purchasers that involves price, aesthetics, quality, and rarity and has a high degree of non-functional associations.

All luxury brands should have the following constitutive characteristics: price, quality, aesthetics, rarity, extraordinariness, and symbolism.

### *Price*

Price is usually the first thing to cross people's mind when luxury is mentioned. It is also probably because it's the easiest and most objective feature to evaluate whether or not the product is luxury. Price plays a big role in the luxury world yet it is not the only necessary factor. Increasing the price of products will not make them luxury automatically. Especially nowadays the market has created a new price zone, more and more products overlap between premium and entry-level luxury (Heine, K. 2012, pp.73-74).

Since what we are talking about is "luxury", your little guilty pleasure "affordable indulgences" is not part of it, such as Häagen-Dazs ice cream. Some products are very expensive such as a Stemme airplane, but it is not luxury as well, because it drops out in an intra-categorical comparison (Heine, K. 2012, p73-74).

### *Quality*

When consumers see a luxury product, they have certain quality expectations. To reach luxury quality standards, it has to include following features: expertise of manufacturer, technical, stylistics, and manufacturing complexity. In other words, luxury goods are supposed to be made by some excellent expertise with high-level creativity, technique and stylist. The manufacturers must have a great taste and sense, and the handicraft must be of the finest quality. For that reason, some luxury goods may take years to finish.

On top of that making the product exquisite and extraordinary, there are also a few characteristics that distinguish luxury products from others. It contains fine material, long durability (includes long-lasting value), thoughtful design, phenomenal performance, and excellent service (purchasing and after-sales experience).

### *Aesthetics*

Needless to say luxury products must be beautiful and tasteful. More than that it is also a source of sensual pleasure; it has to be a pleasure to hear, to touch, to smell and to taste.

### *Rarity*

"When the fruit is scarcest, its taste is sweetest." It is the same rule in luxury world. It could be natural or artificial limitations. Natural limitation is usually caused by limited availability of certain components, such as rare metals. The reason for artificial limitations can be more varied, such as individualization and personalization.

### *Extraordinariness*

In addition to beautifully crafted, exquisite and delicate products, people also wish to see luxury products having unique design or materials. Extraordinariness can arise from different aspects. Innovative function for instance, although it is common in the technology industry. History of products or its manufacturing

process is also a way to represent extraordinariness. For luxury goods, sometimes it achieves extraordinariness merely by its brand image.

### ***Symbolism***

Luxury goods are associated with the taste of the upper class and commonly connected with popular celebrities or prestige events. Hence a luxury brand can symbolize certain human value, life style, or even the desire to be part of a superior class. In the luxury world, the symbolism is covered by brand personality, which contains prestige, modernity, sensuality, and eccentricity.

### **3.1.3 Luxury Brand Identity & Culture**

Traditionally, a brand is defined by its positioning, to see which one of brand can offer the greatest benefits to the target customers. However, luxury brand markets should not be applied with the same rule because luxury brands develop its own uniqueness, and has a tendency to be faithful in the identity.

Kapferer and Bastien (2009) build a luxury brand identity prism, which adapted from brand identity prism ((Kapfere, 1992) to illustrate the concept. It contains six elements within two facets: internal (personality, culture and customer self-concept), and external (brand physiques, relationship mode and customer reflected).

Brand physique is a sign, gesture, or posture traits that make a product resemble to other family products. For example, when we see tweed jacket, camellia, and quilted bag, we know it is Chanel without the double C logo. The more the products have a symbolic, social, and cultural function, the more importance attaches to the non-verbal imagery” (Kapferer, 2008).

Brand personality also is part of brand identity. Especially in luxury industry, the brand is a creator, who usually has a strong personality. Through brand personality, it allows a brand to express anthropomorphic vision self as we mention in the prior paragraph.

Customer-reflected image and customer-reflected image are both related to constructed recipient. Through communication, it offers an idealized-client-image, no matter the customers belong in this type of groups or not. The brand also gets the chance to express itself.

The reason why we can describe a luxury brand through images to others is due to the luxury brand is a reflection of oneself. The reflection of Chanel is an elegant, sophisticated, and someone who loves to attract attention. Ralph Lauren may have so many product lines, yet all of them follow the same core recognizable value.

Self-concept is developed gradually from metallization. Every single of luxury brand provides a self-concept for the customers. For example, the customers’ metallization of Chanel could be “I am special and extraordinary, because I wear

Chanel, which is classic and elegant.” Ralph Lauren followers may go like “I have money, power, and access to American distinction.”

Culture is an essential factor for luxury brands, considering it is where creates cult and proselytes. In general, brands are defined by its surface with some international words, such as classicism, elegance, and bourgeoisie. However it is far not enough, we need to dig deeper to see what DNA a brand has. For instance, the symbolic of Ralph Lauren is polo, which represents an aristocratic and privileged sport.

## **3.2 Nation Brand Image**

### **3.2.1 Nation brand personality**

Nation brand personality is a notion that the concept of brand personality implements to nations, yet with different dimension. Thakor and Kohli (1996) believe that a brand’s country of origin plays big role in brand personality. The attractiveness of a country is also related to the nation brand personality. Consumers usually have a tendency to purchase a brand from developed countries. The reputation of a country has a great influence on consumers’ attitudes and buying intentions (Kang and Yang, 2010). Products or brands with the made in Japan stamps are considered as high quality and value all due to the reputation of the country (Kim, Shim & Dinnie, 2013).

### **3.2.2 Country of origin**

Country of origin is not just a signal of products quality; it also contains emotional and symbolic meaning to customers. It is critical attribute and plays equally important as other components, such as quality and style (Hong & Wyer, 1989). Jaffe and Carlos (1995) points out that, in some country, people will have the feelings of “pound-to-own” certain products that are from USA and Japan. Therefore, the country-of-origin has a great influence on products evaluation.

## **3.3 Consumer Behavior**

### **3.3.1 Definition of Consumer Behavior**

Consumer behavior is a concept of a process for individuals or group customers to choose, purchase, obtain, use or dispose of products, ideas, services or experiences to meet needs and desires. It also includes the progress of decision-making, and the reaction afterwards. Consumers can be in many different forms from preschool kids to an executive in a large company deciding on million dollar deals. The items that are consumed can be varied as well from luxury handbags to music or celebrities. The range of needs and desires to be satisfied can be from human basic survival needs, love, status, up to spiritual level (Solomon & Rabolt, 2009, p26-27).

Consumer behavior has traditionally only been emphasized on the moment of purchase when customers hand in money and producers provide products or services in return. However, nowadays marketers see consumer behaviors more as an ongoing process. Although the exchange part still remains quite important, the concept expands to mean the entire consumption process. The whole process includes the problems that customers need to go through and got influences by it in three different stages: before, during and after the purchase (Solomon & Rabolt, 2009, p26-27).

### **3.3.2 Motivation**

Veblen(1899) is the first one to put forward a theory about the motivation of luxury products purchasing. He noticed that purchasing luxury goods and showing around was a way for consumers to show their newly wealthy status.

H. Leibenstein (1950) believes that the consumers of luxury products can be defined as two types of people, one is “snob buyer”, and the other is “bandwagon”. The motivation of “snob buyer” is based on the feeling of superiority and uniqueness. On the other side, the motivation of “bandwagon” is based on wanting to belong somewhere and fit in certain group.

There are also some scholars think that the social group has certain degree of affect on the motivation as well. Catherine E. (2006) notices that the luxury products have the marker function that convey the certain value and attract the similar social group people.

Yi, et al (2013) notice that consumers purchase the luxury products is not just only for the great performance of products or excellent quality, but also for the extension value, such as attention from others. The feeling of the superiority, superb buying service experiences, and being identified as a successful person; those are also the motivations for people who love to shop luxury goods.

## Chapter 4 Empirical Case Study

SHANGHAI TANG  
上海滩

### 4.1 About Shanghai Tang

#### 4.1.1 The Company

Shanghai Tang (上海滩) is an international Chinese luxury clothing company, founded in 1994 by a Hong Kong upper-class celebrity David Tang. The core value of Shanghai Tang is to represent old Shanghai glory days, back in the 1930s, when wearing cheongsam was fashionable among upper class society. Without any doubt, David Tang wants to bring the fad back. In 1998, the Swiss luxury company Richemont Group took over David Tang's controlling stake in the business. Richemont is the second largest luxury company in the world, and has owned a number of world-class labels, such as IWC, Cartier, Van Cleef & Arpels, and so on. With the help and experience of Richemont, Shanghai Tang is the first Chinese domestic luxury brand to enter the international luxury market successfully. The design mixes with traditional Chinese culture and western contemporary style. From being a retro luxury brand, Shanghai Tang has gradually transformed into a modern lifestyle luxury brand with Chinese fashion. Currently, it has 47 stores; the footprints are over Shanghai, London, Dubai and other big cities.

Before the Richemont Group, the product line of Shanghai Tang did not have much variation; they only produced very traditional Chinese clothes, such as cheongsams, Tang suits, and mandarin jackets, which are not so practical to wear every day. Therefore, after the Richemont Group took over Shanghai Tang, they repositioned the brand, and targeted 26 to 55 year old high income earners with an enthusiasm for fashion. The design still keeps the elegance of old China, but with a touch of modern western elements. On top of the existing women's wear, they added men's wear, and home ware. The design also put more modern elements to combine with.



Figure 1: Shanghai Tang Company

#### 4.1.2 SWOT analysis

In this research SWOT analysis is used to understand the potential of Shanghai Tang to survive in the fierce Swedish luxury market among all other existing western luxury brands with rich brand heritage and long brand history.

	HELPFUL	HARMFUL
INTERNAL	<b>STRENGTHS</b> <ul style="list-style-type: none"> <li>- Chinese Cultural Heritage</li> <li>- Low Labor Costs</li> <li>- Globalized Management</li> </ul>	<b>WEAKNESSES</b> <ul style="list-style-type: none"> <li>- Weak National Brand Image</li> <li>- Short Brand History</li> </ul>
EXTERNAL	<b>OPPURTUNITIES</b> <ul style="list-style-type: none"> <li>- Looking for Uniqueness</li> <li>- Diversified Product Line</li> </ul>	<b>THREATS</b> <ul style="list-style-type: none"> <li>- Intense Competition</li> </ul>

Table 1: SWOT analysis of Shanghai Tang

#### **STRENGTHS**

##### Chinese Cultural Heritage

Chinese has a rich history of five thousand years. Degen (2009) points out that many Chinese bronzes, ceramics, paintings and other historical artifacts are being displayed in the Eastern and Western museums. It shows that Chinese actually has a longer history of luxury products consumption by its elite upper class than the Western world. Historically, Chinese products were viewed as luxury by European noble families.

The old Chinese upper class appreciated classical gardens, lacquered ware, faience and porcelain, gold and jewelry, decoration and stationary, furniture, white spirits, and gastronomy. This cultural heritage cultivates the contemporary luxury product design in order to develop excellent craftsmanship.

##### Low Labor Costs

Needless to say, China has the advantages of low labor and raw materials cost. The title of “the world’s factory” did not come from nothing. Still, rumor has it that China is losing the advantage of labor cost. According to People’s daily (2012), it is an inevitable trend to increase labor cost. The statistics demonstrated

that from 2009 to 2012, the annual growth of Chinese laborers' wages have risen steadily. The per capita disposable salary of urban residents grew 13% and migrant laborers grew 14.9% in 2012 from a year earlier. Even though, Chinese laborers still have the competitive advantage, since the wages is lower than in Taiwan, Hong Kong, South Korea, Singapore, Brazil and other countries and regions. Chinese labor costs are also unlikely to catch up with Europe and America any time soon. Therefore, Shanghai Tang as a Chinese luxury company still has the advantages in worker costs among Western luxury brands.

### Globalized Management

After the Richemont Group took over Shanghai Tang, it injected new energy to the company. The management and the designers are all from different backgrounds, which make the products more acceptable to westerners and also bring freshness to the eastern customers.

## ***WEAKNESSES***

### Weak National Brand Image

“Made in China” definitely does not have the best association for the customers and it is one of the main factors giving Chinese brands a difficult time to achieve success in the oversea markets. The stereotype of Chinese made products is not easy to be wiped off. According to research of Interbrand (2008), the statistics showed that only 6% of interviewees loved to purchase Chinese made products and also 6 % of them had interest in Chinese brands. 66% of interviewees regard Chinese products as “cheap and bad quality”, and only 2% think about “luxury”. The situation also matched the result of our in-depth interview. Customers do have the preference for existing Western luxury brands.

### Short Brand History

Unlike traditional luxury brands, most of them have over one century history, such as Louis Vuitton is 160 years, Hermès is 177 years, and Chanel is 105 years old. Shanghai Tang merely has a 20 year history. According to our questionnaire and in-depth interview we know that the heritage of a luxury brand is an important factor for customers. However, the heritage and history is something that takes time to develop, it cannot be just built over night, as the old saying “Rome wasn't built in a day”. For that reason, the lack of history does put Shanghai Tang into a difficult spot to compete with old European luxury brands.

## ***OPPURTUNITIES***

### Looking for Uniqueness

There is already a lot of research that says that uniqueness is one of the main reasons why people purchase luxury products. This phenomenon is more obvious among young consumer groups (Haataja, M. 2011). Having Chinese made products does not give Shanghai Tang the best reputation, but the oriental design does make them stand out.

### Diversified Product Line

The existing product lines of Shanghai Tang include women's wear, men's wear, and home ware. It covers from daily wear to your life style. The only Shanghai Tang misses is children's wear and young adult product lines. We know that the young consumer group is the easiest one to be attracted by new and unique design. Therefore, new product lines may make Shanghai Tang win the battle.

### **THREATS**

#### Intense Competition

Since Sweden is located in Europe and very close to traditional luxury countries, Swedish customers can purchase any of them easily even if they do not have a physical store in Sweden, which makes the competition much more intense. Facing the international giant luxury group competitors, such as LVMH, it is absolutely a huge challenge, considering Shanghai Tang as a newcomer among luxury brands. Therefore, finding its own niche market is the main task.

## 4.2 A comparison study with Ralph Lauren



### 4.2.1 Ralph Lauren

Ralph Lauren founded Ralph Lauren Corporation in 1969. The existing over 100 stores are placed all over the world. It started from a collection of ties and has grown into multiple product lines today. It is one of leading design companies with four main product categories: apparel, home ware, accessories and fragrances. The whole corporation includes Polo by Ralph Lauren, Ralph Lauren Purple Label, Ralph Lauren Collection, Black Label, Blue Label, Lauren by Ralph Lauren, RRL, RLX, Ralph Lauren Children's wear, Denim & Supply Ralph Lauren, Chaps and Club Monaco. The company always provides good quality and creative products to the customers. It also illustrates an American rich and exciting lifestyle.

### 4.2.2 Shanghai Tang vs. Ralph Lauren

Ralph Lauren is a young luxury brand and so is Shanghai Tang. However, Ralph Lauren has become a highly appreciated luxury brand and Shanghai Tang is still unknown to most luxury goods consumers. A comparison between these two companies will be analyzed through the national brand image, style and brand history.

#### *Country of origin*

It has been reported that most apparel products we purchase nowadays are not from the same country as the brand. In order to reduce the cost, most brands outsource in the lower wage countries, but this does not stop the perception of customers. In the research of Futurebrand (2014), they found out in overall country ranking, US takes the first place, China is ninth; in the fashion department

US is number one again, China is tenth; in the luxury sector, US is fifth, China is not on the top ten list.

According to futurebrand (2014), products or brands with ‘Made in America’ or ‘Made in USA’ have the strongest country of origin case. ‘Made in America’ strengthens the innovation, consumer centricity, good value and accessible image to the customers.

The United States is also seen as the ideal country options for travel, innovation, business, and education. The general attraction of the American lifestyle along with the nation’s diversity and micro geographies shape the culture as an export.

Ralph Lauren also uses these cultural atmospheres to illustrate the brand as a selling point; even though their products are not manufactured in the US.

### *Style*

The Ralph Lauren brand strongly represents America, a typical American dream. Ralph Lauren built the brand on a story of a promise of a certain type of American lifestyle, such as the Ivy League, the country club, the socialite, the polo player, and the successful businessman.

On top of traditional British preppy look, Ralph Lauren also creates another American classic style, Western wear. He has a huge influence on American style, since he does not just design clothes, but also a certain American lifestyle.

	Ralph Lauren	Shanghai Tang
History	1969	1994
Style	American style	Chinese-Western fusion
Country of origin	US	China
(Country Brand Index)	8	66

**Table 2: Comparison of Shanghai Tang and Ralph Lauren**

### *Country-of-Origin Effect*

In early days, the country of origin (COO) effect was recognized as a simple ‘made-in’ concept, which means that products are headquartered, branded, and manufactured in the same country. With time passing by, globalization gave the country of origin a new meaning. Nowadays, it is a pretty common that products are designed in one country and manufactured in another one. Therefore, the concept of COO has become a complex multi-component construction and is commonly characterized as two sub-types of country association. One is country of brand (COB), which means the country that the brand is from and the headquarters is located. The other one is country of manufacture (COM), which as it says is where the products are manufactured and assembled (Ulgado et al, 2011).

Lee & Schaniger (1996) indicates that the manufacturing country and perceptions of the country do have an effect on consumer perceptions of product quality. However if the brand is strong enough, it can withstand the negative perception of COM, since the customers believe the quality will be maintained and monitored carefully by its headquarters.

### *Brand heritage*

Brand heritage is not just only about the past; it also includes the present and the future. The meaningful heritage is closely connected and inseparable to the present and the future.

Urde et al (2007) indicates the brand heritage itself does not create any value, but it definitely has the chance to do it, especially in certain industries. The heritage can be the reason that makes one brand different from another; the differentiation helps the brand stand out among similar competitors. Moreover, unlike actual products, the heritage is something impossible to imitate by competitors.

Moreover, the heritage makes consumers believe the brand is more authentic and trustworthy, which creates higher value to the brand.

## Chapter 5 Analysis

### 5.1 Survey Analysis

We received 203 questionnaire answers during 2014/3/26 to 2014/4/15. In order to check the validity and reliability of this survey, we use SPSS to analyze the data through *Frequencies, Descriptive, Crosstabulation and Reliability*.

Because most of the questions in this questionnaire are close-ended types, the answers to those questions will be reported in the form of numerical tables for analysis. For each question in Section One, the results will be calculated separately for all variables (gender, age, time spent in Sweden, occupation) to gain an insight into customer background related difference in results. A short conclusion will be drawn when the analysis of Section One has been made. If the customer backgrounds do not correlate significantly to the results, the variables will not be counted again to the questions of Section Two.

#### 5.1.1 The approach to the questionnaire participation

First we need to check the reliability of the following basic information on the questionnaire.

- Gender
- Age
- How long have you been living in Sweden?
- Occupation

Reliability of basic information

Scale: Respondents backgrounds

Case Processing Summary		N	%
Cases	Valid	203	100,0
	Total	203	100,0

**Table 3: Reliability of basic information**

There is no missing data to the basic information questions.

In order to check the validity of the data for “How long have you been living in Sweden?” The answer of “I don’t live in Sweden” will be deducted from the data because we only analyze the data in Sweden.

Residence In Sweden	Frequency	Percent
I don't live in Sweden	0	0
I am new here	33	16,3
I have lived here for many years	59	29,1
I am Swedish	111	54,7
Total	203	100,0

**Table 4: Frequencies (Residence in Sweden)**

It shows on this table that Swedish citizens are the major participants for our survey and zero answers from outside of Sweden, so all of the 203 answers can be used for analysis. "I am Swedish" takes 111 places out of total 203 answers, which accounts for over 50%. The answer of "I have lived here for many years" is the second biggest category, with almost 30% of the answers.

Gender	Frequency	Percent
Male	78	38,4
Female	125	61,6
Total	203	100,0

**Table 5: Frequencies (Gender)**

From the Gender table, it's shown that female participants occupy about 60% of the total 203 people, and male accounts for the rest 40%.

Age	Frequency	Percent
18-25	74	36,5
26-35	90	44,3
36-45	27	13,3
46-55	12	5,9
Total	203	100,0

**Table 6: Frequencies (Age)**

The Age table shows that the people from age groups 26-35 and 18-25 are the main participants to answer the questionnaires by a total of 81%, respectively 44.3% and 36.5%.

Occupation	Frequency	Percent
Student	95	46,8
Unemployed	15	7,4
Employee	73	36,0
Self-employed	18	8,9
Other	2	1,0
Total	203	100,0

**Table 7: Frequencies (Occupation)**

Looking at occupation, the answers we received are mainly from students and employees, which accounts for nearly 47% and 36% of the total.

***Q1. Do you buy luxury fashion branded products?***

	Frequency	Percent
No	119	58,6
Yes	84	41,4
Total	203	100,0

**Table 8: Frequencies (Total participants \* luxury buying behavior)**

119 people answered no to the question on whether they buy luxury goods or not, the rest 84 people are luxury products shoppers. Over 40% respondents answered yes to this question which shows Sweden is a big market for luxury branded products. The expectation is to find 50 participants with “yes” answer and now the number has been raised which gains more data. For this reason, the reliability of the questionnaire will be increased.

The following analysis is to understand the relationship between customer background and purchasing behavior of luxury goods.

### Variable 1: Gender

Gender * Buy Luxury Products or Not (Crosstabulation)		Buy Luxury or Not		Total
		No	Yes	
Gender	Male	60 76,9%	18 23,1%	78 100,0%
	Female	59 47,2%	66 52,8%	125 100,0%
Total		119 58,6%	84 41,4%	203 100,0%

**Table 9: Crosstabulation (Gender \* Buy Luxury Products or Not)**

From the table above we can see that only 23% of the male respondents answered yes to the question “do you buy luxury fashion branded products?” By contrast, over half female respondents are luxury goods buyers.

We can now calculate how many percent of the luxury shoppers are male and female, respectively:

$$F = \frac{52.8}{52.8 + 23.1} = 69.5\%$$

$$M = \frac{23.1}{52.8 + 23.1} = 30.5\%$$

Female respondents account for nearly 70% of luxury buyers in the Swedish market.

## Variable 2: Age

Age * Buy Luxury Products or Not (Crosstabulation)		Buy Luxury or Not		Total
		No	Yes	
Age 18-25		55	19	74
		74,3%	25,7%	100,0%
26-35		34	56	90
		37,8%	62,2%	100,0%
36-45		23	4	27
		85,2%	14,8%	100,0%
46-55		7	5	12
		58,3%	41,7%	100,0%
Total		119	84	203
		58,6%	41,4%	100,0%

**Table 10: Crosstabulation (Age \* Buy Luxury Products or Not)**

This table shows that the age group buying the most luxury products is age 26-35, with 62% “yes” to the question. The age group with the least “yes” answers is 36-45. There are few respondents at age groups 36-45 or 46-55, but we have fairly trust-worthy data from the other two age groups. People at age 18-25 are not a target group of Shanghai Tang because young people may not have income to afford luxury products. However, from the data we see about one fourth of young people below 26 years old are luxury goods consumers.

### Variable 3: Time spent in Sweden

Residence in Sweden * Buy Luxury Products or Not (Crosstabulation)		Buy Luxury or Not		Total
		No	Yes	
Residence in Sweden	I am new here	19 57,6%	14 42,4%	33 100,0%
	I have lived here for many years	25 42,4%	34 57,6%	59 100,0%
	I am Swedish	75 67,6%	36 32,4%	111 100,0%
Total		119 58,6%	84 41,4%	203 100,0%

**Table 11: Crosstabulation (Residence in Sweden\* Buy Luxury Products or Not)**

More than half of the questionnaire responses are from Swedish people and 68% of them said “no” to luxury products. The proportion of not buying luxury is higher than the proportion of buying luxury products for people who just came to Sweden and this is reasonable, those new to Sweden people haven’t settled down and may not afford or want luxury products. The group of people who have lived here for many years show the desire of buying luxury fashion brands. 58% of them are luxury goods customers.

$$I \text{ am new here: } \frac{42.4}{42.4 + 57.6 + 32.4} = 32\%$$

$$Lived \text{ here for many years: } \frac{57.6}{42.4 + 57.6 + 32.4} = 43.5\%$$

$$Swedish: \frac{32.4}{42.4 + 57.6 + 32.4} = 24.5\%$$

The biggest group of luxury consumers in Sweden is people who have been living here for many years, but are not originally Swedish, covering 43.5% of the market. People who have just arrived and local people cover a similar percentage (32% and 24.5%, respectively, which is within error margins).

#### Variable 4: Occupation

Occupation * Buy Luxury or Not (Crosstabulation)	Buy Luxury or Not		Total
	No	Yes	
Occupation Student	64 67,4%	31 32,6%	95 100,0%
Unemployed	9 60,0%	6 40,0%	15 100,0%
Employee	33 45,2%	40 54,8%	73 100,0%
Self-employed	11 61,1%	7 38,9%	18 100,0%
Other	2 100,0%	0 0,0%	2 100,0%
Total	119 58,6%	84 41,4%	203 100,0%

**Table 12: Crosstabulation (Occupation\* Buy Luxury Products or Not)**

Almost 55% of employees like to buy luxury goods and 39% of people who are self-employed shopping luxury. Student show the lowest interest in buying. For unemployed and self-employed people, as well as people with other occupations, we have too few answers to get meaningful data.

## Q2. What are your reasons for not buying luxury goods?

Only 34 people answered this open question out of 125 participants who don't buy luxury products.

The reasons are roughly 7 types which are:

Social status	It's just about showing off.	2	6%
Ecological issue	Not so eco-friendly. Those luxury brands don't have better social conditions for their workers, etc.	2	6%
Price	A: I can't afford. / No money.	8	23%
	B: I can't afford now but maybe I will buy in the future.	2	6%
Price vs Quality	They are too expensive and not worth the price. / You are buying a brand name more than the actual product. / A high price tag doesn't mean good quality.	10	29%
Practicality & Necessity	Not necessary.	3	9%
Personal Preference	I'm not interested in fashion. / I don't care about brands.	6	18%
Style	Not my style. I prefer more sport stuff.	1	3%

**Table 13: Reasons for not buying luxury goods**

As is shown in this table, price is the main issue for people not buying luxury products. 29% of them don't think high price associate with good quality; 23% people just claimed that they cannot afford and 6% participants who answered this question showed the desire of purchasing luxury goods when they have money. Almost one fifth of people feel the brands are not important and they are not really into fashion. Other reasons are distributed evenly, such as style, social status, ecological issue and luxury products are not "a must-have".

### 5.1.3 Questions analysis of questionnaire Section One

#### Q3. Do you have any brand preference?

Gender * Brand Preference (Crosstabulation)		Brand Preference		Total
		No	Yes	
Gender	Male	9 50,0%	9 50,0%	18 100,0%
	Female	22 33,3%	44 66,7%	66 100,0%
Total		31 36,9%	53 63,1%	84 100,0%

Table 14: Crosstabulation (Gender\* Brand Preference)

63% of luxury buyers have brand preference. Half of the male customers have brand preference and female customers have stronger brand preference than men.

Age * Brand Preference (Crosstabulation)		Brand Preference		Total
		No	Yes	
Age	18-25	9 47,4%	10 52,6%	19 100,0%
	26-35	18 32,1%	38 67,9%	56 100,0%
	36-45	2 50,0%	2 50,0%	4 100,0%
	46-55	2 40,0%	3 60,0%	5 100,0%
Total		31 36,9%	53 63,1%	84 100,0%

Table 15: Crosstabulation (Age\* Brand Preference)

Among all the age groups, at least half of the people have brand preferences. The perceptions to the brand preference of each group are fairly close.

Residence in Sweden * Brand Preference Crosstabulation		Brand Preference		Total
		No	Yes	
Residence in Sweden	I am new here	4 28,6%	10 71,4%	14 100,0%
	I have lived here for many years	16 47,1%	18 52,9%	34 100,0%
	I am Swedish	11 30,6%	25 69,4%	36 100,0%
Total		31 36,9%	53 63,1%	84 100,0%

**Table 16: Crosstabulation (Residence in Sweden\* Brand Preference)**

The new immigrants in Sweden have very strong brand preference by 71% of totally 14 respondents who just came here. The brand preference of Swedish customers is almost as strong as “I am new here” at 69%. About half of the people who lived here for many years care about brands, while the other half doesn't.

Occupation * Brand Preference (Crosstabulation)		Brand Preference		Total
		No	Yes	
Occupation	Student	11 35,5%	20 64,5%	31 100,0%
	Unemployed	3 50,0%	3 50,0%	6 100,0%
	Employee	10 25,0%	30 75,0%	40 100,0%
	Self-employed	7 100,0%	0 0,0%	7 100,0%
Total		31 36,9%	53 63,1%	84 100,0%

**Table 17: Crosstabulation (Occupation\* Brand Preference)**

Employee is the occupation group which cares about brands the most by 75% within the group. 65% of students have brand preference as well. The percentage of choosing having brand preference and not having are the same in the unemployed group.

**Q4. How important is the brand's country of origin to you?**

Country of Origin	Frequency	Percent
1,00	5	6,0
2,00	7	8,3
3,00	22	26,2
4,00	27	32,1
5,00	23	27,4
Total	84	100,0

**Table 18: Frequencies (Country of Origin)**

The variables of 1 to 5 indicate the degrees of how important the brand's country of origin is from "not important at all" to "very important".

This table shows that the answers are concentrated on 3 to 5, from "average" to "very important" which representatively account for 26%, 32% and 27%. 55% people think the brand's country of origin is "important" to "very important", and only 14% doesn't care about it.

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Country of Origin	84	1,00	5,00	3,6667	1,14422

**Table 19: Descriptive statistics (Country of Origin)**

The scale of the value is from 1 to 5. The average value is 3.67, which indicates the importance of country of origin is "rather important", from "average" to "important". The standard deviation value of 1.14 means most people chose more or less similar answers.

Gender * Country of Origin (Crosstabulation)		Country of Origin					Total
		1,00	2,00	3,00	4,00	5,00	
Gender	Male	0	4	6	6	2	18
		0,0%	22,2%	33,3%	33,3%	11,1%	100,0%
	Female	5	3	16	21	21	66
		7,6%	4,5%	24,2%	31,8%	31,8%	100,0%
Total		5	7	22	27	23	84
		6,0%	8,3%	26,2%	32,1%	27,4%	100,0%

Table 20: Crosstabulation (Gender\* Country of Origin)

Men mainly choose between 3 and 4, from “average” to “important”. Women regard country of origin more than men do by focusing on 3 to 5. 64% of female choose from “important” to “very important”.

Age * Country of Origin (Crosstabulation)		Country of Origin					Total
		1,00	2,00	3,00	4,00	5,00	
Age	18-25	1	2	2	7	7	19
		5,3%	10,5%	10,5%	36,8%	36,8%	100,0%
	26-35	3	4	18	17	14	56
		5,4%	7,1%	32,1%	30,4%	25,0%	100,0%
	36-45	0	1	1	1	1	4
		0,0%	25,0%	25,0%	25,0%	25,0%	100,0%
	46-55	1	0	1	2	1	5
		20,0%	0,0%	20,0%	40,0%	20,0%	100,0%
Total		5	7	22	27	23	84
		6,0%	8,3%	26,2%	32,1%	27,4%	100,0%

Table 21: Crosstabulation (Age\* Country of Origin)

74% people from age 18 to 25 think brand’s country of origin is “important” to “very important”. At group age 26-35, 55% of them have the same opinions as group 18-25. One third of them choose an intermediate value. The values chosen by age groups 36-45 and 46-55 are very spread out but the data is meaningless due to the small number of answers.

Residence in Sweden * Country of Origin (Crosstabulation)	Country of Origin					Total
	1,00	2,00	3,00	4,00	5,00	
I am new here in Sweden	2 14,3%	3 21,4%	5 35,7%	2 14,3%	2 14,3%	14 100,0%
I have lived here for many years	2 5,9%	2 5,9%	6 17,6%	14 41,2%	10 29,4%	34 100,0%
I am Swedish	1 2,8%	2 5,6%	11 30,6%	11 30,6%	11 30,6%	36 100,0%
Total	5 6,0%	7 8,3%	22 26,2%	27 32,1%	23 27,4%	84 100,0%

Table 22: Crosstabulation (Residence in Sweden\* Country of Origin)

The answers from group “I am new here” are spread almost even. There are not so many respondents of this group so we can’t really do a meaningful analysis. 71% of people who have lived here for many years have strong country of origin tendency by scoring from “important” to “very important”, and 61% of Swedish have the same opinion.

Occupation * Country of Origin Crosstabulation	Country of Origin					Total
	1,00	2,00	3,00	4,00	5,00	
Student	2 6,5%	4 12,9%	6 19,4%	8 25,8%	11 35,5%	31 100,0%
Unemployed	1 16,7%	1 16,7%	2 33,3%	1 16,7%	1 16,7%	6 100,0%
Employee	2 5,0%	2 5,0%	11 27,5%	16 40,0%	9 22,5%	40 100,0%
Self-employed	0 0,0%	0 0,0%	3 42,9%	2 28,6%	2 28,6%	7 100,0%
Total	5 6,0%	7 8,3%	22 26,2%	27 32,1%	23 27,4%	84 100,0%

Table 23: Crosstabulation (Occupation\* Country of Origin)

61% of students choose 4 and 5 while 63% of employees have the same answers. The numbers of people from unemployed and self-employed groups are not enough to make a proper analysis to such question with scale of five values.

**Q5. How important is the brand heritage and history to you?**

Brand History	Frequency	Percent
1,00	2	2,4
2,00	9	10,7
3,00	16	19,0
4,00	31	36,9
5,00	26	31,0
Total	84	100,0

**Table 24: Frequencies (Brand History)**

Like the previous question, we take 1 to 5 as the scale to measure the degree of the importance. The answers of “important” and “very important” cover 37% and 31% respectively. Merely 13% people don’t really care about the brand history.

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Brand History	84	1,00	5,00	3,8333	1,06232

**Table 25: Descriptive Statistics (Brand History)**

The average answer is very close to “important”. The standard deviation value is quite low which means people tend to choose the similar answers.

Gender * Brand History Crosstabulation	Brand History					Total
	1,00	2,00	3,00	4,00	5,00	
Gender Male	0	3	5	6	4	18
	0,0%	16,7%	27,8%	33,3%	22,2%	100,0%
Female	2	6	11	25	22	66
	3,0%	9,1%	16,7%	37,9%	33,3%	100,0%
Total	2	9	16	31	26	84
	2,4%	10,7%	19,0%	36,9%	31,0%	100,0%

**Table 26: Crosstabulation (Gender\* Brand History)**

56% of men feel the importance of brand heritage and history and 22% of them think brand history is “very important”. Meanwhile, 71% of women regard the brand history as “important” and “very important”, 38% and 33% respectively.

Age * Brand History (Crosstabulation)		Brand History					Total
		1,00	2,00	3,00	4,00	5,00	
Age	18-25	0	3	3	6	7	19
		0,0%	15,8%	15,8%	31,6%	36,8%	100,0%
	26-35	1	5	11	21	18	56
		1,8%	8,9%	19,6%	37,5%	32,1%	100,0%
	36-45	0	1	1	2	0	4
		0,0%	25,0%	25,0%	50,0%	0,0%	100,0%
	46-55	1	0	1	2	1	5
		20,0%	0,0%	20,0%	40,0%	20,0%	100,0%
Total		2	9	16	31	26	84
		2,4%	10,7%	19,0%	36,9%	31,0%	100,0%

Table 27: Crosstabulation (Age\* Brand History)

Both 18-25 and 26-35 groups think the brand history is “important” to “very important”; this accounts for 68% and 70% in each group.

Residence in Sweden * Brand History (Crosstabulation)		Brand History					Total
		1,00	2,00	3,00	4,00	5,00	
Residence in I am new here Sweden		1	4	2	5	2	14
		7,1%	28,6%	14,3%	35,7%	14,3%	100,0%
	I have lived here for many years	1	2	7	13	11	34
		2,9%	5,9%	20,6%	38,2%	32,4%	100,0%
	I am Swedish	0	3	7	13	13	36
		0,0%	8,3%	19,4%	36,1%	36,1%	100,0%
Total		2	9	16	31	26	84
		2,4%	10,7%	19,0%	36,9%	31,0%	100,0%

Table 28: Crosstabulation (Residence in Sweden\* Brand History)

Swedish customers and people who have lived here for many years have almost the same brand history tendency, 70% of them choose 4 and 5. The respondents that don't care about brand history are less than 10% within those two groups.

Occupation * Brand History (Crosstabulation)	Brand History					Total
	1,00	2,00	3,00	4,00	5,00	
Occupation Student	2 6,5%	5 16,1%	4 12,9%	9 29,0%	11 35,5%	31 100,0%
Unemployed	0 0,0%	2 33,3%	2 33,3%	0 0,0%	2 33,3%	6 100,0%
Employee	0 0,0%	2 5,0%	8 20,0%	18 45,0%	12 30,0%	40 100,0%
Self-employed	0 0,0%	0 0,0%	2 28,6%	4 57,1%	1 14,3%	7 100,0%
Total	2 2,4%	9 10,7%	16 19,0%	31 36,9%	26 31,0%	84 100,0%

Table 29: Crosstabulation (Occupation\* Brand History)

Employees show a strong interest in brand history with 75% of them choosing “important” and “very important”. Merely 5% of employees don't really care about the brand history. 66% of students score it with value 4 and 5.

**Q6. The following are pictures of finely made cow leather handbags from different luxury brands. Disregarding labels and price, which bags look appealing to you? (Multiple answers allowed)**



**Figure 2: Bags from different brands**

	Percent Yes
Bag Pic1 (Shanghai Tang)	21,43
Bag Pic2	51,19
Bag Pic3	71,43
Bag Pic4	32,14
Bag Pic5 (Ralph Lauren)	44,05

**Table 30: Frequencies (Choice among five bags)**

The most chosen bag is Bag Pic3 which accounts for 71% of all the luxury shoppers. The Shanghai Tang bag doesn't seem appealing; merely 21% of the respondents choose it. Ralph Lauren bag received more votes by 44%.

Gender * Shanghai Tang bag (Crosstabulation)		Shanghai Tang bag		Total
		No	Selected	
Gender	Male	12	6	18
		66,7%	33,3%	100,0%
	Female	54	12	66
		81,8%	18,2%	100,0%
Total		66	18	84
		78,6%	21,4%	100,0%

**Table 31: Crosstabulation (Gender\* Shanghai Tang bag)**

About 70% men didn't select Shanghai Tang bag and neither did 80% women.

Compared the male customers, female buyers are even less interested in this Shanghai Tang women's hand bag.

Age * Shanghai Tang bag (Crosstabulation)		Shanghai Tang bag		Total
		No	Selected	
Age	18-25	15 78,9%	4 21,1%	19 100,0%
	26-35	47 83,9%	9 16,1%	56 100,0%
	36-45	1 25,0%	3 75,0%	4 100,0%
	46-55	3 60,0%	2 40,0%	5 100,0%
Total		66 78,6%	18 21,4%	84 100,0%

Table 32: Crosstabulation (Age\* Shanghai Tang bag)

Most people below age 36 are not interested in Shanghai Tang hand bag but age 36-45 shows interest in the bag, and 40% people from age 46-55 selected the bag as well which means Shanghai Tang's bag is more mature than "young style".

Residence in Sweden * Shanghai Tang bag (Crosstabulation)		Shanghai Tang bag		Total
		No	Selected	
Residence in Sweden	I am new here	10 71,4%	4 28,6%	14 100,0%
	I have lived here for many years	29 85,3%	5 14,7%	34 100,0%
	I am Swedish	27 75,0%	9 25,0%	36 100,0%
Total		66 78,6%	18 21,4%	84 100,0%

Table 33: Crosstabulation (Residence in Sweden\* Shanghai Tang bag)

There is no significant difference among the three groups toward to the Shanghai Tang bag.

Occupation * Shanghai Tang bag (Crosstabulation)		Shanghai Tang bag		Total
		No	Selected	
Occupation	Student	25 80,6%	6 19,4%	31 100,0%
	Unemployed	6 100,0%	0 0,0%	6 100,0%
	Employee	30 75,0%	10 25,0%	40 100,0%
	Self-employed	5 71,4%	2 28,6%	7 100,0%
Total		66 78,6%	18 21,4%	84 100,0%

Table 34: Crosstabulation (Occupation\* Shanghai Tang bag)

The perceptions of this bag among the occupation groups are more or less similar. Most people dislike the bag.

Gender * Ralph Lauren bag (Crosstabulation)		Ralph Lauren bag		Total
		No	Selected	
Gender	Male	10 55,6%	8 44,4%	18 100,0%
	Female	37 56,1%	29 43,9%	66 100,0%
Total		47 56,0%	37 44,0%	84 100,0%

Table 35: Crosstabulation (Gender\* Ralph Lauren bag)

It's shown on this table that men and women carry the same opinion to Ralph Lauren bag by 56% dislike.

Age * Ralph Lauren bag (Crosstabulation)		Ralph Lauren bag		Total
		No	Selected	
Age 18-25		12	7	19
		63,2%	36,8%	100,0%
26-35		30	26	56
		53,6%	46,4%	100,0%
36-45		2	2	4
		50,0%	50,0%	100,0%
46-55		3	2	5
		60,0%	40,0%	100,0%
Total		47	37	84
		56,0%	44,0%	100,0%

Table 36: Crosstabulation (Age\* Ralph Lauren bag)

Among all the age groups, the answers are about at the same level.

Residence in Sweden * Ralph Lauren bag (Crosstabulation)		Ralph Lauren bag		Total
		No	Selected	
Residence in Sweden	I am new here	10	4	14
		71,4%	28,6%	100,0%
	I have lived here for many years	21	13	34
		61,8%	38,2%	100,0%
	I am Swedish	16	20	36
		44,4%	55,6%	100,0%
Total		47	37	84
		56,0%	44,0%	100,0%

Table 37: Crosstabulation (Residence in Sweden\* Ralph Lauren bag)

The people who just came here show the least interest to this Ralph Lauren bag by 70% of them choosing no. Swedish customers like the style more than immigrated buyers.

Occupation * Ralph Lauren bag (Crosstabulation)		Ralph Lauren bag		Total
		No	Selected	
Occupation	Student	22 71,0%	9 29,0%	31 100,0%
	Unemployed	3 50,0%	3 50,0%	6 100,0%
	Employee	21 52,5%	19 47,5%	40 100,0%
	Self-employed	1 14,3%	6 85,7%	7 100,0%
Total		47 56,0%	37 44,0%	84 100,0%

**Table 38: Crosstabulation (Occupation\* Ralph Lauren bag)**

Students dislike the bag the most by 71% of them saying no. Unemployed and employee groups keep almost the same opinion, half of them selected the bag and the rest half didn't. It seems most self-employed people are very interested in this style.

**Q7. The following are pictures of 2014 new arrival lace dresses from different luxury brands. Disregarding labels and price, which dresses look appealing to you? (Multiple answers allowed)**



**Figure 3: Dresses from different brands**

	Percent Yes
Dress Pic1	33,33
Dress Pic2	42,86
Dress Pic3 (Shanghai Tang)	54,76
Dress Pic4	34,52
Dress Pic5 (Ralph Lauren)	20,24

**Table 39: Frequencies (Choice among five dresses)**

In contrast to the previous question, the Shanghai Tang dress won the most votes by accounting for 55% of 84 respondents. The Ralph Lauren dress is the least attractive dress according to this table.

Gender * Shanghai Tang dress (Crosstabulation)	Shanghai Tang dress		Total
	No	Selected	
Gender Male	8 44,4%	10 55,6%	18 100,0%
Female	30 45,5%	36 54,5%	66 100,0%
Total	38 45,2%	46 54,8%	84 100,0%

**Table 40: Crosstabulation (Gender\* Shanghai Tang dress)**

Male and female carry the same opinion toward the Shanghai Tang dress. More than half of them show the interest to this dress.

Age * Shanghai Tang dress (Crosstabulation)		Shanghai Tang dress		Total
		No	Selected	
Age	18-25	11 57,9%	8 42,1%	19 100,0%
	26-35	23 41,1%	33 58,9%	56 100,0%
	36-45	3 75,0%	1 25,0%	4 100,0%
	46-55	1 20,0%	4 80,0%	5 100,0%
Total		38 45,2%	46 54,8%	84 100,0%

Table 41: Crosstabulation (Age\* Shanghai Tang dress)

Nearly 60% people from age group 26-35 are interested in this dress. Up to 80% of respondents from age 46 to 55 find the dress attractive.

Residence in Sweden * Shanghai Tang dress (Crosstabulation)		Shanghai Tang dress		Total
		No	Selected	
Residence in Sweden	I am new here	11 78,6%	3 21,4%	14 100,0%
	I have lived here for many years	16 47,1%	18 52,9%	34 100,0%
	I am Swedish	11 30,6%	25 69,4%	36 100,0%
Total		38 45,2%	46 54,8%	84 100,0%

Table 42: Crosstabulation (Residence in Sweden\* Shanghai Tang dress)

It shows on the table that Swedish customers seem the most interested in this dress with almost 70% of them selecting it. Over half numbers of who have lived here for many years also show the interest in it.

Occupation * Shanghai Tang dress (Crosstabulation)		Shanghai Tang dress		Total
		No	Selected	
Occupation	Student	19 61,3%	12 38,7%	31 100,0%
	Unemployed	2 33,3%	4 66,7%	6 100,0%
	Employee	13 32,5%	27 67,5%	40 100,0%
	Self-employed	4 57,1%	3 42,9%	7 100,0%
Total		38 45,2%	46 54,8%	84 100,0%

**Table 43: Crosstabulation (Occupation\* Shanghai Tang dress)**

Nearly 70% of unemployed people and employees are attracted by the Shanghai Tang dress. 60% of students and self-employed did not select it.

**Q8. Which bag would you like to purchase?**



Shanghai Tang    Ralph Lauren

**Figure 4: Bags from Shanghai Tang & Ralph Lauren**

Bag	Frequency	Percent
A (SHT)	13	15,5
B (RL)	26	31,0
Both	18	21,4
Neither	27	32,1
Total	84	100,0

**Table 44: Frequencies (Choices between two bags)**

Over 30% respondents chose “Neither” to this question. 16% consumers would like to purchase the bag from Shanghai Tang and 21% of them want to buy both bags from Shanghai Tang and Ralph Lauren. In total, 37% of customers are interested in buying the Shanghai Tang bag. It is interesting to note that the result of Q6 that Shanghai Tang bag is the least appreciated while comparing to another four luxury hand bags, only 21% find it attractive. When there are fewer competitors, Shanghai Tang bag has gained more votes and became more attractive.

Gender * Bag (Crosstabulation)		Bag				Total
		A	B	Both	Neither	
Gender	Male	3 16,7%	5 27,8%	3 16,7%	7 38,9%	18 100,0%
	Female	10 15,2%	21 31,8%	15 22,7%	20 30,3%	66 100,0%
Total		13 15,5%	26 31,0%	18 21,4%	27 32,1%	84 100,0%

**Table 45: Crosstabulation (Gender\* Bag choice)**

The percentage of male and female are very close toward buying Bag A, about 16% of them would like to purchase. 17% of men tend to buy both bags and 23% of women also want to buy both. In total, 33% of men and 37% of women are likely to buy the Shanghai Tang bag.

Age * Bag (Crosstabulation)		Bag				Total
		A	B	Both	Neither	
Age	18-25	1 5,3%	9 47,4%	2 10,5%	7 36,8%	19 100,0%
	26-35	8 14,3%	17 30,4%	14 25,0%	17 30,4%	56 100,0%
	36-45	3 75,0%	0 0,0%	1 25,0%	0 0,0%	4 100,0%
	46-55	1 20,0%	0 0,0%	1 20,0%	3 60,0%	5 100,0%
Total		13 15,5%	26 31,0%	18 21,4%	27 32,1%	84 100,0%

Table 46: Crosstabulation (Age\* Bag choice)

People at age 36-45 show great interest to Shanghai Tang bag, 25% of them want to buy both bags as well as 25% customers from the age group 26-35. The probabilities of buying the Shanghai Tang bag or both bags for each age group are: 15% for 18-25, 39% for 26-35, 100% for 36-45 and 40% for 46-55.

Residence in Sweden * Bag (Crosstabulation)	Bag				Total
	A	B	Both	Neither	
Residence in I am new here Sweden	5 35,7%	3 21,4%	1 7,1%	5 35,7%	14 100,0%
I have lived here for many years	5 14,7%	10 29,4%	9 26,5%	10 29,4%	34 100,0%
I am Swedish	3 8,3%	13 36,1%	8 22,2%	12 33,3%	36 100,0%
Total	13 15,5%	26 31,0%	18 21,4%	27 32,1%	84 100,0%

Table 47: Crosstabulation (Residence in Sweden\* Bag choice)

43% of people who are new here are interesting in buying Shanghai Tang, so are 41% people who have lived here for many years and 37% of Swedish customers.

Occupation * Bag (Crosstabulation)	Bag				Total
	A	B	Both	Neither	
Occupation Student	4 12,9%	9 29,0%	3 9,7%	15 48,4%	31 100,0%
Unemployed	1 16,7%	2 33,3%	3 50,0%	0 0,0%	6 100,0%
Employee	7 17,5%	14 35,0%	9 22,5%	10 25,0%	40 100,0%
Self-employed	1 14,3%	1 14,3%	3 42,9%	2 28,6%	7 100,0%
Total	13 15,5%	26 31,0%	18 21,4%	27 32,1%	84 100,0%

Table 48: Crosstabulation (Occupation\* Bag choice)

From the occupation table, we can see that people are more interested in buying Bag B from Ralph Lauren. However, still 23% of students would like to buy the

Shanghai Tang bag and so do 67% unemployed customers, 40% employees and 57% of self-employed.

**Q9. Which dress would you like to purchase?**



Shanghai Tang    Ralph Lauren

**Figure 5: Dresses from Shanghai Tang & Ralph Lauren**

Dress	Frequency	Percent
A	31	36,9
B	10	11,9
Both	7	8,3
Neither	36	42,9
Total	84	100,0

**Table 49: Frequencies (Choices between two dresses)**

This table shows that 39% of respondents want to buy dress A from Shanghai Tang, while merely 12% of them are interested in the Ralph Lauren style and 8% would like to buy both. Comparing to the result of Q7 that Shanghai Tang dress attracted 55% of customers, 45% of customers in total show the probability of purchasing Shanghai Tang dress.

Gender * Dress (Crosstabulation)		Dress				Total
		A	B	Both	Neither	
Gender	Male	8 44,4%	3 16,7%	1 5,6%	6 33,3%	18 100,0%
	Female	23 34,8%	7 10,6%	6 9,1%	30 45,5%	66 100,0%
Total		31 36,9%	10 11,9%	7 8,3%	36 42,9%	84 100,0%

Table 50: Crosstabulation (Gender\* Dress choice)

50% of men and 44 % of women would like to purchase Shanghai Tang dress in total.

Age * Dress (Crosstabulation)		Dress				Total
		A	B	Both	Neither	
Age	18-25	6 31,6%	0 0,0%	0 0,0%	13 68,4%	19 100,0%
	26-35	22 39,3%	8 14,3%	6 10,7%	20 35,7%	56 100,0%
	36-45	1 25,0%	2 50,0%	0 0,0%	1 25,0%	4 100,0%
	46-55	2 40,0%	0 0,0%	1 20,0%	2 40,0%	5 100,0%
Total		31 36,9%	10 11,9%	7 8,3%	36 42,9%	84 100,0%

Table 51: Crosstabulation (Age\* Dress choice)

The probabilities of each group to buy Shanghai Tang dress are 32% for 18-25, 50% for 26-35, 25% for 36-45 and 60% for 46-55.

Residence in Sweden * Dress (Crosstabulation)	Dress				Total
	A	B	Both	Neither	
Residence in I am new here Sweden	5 35,7%	4 28,6%	0 0,0%	5 35,7%	14 100,0%
I have lived here for many years	10 29,4%	4 11,8%	4 11,8%	16 47,1%	34 100,0%
I am Swedish	16 44,4%	2 5,6%	3 8,3%	15 41,7%	36 100,0%
Total	31 36,9%	10 11,9%	7 8,3%	36 42,9%	84 100,0%

Table 52: Crosstabulation (Residence in Sweden\* Dress choice)

Swedish customers are the most interested in this dress with 53% votes. The probabilities of buying the Shanghai Tang dress for people who just came here and who have lived here for many years are 36% and 41% respectively.

Occupation * Dress (Crosstabulation)	Dress				Total
	A	B	Both	Neither	
Occupation Student	10 32,3%	4 12,9%	0 0,0%	17 54,8%	31 100,0%
Unemployed	3 50,0%	1 16,7%	2 33,3%	0 0,0%	6 100,0%
Employee	17 42,5%	4 10,0%	3 7,5%	16 40,0%	40 100,0%
Self-employed	1 14,3%	1 14,3%	2 28,6%	3 42,9%	7 100,0%
Total	31 36,9%	10 11,9%	7 8,3%	36 42,9%	84 100,0%

Table 53: Crosstabulation (Occupation in Sweden\* Dress choice)

From this table we can see that more than half of the students would buy neither dress. Shanghai Tang dress is very favorable among unemployed customers and employees.

**Q10. In the two previous questions, bag A and dress A are from a Chinese luxury fashion brand, Shanghai Tang; bag B and dress B are from Ralph Lauren. Knowing the brands, is your preference the same?**

	Frequency	Percent
No	16	19,0
Yes	68	81,0
Total	84	100,0

**Table 54: Frequencies (Keep same preference or not)**

As is shown on the table above, 68 people kept the same preference after knowing the brands out of a total of 84. However, many of them kept the same preference because they decided not to buy any of the bags or dresses. The table following gives a closer review at the correlation between their buying decisions and keeping the same preference.

	Selected		Keep same preference	
BagA & DressA SHT & SHT	N 13	15%	N 10	77%
BagB & Dress A RL & SHT	N 18	22%	N 15	83%
Bag B & Dress B RL & RL	N 8	10%	N 6	75%
Both bags & DressB SHT,RL & RL	N 2	2%	N 2	100%
Both bags & Both dresses	N 7	8%	N 6	75%
Both bags & Neither dress	N 9	11%	N 5	56%
Neither bags & Neither dress	N 27	32%	N 24	89%
Total	N 84	100%	N 68	81%

**Table 55: Bag choices \* Keep same preference or not**

81% of respondents kept the same buying decision from total 84 people. 89% respondents kept the preference which is not purchasing anything when knowing the brands, so there is 11% of customers who regretted to choose “buy neither

bags nor dresses” after knowing the brands. However, we can see the majority kept the same preference when the brands are told.

75% customers still wanted to buy Ralph Lauren (RL) bag and RL dress when they know the brand, Comparing to Ralph Lauren, 77% people kept the same preference when they know the bag and dress are from Shanghai Tang. So there is not much difference between Ralph Lauren and Shanghai Tang to the buying decision.

***Q11. If you answered No to the previous question, what is the reason?***

Only 6 out of 16 people who did not keep the same preference explained why they changed their minds when knowing the brands.

1. Chinese luxury is not attractive.
2. Chinese companies don't have enough history for designing luxury fashion stuff. So it might not be as good as the western companies doing.
3. I prefer European one.
4. China is new to the luxury industry.
5. I do not purchase any brands that I have never heard of.
6. Chinese products don't attract me at all.

None of the answers above is about Ralph Lauren, the reasons they changed the buying decision is because the product is from a Chinese luxury fashion brand. Consumers in Sweden have a generally unfavorable perception of Chinese brands.

### 5.1.4 Questions analysis of questionnaire Section Two

In the previous analysis of questionnaire Section One, the relationship between customer background and each question are discussed in depth. The fact is that age, gender, how long they have been in Sweden and occupation did not show significant differences toward the results. For this reason, those variables will not be discussed in the following questions except Age to Q12 and Q13. The purpose to compare the age groups is that we want to know if luxury goods consumers at age 18-25 would be potential customers of Shanghai Tang.

#### *Q12. In your opinion, does Shanghai Tang qualify as a luxury brand?*

Does Shanghai Tang qualify as a luxury brand	Frequency	Percent
Yes	6	7,1
Yes, but not on par with the most famous brands	23	27,4
No, because it does not have enough history	3	3,6
No, a Chinese brand cannot compare to European brand	3	3,6
No, for other reasons	3	3,6
I have never heard of it	46	54,8
Total	84	100,0

**Table 56: Frequencies (Does Shanghai Tang quality as a luxury brand)**

35% respondents have favorable perception of Shanghai Tang, but the rest 65% answers are negative. This Chinese luxury brand is unknown to 55% of luxury goods consumers in Sweden. The other 10% people claimed that Shanghai Tang lacks brand history or don't like it for some other reasons, and some respondents just simply stated that a Chinese brand cannot compare to European brand.

Age * Is SHT Luxury (Crosstabulation)		Is SHT Luxury						Total
		1	2	3	4	5	6	
Age	18-25	1 5,3%	9 47,4%	0 0,0%	1 5,3%	0 0,0%	8 42,1%	19 100,0%
	26-35	4 7,1%	13 23,2%	3 5,4%	1 1,8%	3 5,4%	32 57,1%	56 100,0%
	36-45	1 25,0%	1 25,0%	0 0,0%	0 0,0%	0 0,0%	2 50,0%	4 100,0%
	46-55	0 0,0%	0 0,0%	0 0,0%	1 20,0%	0 0,0%	4 80,0%	5 100,0%
Total		6 7,1%	23 27,4%	3 3,6%	3 3,6%	3 3,6%	46 54,8%	84 100,0%

**Table 57: Crosstabulation (Age\* Opinion)**

There are 53% of people from age 18 to 25 who appreciate Shanghai Tang as a luxury brand which shows that maybe later they will purchase some stuff from Shanghai Tang.

**Q13. Would you be willing to purchase Shanghai Tang products in the future?**

Will You Buy SHT	Frequency	Percent
Definitely	1	1,2
Probably	10	11,9
Maybe	45	53,6
Probably Not	26	31,0
Definitely Not	2	2,4
Total	84	100,0

**Table 58: Frequencies (Will you buy Shanghai Tang products)**

This table shows that the answers are focused on “Maybe” by over half respondents choosing it. The proportion of selecting “Probably Not” also accounts for 31%. 13% consumers claimed that they would definitely or probably buy products from Shanghai Tang in the future.

Age * Will You Buy SHT (Crosstabulation)	Will You Buy SHT					Total
	Definitely	Probably	Maybe	Probably Not	Definitely Not	
Age 18-25	0 0,0%	1 5,3%	10 52,6%	8 42,1%	0 0,0%	19 100,0%
26-35	1 1,8%	7 12,5%	29 51,8%	18 32,1%	1 1,8%	56 100,0%
36-45	0 0,0%	2 50,0%	2 50,0%	0 0,0%	0 0,0%	4 100,0%
46-55	0 0,0%	0 0,0%	4 80,0%	0 0,0%	1 20,0%	5 100,0%
Total	1 1,2%	10 11,9%	45 53,6%	26 31,0%	2 2,4%	84 100,0%

**Table 59: Crosstabulation (Age\* Will you buy Shanghai Tang products)**

Although 53% of customers at age 18-25 agreed that Shanghai Tang is a luxury brand, the probability of purchasing goods from Shanghai Tang for them is only 5%. About half proportion of those young customers chose a neutral option which is “maybe”, so their buying decisions toward Shanghai Tang are unclear.

30% of people from age group 26-35 regarded Shanghai Tang as a luxury fashion brand and 14% of them showed interest in purchasing goods from Shanghai Tang.

**Q14. If you would purchase Chinese luxury brand products, why would you do so? (Multiple answers allowed)**

	Percent yes
Social Status	3,57
Quality	20,24
Style	66,67
Price	59,52
Customer Care	14,29
Other	35,71

**Table 60: Reasons for buying Chinese luxury brand products**

The table above shows the motivations for buying Chinese luxury branded products among 84 respondents. Style and Price are the two major reasons being

selected. 36% of customers answered a reason with “other”. 20% of them think quality for a Chinese luxury brand is also important. Customer care is not a crucial reason of buying Chinese luxury products and apparently people are not buying Chinese luxury goods for showing off, merely 4% participants chose that.

**Q15. If you would not purchase Chinese luxury brand products, why not? (Multiple answers allowed)**

	Percent yes
Social Status	17,86
Quality	48,81
Style	33,33
Price	29,76
Customer Care	05,95
Other	45,24

**Table 61: Reasons for not buying Chinese luxury brand products**

Quality is the main reason why people don't want to make a purchase of Chinese luxury goods which indicates consumers in Sweden have a generally low trust perception toward Chinese products. The other major selected reason is “other” which doesn't really tell what the problem is. 33% chose “style” and following 30% chose “price”. The Shanghai Tang style may not please all the customers but price is critical. Price, as mentioned in the previous question, is one of the main reasons that people want to buy Chinese luxury stuff because they have a general perception that Chinese luxury might be cheaper than other luxury brands. It seems there is a market for good quality luxury products with affordable price. 18% said the reason they would probably not buy Chinese luxury goods is because of the social status. Customer care is the least chosen reason; it is only being selected by 6% of respondents.

## 5.2 Interview Analysis

As is mentioned in the methodology part, in order to obtain a better understanding of the consumer's attitudes and perceptions toward Chinese luxury brands and if the nation brand image affects consumer behavior, we also conduct an in-depth interview to get more literal data for a better comprehension on the issues.

We interviewed five people that including three females and two males with age between 25 and 39. This interview analysis is based on the five questions that have been discussed through the interview. It resonates with theory of nation brand image and consumer behavior from general motivation of purchasing luxury goods, how important the country of origin is to luxury consumers, opinion of Chinese luxury brands, giving suggestions of enhancing Shanghai Tang's competitiveness to adapt in Swedish luxury market and eventually summarizing the reasons of buying Chinese luxury products.

### 5.2.1 The motivations of purchasing luxury goods

In Luxury brand & product of chapter three, it says luxury brands should have the following constitutive characteristics: price, quality, aesthetics, rarity, extraordinariness, and symbolism. In a sense, those features make the products luxury. The motivations of buying those luxury products are various; there are many factors behind the buying decisions. Recall to motivation of consumer behavior in the literature view, status, feeling of uniqueness, longing to fit in certain groups and excellent quality are the main motivations of buying luxury products.

#### *Quality*

Four out of five interviewees answered quality to the first question that why would they purchase luxury goods. It is not difficult to understand when people pay way more on one product, so they certainly expect the products to have quality than others. The quality can be referred to as products that are made with good materials, such as leather, silk, cashmere, etc. Two of them specifically state that the quality is not just about materials, the excellence of craftsmanship also contribute to the quality. Good quality also indicates that the product will be more durable over time aesthetically and physically. Three of the interviewees point out that they expect luxury bags to be long-lasting so they could use them for many years. When I mention what is the difference between shopping in the regular price store and luxury brands store one girl says *"Shopping in fast fashion stores or high street brands, I just want to catch the latest trend. It is highly likely that products will wear out soon, but I do not mind, it probably will not be fashionable in three months anyway, and it is cheap so I can throw it away easily without any hard feelings."*

#### *Aesthetics & Rarity*

Good design and rarity are also common answers among the five interviewees. Three of the interviewees believe that luxury goods have superior design. One girl

says “*Luxury goods definitely look better, because they hire top designers to work for them. Even though there are so many high-street brands that sell similar or look-alike products, they are never as good as luxury brands one.*” The other girl states that “*Luxury goods set the bar high, and I know it is expensive. However, in other words, it means less people can afford it and less people can have it.*” The other one also mentions that “*I do not like walking on the street, and see another girl walking toward me in the dress with exact same color and style.*” The other indicates “*To me, buying branded products is a conscious choice of quality, material, social and environmental regulation awareness. The value is that I feel good about it and what I stand for. However, if I just make a choice by design the brand seems does not matter.*”

### **Symbolism**

Just like any other products, luxury goods also have a different meaning for everyone. Four of interviewees admit social status and social value also are reasons behind the motivation. One of them claims, “*When I use luxury goods, it represents a lot of things, such as higher salary, decent job, nice life, good taste, etc.*” The other one states “*Sometimes when I go to some special occasions, I need my luxury goods to make me feel I am also part of this group, and somehow it makes me feel more confident.*”

Given such views, we observe that interviewees expect luxury goods with premium materials, long lasting, well-designed and social status. When they see luxury goods, it not just simple products, it is products with high side value added. Moreover, it is not something you can get and being satisfied in regular price products.

### **5.3.2 Country of origin to luxury brands**

Nation brand image is explained earlier in chapter three that a brand’s country of origin plays a big role in brand personality. There are some stereotypes about countries in general. For instance, cars made in Germany are usually associated with good performance and high quality; French cuisine is commonly related to fancy and rich tastes. The rule can also be adapted to the luxury industry.

Four of the interviewees agree that the country-origin of luxury products do have different degrees of effects on purchasing decisions. Three female interviewees have rather similar statements. One girl says “*Yes, it does have a great effect. But I will not say I do not buy certain products just because it is a Chinese brand, after all, most stuff we buy today is made in China. However if it was from some other first world country, I will somehow feel the products are worth a bit more. Therefore, if there were two products, one is from French brand, and the other is from Chinese brand, with price and similar design. I will totally go for French one.*”

The other two girls also claim they prefer buying luxury products that are from traditional luxury countries, such as France and Italy. One of the male

interviewees also believes the importance of country-origin with a different proposal, he says *“Origin for luxury goods has an extremely important significance. Luxury cannot exist independently from the country of origin. Origin is not only the birthplace of luxury brands but means cultural heritage.”*

There is only one of interviewee who has a different opinion on this issue; he believes that as long as the products are good quality and well designed, the country of origin will not bother him at all.

Given these views, we can see that most of interviewees do care about the country of origin. They absolutely will give more credits for the products that are from France, Italy etc. No matter the culture heritage reasons or stereotype associations, the effect is undeniable.

### **5.3.3 Opinion about Chinese luxury brands**

China as a new rising country, there are more and more brands that have been so successful in the domestic market, which leads to desires of expanding to oversea markets. This paragraph gives a close view of consumers' perception of Chinese luxury brands in Sweden.

We collect a variety of answers from our five interviewees. One young female says, *“I do not know much about Chinese luxury brands, I do not think there is a mature luxury brand yet.”* The other one has a similar opinion and additionally adds *“I think it still needs a while to catch up on European luxury brands. Most people still have those stereotypes (cheap and bad quality) about Chinese products.”*

On the other hand, one male interviewee claims, *“I have seen some nice designed Chinese products, so I know China can do good stuff too not just only cheap things. Besides, Shanghai Tang actually is one of my favorite shirts brand.”*

The other male interviewee feels that Chinese luxury brands should put more Chinese culture and characteristics on the products to differentiate from other European luxury brands. One of them also notices *“There are no promotions, commercials or advertisements of Chinese luxury brands, so when I want to buy something new, I will not even think about it.”*

Given such point of views, we can see that interviewees do see the potentials in Chinese luxury brands, even though the industry is not as mature as other developed countries. However, Chinese luxury brands have proven that they can produce high quality and well-designed products as well. It just needs more time to achieve the next level.

### **5.3.4 How to enhance Shanghai Tang's competitiveness to adapt in Swedish luxury industry**

There is a lot of competition in luxury industry. For the purpose of entering into Swedish market and attracting the target customers, Shanghai Tang is facing

threats as well as opportunities. Three of the interviewees suggest that Shanghai Tang can gain some good publicity and do more advertisements. It can be achieved by sponsoring popular bloggers, considering how powerful social networking websites can be nowadays. One girl also recommends that *“Do some collaboration with famous European brands like what H&M does that let customers get to know Shanghai Tang a bit more.”*

One of them advises that multiple marketing channels can be used to publicize Shanghai Tang such as physical stores, e-commerce and compound stores which make it easier for customers to shop.

The other thinks that Shanghai Tang needs to keep the Chinese cultural characteristics design, since it is the only one way that Shanghai Tang can stick out among western European luxury brands.

Given these suggestions, it is clear to note that the main issue for Shanghai Tang is that most Swedish do not know the brand. Therefore, gaining the publicity and building a good reputation of Shanghai Tang is extremely important.

### **5.3.5 The reasons of buying Chinese luxury products**

The motivations of buying luxury goods are discussed in the prior paragraph and when it comes to Chinese luxury brands, what are the reasons that make them feel like purchasing?

The word “Quality” has been emphasized again. Three of interviewees all mention that it has to be good quality. Two of them think only just good quality is not good enough; one states, *“The quality has to be good and with a relatively lower price compare with old European luxury brand.”* The other also has similar suggestion; he says *“Good quality with affordable price. The luxury products are not a product with a high price tag. The quality and the price have to be compatible.”*

Apart from quality and prices, design is also one of the main reasons. Two of the interviewees state that since it is Chinese luxury products, they will want to see the products with a hint of oriental touch, which can also represent Chinese culture and lifestyle. One of them says *“Something with Chinese cultural heritage and uniqueness. Some special materials such as ceramic products attract me to buy Chinese luxury products.”*

One girl indicates that she usually styles herself by reading magazines, and copies the latest trends or popular celebrities. Therefore, she says, *“If there were a lot of celebrities who use certain brands then it will increase my purchase intention.”*

According to the opinions, we understand that quality is always one of the most important reasons for people to purchase luxury products. On top of quality, they also expect the products can have some distinguishing features that can make them distinct from other western brands.

## Chapter 6 Findings and Discussion

### 6.1 Results related to Research Question 1

The results from analysis of the relationship between customer background and luxury goods buying behavior are related to the first research question. *RQ1. What percentage of people in Sweden shop luxury fashion branded goods and does the customer background matter?*

#### 6.1.1 Luxury goods consumption in Sweden

The frequency of shopping luxury products in Sweden is analyzed that based on the survey data.

From the total 203 valid answered questionnaires, 84 respondents claimed that they are luxury products consumers, which accounts for 41% of all the participants.

In order to understand if customer background will affect customer buying behavior of luxury goods, the correlation between them are analyzed through four variables of customer background. Gender, age, time spent in Sweden and occupation respectively.

The questionnaires are distributed to 78 male and 125 female participants. 60 males responded that they don't buy luxury goods, only 23% of them shop luxury products. By contrast, 53% of all female respondents gave feedback that they are luxury goods customers. So women are more interested in luxury fashion than men in general.

From the age point of view, the questionnaires are responded from 75 people of age 18-25, 90 people of age 26-35, 27 people of age 36-45 and 12 people at age 46-55. The age group that shops the most luxury goods is age 26-35; 62% of them are luxury products buyers out of a total of 90 samples. People at age 18-25 also show interest in buying luxury stuff with 26% of them purchasing luxury goods. That means they might be potential customers of Shanghai Tang. The samples we received from age group 36-45 and 46-55 are not so many, so the results for those two groups are not very reliable. The numerical data shows that 15% people and 42% from those two groups are luxury goods consumers.

The questionnaires are answered by 111 Swedish, 59 people who have lived here for many years and 33 people who just came to Sweden. The answers show that 58% of people who have lived here for many years buy the most luxury goods and following is the people who just came here with 42% rates. Swedish locals show the lowest interest in luxury fashion products in Sweden according to this research. However, there are still 32% of Swedish who buy luxury stuff.

For the occupation aspect, 95 students, 73 employees, 18 self-employed and 15 unemployed people and 2 people who have some other jobs participated to the

survey research. Following are the percentage of buying luxury goods of the occupations respectively: 33%, 55%, 39%, 40% and 0%. Employees are the fondest of luxury products with 55% rate, self-employed people also like to buy with 40% rate. The percentage of shopping luxury for students and unemployed people are 33% and 40%. They may not have a high income but it doesn't stop them ordering luxury goods. The job with "other" has 0% rate of buying. However, due to shortage of sufficient data from occupation "unemployed, self-employed, other", the results may lead to some errors.

The reasons for not buying luxury products are also discussed. The analysis shows there are several reasons, but the major reason is because of the price. People doubted if the quality matches the price and many of them complained that the price is too high so they cannot afford it. Also, there are a few people who claimed that they cannot afford luxury products now but maybe they will buy in the future.

## **6.2 Results related to Research Question 2**

The results from Section One on the questionnaire are related to the second research question. *RQ2. To what extent does nation brand image affect luxury goods consumers' behavior in Sweden?*

### **6.2.1 Nation brand image effect**

Nation brand image and country of origin are mentioned in chapter three. The theory says that the reputation of a country has a great influence on consumer's attitudes and buying intentions.

To measure how much does nation brand image affect customers' buying behavior, we gather the data from both survey and interview.

The result from survey by questioning "how important the brand's country of origin to you" shows that 55% respondents think the brand's country of origin to a luxury brand is important to very important, and merely 14% of them don't care about it that much.

There is a small test that is asking people what they would like to buy by showing pictures from Ralph Lauren and Shanghai Tang without telling the brands. After the decisions have been made, the brands are told. The result shows that 75% customers still wanted to Ralph Lauren (RL) bag and RL dress when they know the brand. Comparing to Ralph Lauren, 77% people kept the same preference when they know the bag and dress are from Shanghai Tang. So there is not much difference between Ralph Lauren and Shanghai Tang to the buying decision.

The reasons for changing the purchasing decision when they know the brand are also summarized in the analysis. Unfortunately, all of respondents who didn't keep their preference is because of the products are from a Chinese luxury fashion

brand. Although there are some negative impression about Chinese brands and products, there are still people willing to buy luxury goods from Shanghai Tang.

The result from interview shows there are certainly more customers care about country of origin than those who don't. They prefer the luxury products are made in traditional luxury countries.

### **6.3 Results related to Research Question 3**

The results from Section Two on the questionnaire and survey analysis are related to the third research question. *RQ3. What are the attitudes and perceptions of consumers who live in Sweden toward Chinese luxury fashion brands and what is the probability of customers in Sweden purchasing goods by Shanghai Tang?*

#### **6.3.1 Consumers' attitudes toward Chinese luxury fashion brands**

The result of if luxury products consumers in Sweden regard Shanghai Tang as a luxury brand reports that 55% of them have never heard of Shanghai Tang. 11% of respondents claimed that the brand has not enough history or just simply stated that a Chinese brand cannot compare to European brands. Although most answers are negative, there are still 7% of respondents who think Shanghai Tang is a luxury brand and 27% of them believe Shanghai Tang is a luxury brand but not on par with the most famous brands. From the analysis of the survey, it shows that there is potential in Chinese luxury brands. Shanghai Tang has proved that China has high quality and well-designed luxury products.

#### **6.3.2 Motivations of buying Chinese luxury goods**

Style and quality are the main motivations for buying Chinese luxury branded products if people want to make a purchase. However, they are also among the reasons why consumers are against Chinese brands.

#### **6.3.3 Probability of purchasing Shanghai Tang**

According to the data of Q13 in the questionnaire, 1% of consumers will definitely buy Shanghai Tang products in the future, 12% people claimed that they will probably buy. 54% people are uncertain of buying or not.

### **6.4 Summary**

The effect of nation brand image to luxury brands is undeniable but they are other ways to motivate consumers buy luxury products. Although Chinese luxury brands are still not on par with top luxury brands from Europe currently, we see the efforts Chinese companies make to try to change the symbol of Chinese products from "manufactured in China" to "designed in China". Nation brand image will not be changed in a day and brand history takes time to build. With the splendid Chinese culture heritage, finest quality, extraordinary design and unique raw materials, Chinese luxury branded products have the future to be recognized by consumers.

## **Chapter 7 Conclusion**

### **7.1 Major Recommendation**

Our suggestions to Shanghai Tang according to this research are:

#### ***Chinese character design***

As Chinese brand, they can add more Chinese or oriental elements on the design, illustrating ancient Chinese upper-class lifestyle, in order to distinguish from other luxury products. Corporate cooperation with western brands as a new comer to the market, working with other western brands will not only help consumers to get to know the Shanghai Tang better, but also attract more potential customers.

#### ***Expand product line***

As stated in the prior part, the young consumer group has the highest interest in shopping for unique products. Therefore, expanding the products line and targeting the younger customers will also be a way to achieve success.

#### ***Extra guarantee***

There are still some consumers who have doubts toward product quality. To eliminate those uncertainties and build up confidence, Shanghai Tang can provide extra quality guarantees.

### **7.2 Limitations of the Study**

First of all, the case we selected for this study is the most well known Chinese luxury fashion brand but a single brand may not represent all Chinese brands.

Secondly, the survey research is not inclusive to cover all the age groups and occupations with limited samples.

### **7.3 Future Research Directions**

In the thesis, we analyzed the probability of Shanghai Tang enter into Swedish luxury market with the concept of luxury. We investigate the importance of country of origin, brand image and customer behavior. However, country of origin actually can be defined as country of brand and country of manufacture. Therefore, future research can focus on perceptions of consumers about the two different definitions, since most of western brands outsource in lower cost countries.

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# Appendices

## Appendix I: Questionnaire

### Basic Information

Please indicate your gender

- Male
- Female

Age

- 18 — 25
- 26 — 35
- 36 — 45
- 46 — 55

How long have you been living in Sweden?

- I don't live in Sweden
- I am new here
- I have been living here for several years
- I am Swedish

What is your occupation?

- Student
- Unemployed
- Employee
- Self-employed
- Other

Do you buy luxury fashion branded products? ( ie: Prada, Gucci, Ralph Lauren...)

- Yes, I do.
- No, I do not.

What are your reasons for not buying luxury goods?

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### Section One

Do you have any brand preference?

- Yes
- No

How important is the brands' country of origin to you?

Not important at all  1  2  3  4  5 Very important

How important is the brand heritage and history to you?

Not important at all  1  2  3  4  5 Very important

The following are pictures of finely made cow leather handbags from different luxury brands. Disregarding labels and price, which bags look appealing to you? (Multiple answers allowed)

1  2  3  4  5



The following are pictures of 2014 new arrival lace dresses from different luxury brands. Disregarding labels and price, which dresses look appealing to you? (Multiple answers allowed)

1  2  3  4  5



1

2

3

4

5

Which bag would you like to purchase?

- A
- B
- Both
- Neither



A

B

Which dress would you like to purchase?

- A
- B
- Both
- Neither



A

B

In the two previous questions, bag A and dress A are from a Chinese luxury fashion brand, Shanghai Tang; bag B and dress B are from Ralph Lauren. Knowing the brands, is your preference the same?

- Yes
- No

If you answered No to the previous question, what is the reason?

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## Section Two

In your opinion, does Shanghai Tang qualify as a luxury brand?

- Yes
- Yes, but not on par with the most famous brands
- No, because it does not have enough history
- No, a Chinese brand cannot compare to European brands
- No, for other reasons
- I have never heard of it

Would you be willing to purchase Shanghai Tang products in the future?

- Definitely
- Probably
- Maybe
- Probably not
- Definitely not

If you would purchase Chinese luxury brand products, why would you do so? (Multiple answers allowed)

- Social status
- Good quality
- Style
- Special materials
- Customer care
- Other

If you would not purchase Chinese luxury brand products, why not? (Multiple answers allowed)

- Social status
- Quality
- Style
- Price
- Customer care
- Other

## Appendix II: Interview

A: F 25 / B: F 28/ C: F 26/ D: M 27/ E: M 39

□ *1 Why would you purchase luxury branded goods?*

A: status/ good quality/ design/ durable/ luxury goods definitely look better, because they hire top designers to work for them. Even there are so many high-street brands sell similar or look-alike products, but they are never as good as luxury brands one.

B: status/quality/ delicate craft/modern/ unique/ luxury goods set the bar high, and I know it is expensive. However, in the other words, it means less people can afford it and less people can have it.

C: design/ special occasion / I do not like walking on the street, and see the other girl walking toward me in the dress with exact same color and style.

D: Recognition of the social value

E: Better quality to me, buying branded products is a conscious choice of quality, material, social and environmental regulation awareness. The value is that I feel good about it and what I stand for. However, if I just make a choice by design the brand seems does not matter.

□ *2 Does the country-origin of luxury products play the important role when you make a purchasing decision, and why?*

A: kind of, if I want to present minimalism I might go for Nordic brand because that's what they are famous for.

B: Yes, but I won't say I don't buy certain products just because it is a Chinese brand, after all most stuff we buy today is made in china. However if it was from some other first world country I will somehow feel the products worth a bit more. Therefore if there were two products one is from French brand, the other is from Chinese brand, and they have same price and similar design I will go for the French one.

C: A little bit, generally when I spend that much money on a hand bag or shoes, I will prefer my bag is from traditional luxury country, such as France and Italy.

D: Certainly. Origin for luxury goods has an extremely important significance. Luxury cannot exist independently from the country of origin. Origin is not only the birthplace of luxury brands but also means cultural heritage.

E: No, as long as they are good quality. As for the clothes, if the design is good, I don't care where the brand is from because usually those things are manufactured in cheaper places anyway and same for bags.

□ 3 *What is your opinion about Chinese luxury brands?*

A: I think it's still a developing country so I do not think there is any mature luxury brands yet.

B: didn't really work hard on the branding, low visibility in market

C: Honestly, I think it still needs a while to catch up on European luxury brands. I think most people still have those stereotypes (cheap and bad quality) about Chinese products.

D: Chinese luxury goods should have their own culture stuff.

E: I have seen some nice designed Chinese products... so China can do good stuff too and not only cheap things.

□ 4 *How can Shanghai Tang adapt to make it more competitive in the fierce luxury industry in Sweden?*

A: gain good publicity

B: sponsor famous blogger/ expand product lines

C: Maybe can have some collaboration with famous European brands like what H&M do that let customer get to know Shanghai Tang a bit more.

D: They need to have Chinese cultural characteristics design.

E: Better availability which means we don't see it here. They should do more advertisement.

□ 5 *What would make you buy Chinese luxury products?*

A: special design/ products with a hint of oriental touch/ Good quality

B: quality above average but with a relatively lower price compare with old European luxury brand.

C: Celebrity, if there were a lot of celebrities use certain brands then it will increase my purchase intention.

D: Something with Chinese cultural heritage and uniqueness. Some special materials such as ceramic products attract me to buy Chinese luxury products.

E: If it is good design and good quality with affordable price. It means not overall too expensive. A T-shirt for 200 euro is too much... and premium price should mean premium quality, not just a high price tag.