Influencing factors of brand cognition for Luxury goods in Hunan, China

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ABSTRACT

The research was to investigate actual Influencing factors brand cognition of Luxury goods in Hunan, China. The conceptual framework was developed from the literature review and survey in the area and other contemporaneous research in human resource management. Accordingly, the researchers consider the importance of the factors of credibility, similarity of views, brand identity, brand value, brand cognition.

In this the researchers employed the quantitative research approaches. The instruments of research were steps of a questionnaire. Data were collected from 257 people who are customer of luxury goods shops. The data collected were analyzed using the path modeling and on the basis of observing the actual brand cognition of the organizations studied through all operational links in the the marketing.

Findings are as follows: Applications of credibility, similarity of views, brand identity, brand value were explanatory of the variance in brand cognition at 44.5 percent ($R^2 = 0.445$). Each factor involves significant aspects with the total being 24. All aspects should be addressed if problems are to be successfully solved over the long haul

Keywords: Luxury goods, brand cognition, path modeling

INTRODUCTION

In 2020, China's luxury goods market experienced an extremely difficult start due to the epidemic. After the epidemic was brought under control, China's sales of luxury goods rebounded sharply in the second half of 2020. With the ongoing outbreak of COVID-19, many Chinese customers will buy luxury goods at home. Xing Weiwei (2022) 2021 China Luxury goods market report data shows that China's luxury goods market (excluding Hong Kong, Macao, Taiwan region) continued to maintain the previous double-digit growth trend in 2021, and the growth rate of some brands reached more than 70%. China's luxury goods market grew by 48% in 2020, followed by a 36% growth in 2021 to nearly 471 billion yuan. According to the "2021 Luxury Industry Observation" jointly released by Millo Technology and Second-hand System (2022), from December 2019, the number of KOL (Key Opinion Leader) luxury related posts from December 2019 to November 2021 increased significantly, which is an important platform for luxury brands to increase their influence and break the circle. In 2021, KOL's SOV (voice volume) for luxury brands increased by 182% compared with 2020, and TikTok platform increased by 320% compared with 2020 o, with stars as a long-time important source of voice volume for luxury brands, falling from 84% of the average luxury industry to 73% in September 2021. Under the trend of frequent domestic star scandals and the increasing influence of ordinary Internet celebrities, many brands choose to reduce their cooperation with

streaming stars to avoid public relations risks, and shifting the original cooperative endorsement funds of investing in celebrities to investing in social media platforms will become a new marketing idea for luxury brands. (Bruno & Zhang, 2020; Bruno & Weiwei, 2022).

The huge potential of the Chinese luxury market is worth luxury brands' brand marketing on the Chinese market. Based on the huge differences between Chinese luxury consumers and other regional markets in terms of human-day structure, digital level, retail environment, cultural background and relationship with luxury brands, Chinese luxury market has younger, digital and localized characteristics and its own characteristics in the global market.

Motives for luxury consumption

Motivation is an internal force that stimulates behavioral responses and guides the behavioral response. In marketing activities, there is a close relationship between consumer consumption behavior and enterprise marketing strategy, and consumption motivation is an important aspect. Consumption motivation reflects the psychological needs of consumers, such as spiritual and emotional needs. In terms of the consumption motivation of luxury goods, scholars at home and abroad focus on the following two aspects: social orientation and personal orientation. The earliest foreign related research began at the end of the 19th century, and has formed a relatively complete research framework and relatively rich research conclusions. (Zhang, 2007; Wang, 2009).

Research on the motivation of luxury goods consumption

By studying the motivation of consumers to buy luxury goods in the socioeconomic context, Veblen (1899) proposed that the rich "leisure class" should make "conspicuous consumption" when buying high-priced items to show off their wealth and gain social status. Leibenstein (1950) Further research based on conspicuous theory identified the "Veblen (Vanblen) effect", that is, the higher the commodity price, the greater the demand. Two other interpersonal effects of conspicuous consumption are also proposed: the snobbish effect, where demand declines as the number of buyers increases to a certain extent, and where demand increases as consumers follow some members of the group who have already bought the product. Ryan, 2006) more profoundly explained the important influence of social role and status on luxury consumption behavior, and combined it with uniqueness, conformity, ostentation and so on, collectively referred to as social-oriented motivation. Dubois & Laurent (2005) pioneered the personal-oriented motivation on the basis of social-oriented motivation, which can be subdivided into two major motives: personal enjoyment and perfectionism. Personal enjoyment refers to the pursuit of individual spiritual enjoyment; perfectionism refers to the achievement of self-perfection through the pursuit of a super-high-quality life. The emergence of these two motivations guides the academic research on the motivation of luxury individuals. The study of Ko, Costello & Taylor (2019) increases the motivation to consume luxury goods. Personal hedonistic motivation emphasizes the pleasure gained in the process of buying and using luxury goods, and self-giving yu [motivation emphasizes the incentive effect of consumers themselves in luxury consumption. In addition, the scholar Tsai (2005) believes that the luxury consumption motivation also includes the recognition of luxury quality.

Many foreign scholars try to study the motivation of luxury consumption from the perspective of consumer groups. The demand for luxury brands in the developed European countries represented by the United Kingdom mainly focuses on meeting their identity and

self-realization needs, while the United States pays more attention to consumers' psychological feelings of luxury goods and the social significance behind them. The study of Vickers & Jonathan (2003) distinguished luxury consumption motivation into experiantionism, functionalism and symbolism. Through the empirical research of British luxury consumers, we concluded that symbolic motivation is the most important factor affecting consumption behavior in luxury consumption motivation.

The research on luxury consumption behavior started late, and the concept of luxury consumption in China are quite different from foreign countries. Most domestic scholars explore the motivation of luxury consumption in Chinese culture based on the authoritative literature of studying the motivation of luxury consumption in China from abroad and referring to their research framework.

METHODOLOGY

The study of Influencing factors of brand cognition for Luxury goods in Hunan, China. The researcher has studied documents, textbooks, concepts, theories, and related research consistent with the study's objectives. This research is quantitative research in the format is survey research. The research tool was a questionnaire. Data was collected by instrument-based interviews. The survey sample was 257 people from customers who bought something about Luxury goods in the Luxury stores in Hunan. The researchers used a simple random sampling method to conduct a random sample size, as determined according to the Taro Yamane formula (Yamane, 1973). The tool used in this research was the Questionnaire, created by the researcher from the literature review combined with the study of the actual area and from the sample interviews. After collecting the data from the questionnaire, the researcher analyzed and processed the data by using a statistical package and analyzing various aspects of the data. Information on the travel agency characteristics of the sample group using Frequent and percentage distribution, credibility, similarity of view, quasi-social interaction, brand identity, brand value, and brand cognition of customer the luxury stores in Hunan the mean and the standard deviation (S.D.) were analyzed using a 5-interval approximation scale to count and weight each brand cognition level and the brand cognition level of the sample group of respondents by assigning numbers instead of weights. The researcher used a 5-level estimation scale by choosing the Likert method and at each level, there was a range value derived from the following calculation formula. The data collected were analyzed using the path modeling and on the basis of observing the actual student satisfaction of the organizations studied through all operational links in marketing and management.

RESULTS

4.1 Results of testing reliability and validity by statistical methods

Variable	Corrected Item-Total Correlation	Cronbach's Alpha
Credibilit		0.899
1.Apperance credibility	0.765	
2. Unique aesthetic credibility	0.889	

3. The credibility of being outstanding according to the audience.	0.812	
4. Security credibility does not imitate.	0.728	
5. After-sales service reliability	0.876	
Similarity		0.892
1. Similarity of views	0.764	
2.There are shared my values	0.812	
3.There has a lot in common with me	0.799	
4.There are behaved the same way as I did	0.896	
5. There has a thought / vision similar to me	0.987	
Quasi-social interaction		0.872
1. I'm looking forward to new products.	0.789	
2. I think this product is a match for me.	0.876	
3. I think I'm part of this product.	0.767	
4. I easily made the decision to buy this product.	0.734	
Brand identity		0.899
1. The luxury brand is a symbol of identity and wealth	0.824	
2. I really love people wearing the luxury brand	0.722	
3. I identify with people who like the luxury brand	0.876	
4. Considering all the factors, the luxury brand is a good choice	0.837	
Brand Value		0.873
1. Brand luxury goods is a good value for money	0.877	
2. Brand luxury goods is worth this price because it brings me more value than other brands	0.779	
3. Brand luxury goods is a better value for money than any other brands	0.876	
Brand Cognition		0.897
1. If I am shopping for luxury goods brands, my willingness to buy these brands will be very high	0.765	
2. If I were going to buy luxury goods, I would consider buying this brand	0.778	
3. If I were to buy a luxury goods brand, there is a high probability that I would buy a brand	0.881	

The results of the study influencing factors of brand cognition for Luxury goods in Hunan, China are as follow
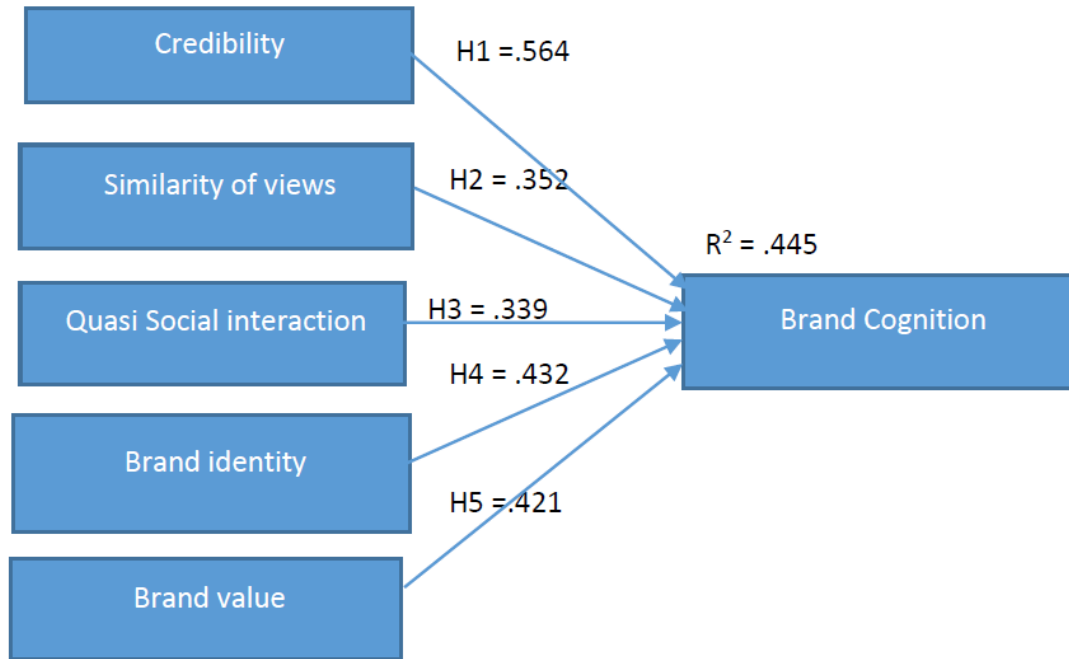
Figure 4.1 Results of path analysis

Research hypothesis testing

The researcher formulates research hypotheses for testing in accordance with the route equation according to the route analysis model with the following equations and assumptions:

$$\text{EMS} = \beta_0 + \beta_1\,\text{CRE} + \beta_2\text{SIM} + \beta_3\text{QUS} + \beta_4\text{BRI} + \beta_5\text{BRY} + \zeta_1 \ldots\ldots\ldots\ldots(1)$$

Hypothesis 1 Credibility has a positive effect on brand cognition

Hypothesis 2 Similarity of view a positive effect on brand cognition

Hypothesis 3 Quasi-social interaction a positive effect on brand cognition

Hypothesis 4 Brand identity a positive effect on brand cognition

Hypothesis 5 Brand value a positive effect on brand cognition

Table 4.9 Hypothesis Testing Results

Path	Path coefficient	t-stat	p-value	Hypothesis
H1: Credibility → brand cognition	0.564	4.142***	0.000	support
H2: Similarity of view → brand cognition	0.352	4.221***	0.000	support
H3: Quasi-social interaction → brand cognition	0.339	3.189***	0.000	support
H4: Brand identity → brand cognition	0.432	4.398***	0.000	support
H5: Brand value → brand cognition	0.421	4.115***	0.000	support

CONCLUSION

Summary the results of the research hypothesis test

Multiple Regression analysis

Out results of the effect between the dependent variables and all independent variables by regression analysis, it was found that the adjusted $R^2=0.445$, meaning that the effect of the five independent variables are Brand value, Credibility of video content, Similarity of views, Brand identity, and Quasi-social interaction on purchase intention, can have a 44.5% effect. The Durbin Watson data is 1.931, around 2, meeting the criteria, and no pseudo regression phenomenon in Eq.

F=101.888, Sig. =0.000*, the value was much less than 0.05, suggesting that at least one factor affects the purchase intention. The investigators will then analyze the extent of influence of the respective variable and the dependent variable.

The results show that the short video marketing affects the luxury consumer brand cognition, Adjusted $R^2=44.5\%$. In the following aspects, all factors affects Brand cognition is influenced by Quasi-social interaction (Beta=0.352), Brand identity (Beta=0.432), and Brand value (Beta=0.421), Credibility (Beta=0.564) and Similarity of views (Beta=-0.352).

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