

Consumer's Functional Values in Luxury Fashion Consumption: A Cross-cultural Comparison between Australia and China

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Abstract

Consumers use functional values to evaluate fashion products, which are influenced by an individual's nationality and cultural background. Although previous cross-cultural studies in luxury consumption determined the similarities and differences between Western and Asian consumers, there is scarce information on the influence of functional value perception between Australian and Chinese millennial consumers in their luxury handbag purchasing. In this study, a consumer's functional values were measured through three specific values: usability, quality, and uniqueness. Usability value refers to an individual's evaluation of a handbag's functions as satisfying their needs, such as size and ease of use. Quality value is a consumer's evaluation of a handbag's physical qualities, such as material quality, craftsmanship, and lifespan. Uniqueness value is a consumer's need to be unique or distinct from others, which is evaluated in terms of a handbag's exclusivity. 49 Australian and 52 Chinese millennial luxury-fashion-brand consumers were invited to a survey that required participants to do a pairwise comparison of the importance of these three values on their purchasing decision of a luxury fashion handbag. This pairwise comparison method and data analysis were based on the analytic hierarchy process (AHP), which is a mathematically based, multi-objective, decision-making tool. The results demonstrate that quality value has the greatest impact on luxury fashion handbag purchasing decisions for both Australian and Chinese millennial consumers, while the uniqueness value has the lowest impact on former and the usability value on latter. This study may assist brands and product developers to better understand the influence of both Australian and Chinese consumers' functional values on their intention to purchase a luxury handbag from a cross-cultural perspective, helping to establish user-centered design criteria for developing luxury fashion handbags.

Keywords: Luxury Handbags; Accessories Design; Consumer Functional Values; Consumer Needs; Cross-cultural Study; Product development

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1 Introduction

Luxury products or services have a strong appeal in almost all countries of the world. The luxury retailing industry in Australia, for instance, has had a steadily growth over the past five years [1]. Despite the challenges of the COVID-19 pandemic, the industry revenue is still entrusted with an expectation to grow at an annualised 2.4 % in the next five years, to total \$4.5 billion [1]. This considerable luxury consumption causes many global researchers to study the *luxury consumer behaviour*, which refers to a process that includes consumers satisfying their functional and psychological needs by purchasing and using products, services and experiences [2].

Previous research have determined that consumers purchase luxury goods for psychological satisfaction, such as hedonism and self-satisfaction [3, 4], but other researchers have demonstrated that a consumer's functional needs impact their purchasing decision of a luxury good [2, 5], leading designers and brands to study their consumers' functional needs in the process of product design. Understanding consumers' functional needs requires understanding their *functional value perception* which refers to consumer's evaluation of the physical benefits of luxury goods, such as product's usability, quality, and uniqueness [2].

However, consumers are different and their functional value perceptions are influenced by nationality, culture, and other factors [6]. To further understand the consumers' functional value and enhance its reliability and practicality of theoretical foundations in luxury industry, many recent researchers [7-12] conduct the consumer's luxury value study from a cross-cultural perspective, mainly focusing on comparing Asian and Western consumers' attitudes and purchase intention for a luxury good. The most common discussion, specifically, between Asian and Western consumers is based on individualist and collectivist. Recent research [11], for example, revealed there are different impacts of consumers' functional luxury value on purchase intention between collectivists and individualists. They [11] stated the quality value plays an important role in luxury car purchase intentions among collectivists but not in individualists, and they called for that future research can analyze different product categories to conduct a cross-cultural study.

Thanks to previous cross-cultural studies for consistently filling gaps in the consumer's luxury value field, luxury brands have been offered many implications in enhancing their product and service design, marketing communication, and others. There is scarce information, however, on the influence of functional value perception of luxury handbags in design and product development from a cross-cultural comparison between Australian and Chinese millennial consumers.

Drawing from the conceptual framework of luxury value established by Wiedmann, Hennigs, and Siebels [2], this paper focuses on the cultural differences in the consumption of luxury good, measuring Australian and Chinese millennial consumers' functional value perceptions of a luxury handbag. The researchers used the analytic hierarchy process to analyze the data gathered from study participants and reveal the relevant importance of the luxury value of Australian and Chinese millennial consumers respectively. This study contributes to the literature by comparing the role of usability, quality, and uniqueness in a cross-cultural context and expands previous research by focusing on consumers' purchase intention of luxury fashion handbags. Most importantly, this study enables luxury fashion designers to better perceive the commons and differences between Australian and Chinese consumers' functional evaluation of a luxury product, gaining design-relevant information and improving design criteria for developing luxury fashion handbags.