

A Research on Customer Luxury Perceived Value in Chinese Non-First Tier City

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Abstract

China is expected to become the world's largest luxury consuming market, but due to the market in the first tier cities (like, Beijing Shanghai) are reaching saturation. There is a growing trend that the traditional famous luxury brands are going to expand from coastal to inland regions of china. In other words, the non-first tier cities could be the new growth engine for luxury business in china. As a result, it is necessary to learn more about the customers in this area to understand what perceived value they pursued? What are their consuming behaviors and what characteristics are about the segment markets in this area? Hence, this article on the basis of previous research in economics sociology and psychology, examining the structure of customer perceived value and the connection with their personal characteristics. We took Xi'an as an example and a total of 177 customers participated in this survey, using descriptive statistics, factor analysis, clustering analysis, as well as MANOVA. The result of this research generated five luxury perceived factors, named respectively "Showing-off", "Uniqueness and fashion", "Quality", "Emotion", "Self-extension". The clustering analysis finally obtained 3 different clusters. The result of MANOVA showed these 3 clusters are significantly different towards to the luxuries-perceived value, so did the demographic statistics. In the end, the relative marketing strategies were given for the luxury groups who are willing to play an important part in the Chinese market at the next decade.

Key Words

Luxury Brands, Customer Perceived Value, Individual Characteristics, New Chinese Luxury Market Environment, Marketing Strategy

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1 Introduction

Luxury goods were originated in the 14th century Europe, which has a long history and rich culture. You can not only find the leathers from Rome and the tailoring from Paris, but also enjoy the full dress from London and the jewelry from Byzantine. Luxury means the global sales of high-end apparels, accessories, watches and jewelry, and other products are projected to rise to 210 billion Euros in 2013(Roberts, 2014). But the luxury in china still belongs to a start phase, specifically, since the reform and open policy at 1979, the European luxury brands gradually appeared in the mainland Chinese market. Until now they had reached a rapid growth and the Chinese luxury market is supposed to become the largest one in the near future. There are a growing number of Chinese customers who are fond of the international luxury brands, and the point is that, with the development of economy and the growth of the disposable income, they are able to purchase them. Nowadays the famous luxury brands like Louis Vuitton, Chanel, Gucci, Prada, Lancome, Estee Lauder, Rolex, Lanborghini and so on so forth, they treat china as an important part of their global strategies. On the other hand, the Chinese customers are having a better knowledge of these luxury brands through the fashion shows, the movies as well as the fashion magazines. As the development of Chinese luxury goods market forecast and investment consulting report of 2012-2014 showed that, by the end of March 2012, the total amount of China's luxury goods consumption (not including private yachts, aircraft and luxury car) have reached \$15.7 billion, nearly accounting for 25% of global market share, just close to Japan.

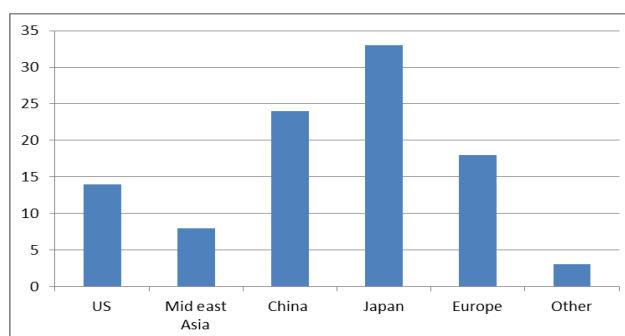


Fig.1 The global luxury market share in 2012

According to a research by China Brand Strategy Association at 2014, they found that the emerging of the middle class is facilitating the development of the luxury business in China. By 2015, there will be 76 million households come into the middle class family who would contribute 40% of the luxury purchases share. It is mainly concentrated in business managers, executives, private enterprise boss, celebrities, etc. So that it is clear that the Chinese luxury markets will see a gradual growth in the next few decades, but a new consuming tendency and a changed condition should be taken into account. That is to say, the luxury goods market in the first tier cities in China are reaching saturation, like Beijing or Shanghai the biggest and richest city in China, they could not grow so rapidly like what they did before, on the contrary, the non-first tier cities like Wuhan in the middle, Xi'an in the west, Chengdu in the south-east, with the huge market and potential customers, these non-first tier cities could be the new growth engine for luxury business in China. What's more, at the macro level, the new Chinese government introduced many new policies, like controlling government consuming and anti-corruption as well as facilitating the development and construction of middle and small cities. In this case, it is important and necessary to study the customer and market knowledge in the non-first tier cities.

According to the Maslow's needs hierarchy theory, when the people's disposable income increases, they will show a higher desire to social needs and self-realization. The luxury goods to a certain extent can satisfy the additional psychological needs of consumers and make consuming utility to a higher level, so it is necessary to study the consumption of luxury goods and explore the implicit meaning behind the consumption. We are trying to understand in the non-first tier cities what elements of luxury goods the customer pursue when they purchase them? This research would have two aspects of meaning, both theoretically and practically.

On one hand, the studies of luxury goods were originated in the research of economics. After the 20th century subjects like sociology, psychology and ethics

came into this field and put forward their own theories toward to this topic and produced many valuable research results. Some economist like Veblen (1899), Leibenstein (1950), Debreu (1958), they came up with some interesting theories like bandwagon effect, vain effect, and veblen effect in the perspective of economics. The sociological researches were mainly focus on the social stratification and the social nature of personal consumption motivation as well as the consumption of social functions, they also had many successful research results about luxury consumption. In terms of psychology researching, the achievement motivation theory and cognitive coordination theory can be used to study and explain luxury consumption behavior. At last, the ethics focused on the perspective of morality to study the consumption of luxury goods. Based on these previous ones, this research focus on the customer perceived value, analyzing what are their deep needs in the non-first tier cities as well as exploring the relationship between demographic variables and perceived values, thereby to use luxury customer perceived values as segmentation variables to segment the luxury market in this region until putting forward the marketing strategies combining with the characteristics of the region. This study hopes further enriching the related research in this field, especially in the non-first tier cities in china.

On the other hand, the well-known luxury goods companies want to succeed in china, they must study the characteristics of the Chinese market and Chinese consumers (Sang sutian, 2008), for example, Dior makeups and Estee Lauder, they launched a new series of products which was based on the characteristics of Chinese woman both physically and mentally, what's more, they had an elegant and with local features design for their cosmetics to Chinese women. And the famous French wine (Lafite) had achieved good results in china thanks to their localization strategies for advertising and channel construction. This study has a positive practical significance for the enterprises which are willing to develop the market and maintain the brand influence, because in this study, we will tell them how to do business more efficiently in china and share them more specific

information about the customers in non-first tier city. And for the new tendency, the luxury companies should have a better knowledge of the customers in this region. In addition, they also should predict the chance of this market potential and face the challenge in the future. Last but not least, China did not lack of luxury genes in history, thousands years ago, the Chinese porcelain (China), silk, furniture and so on were the dreaming goods all over the world. In history, because the trade of these luxury goods, china had opened up many valuable commercial lines, they always made prosperity in their foreign trading. Now, as Prada Group's chief operating officer (COO), Sebastian Suhl, puts it: "Although the Chinese market has brought the huge market potential to European luxury brands and brought new opportunities for European luxury goods companies, we could not forget that china has their own luxury things". Knowing the deep needs and demands of Chinese luxury customers would have a positive effect on the building of local brand and this research will contribute on it.

The above is the whole research background and under which the research questions are presented. In the future few decades, the main consuming growth in china should come from the non-first tier cities and in this study we will use series of feasible methods to analyze the customers there. So that we get our whole research path, as follows:

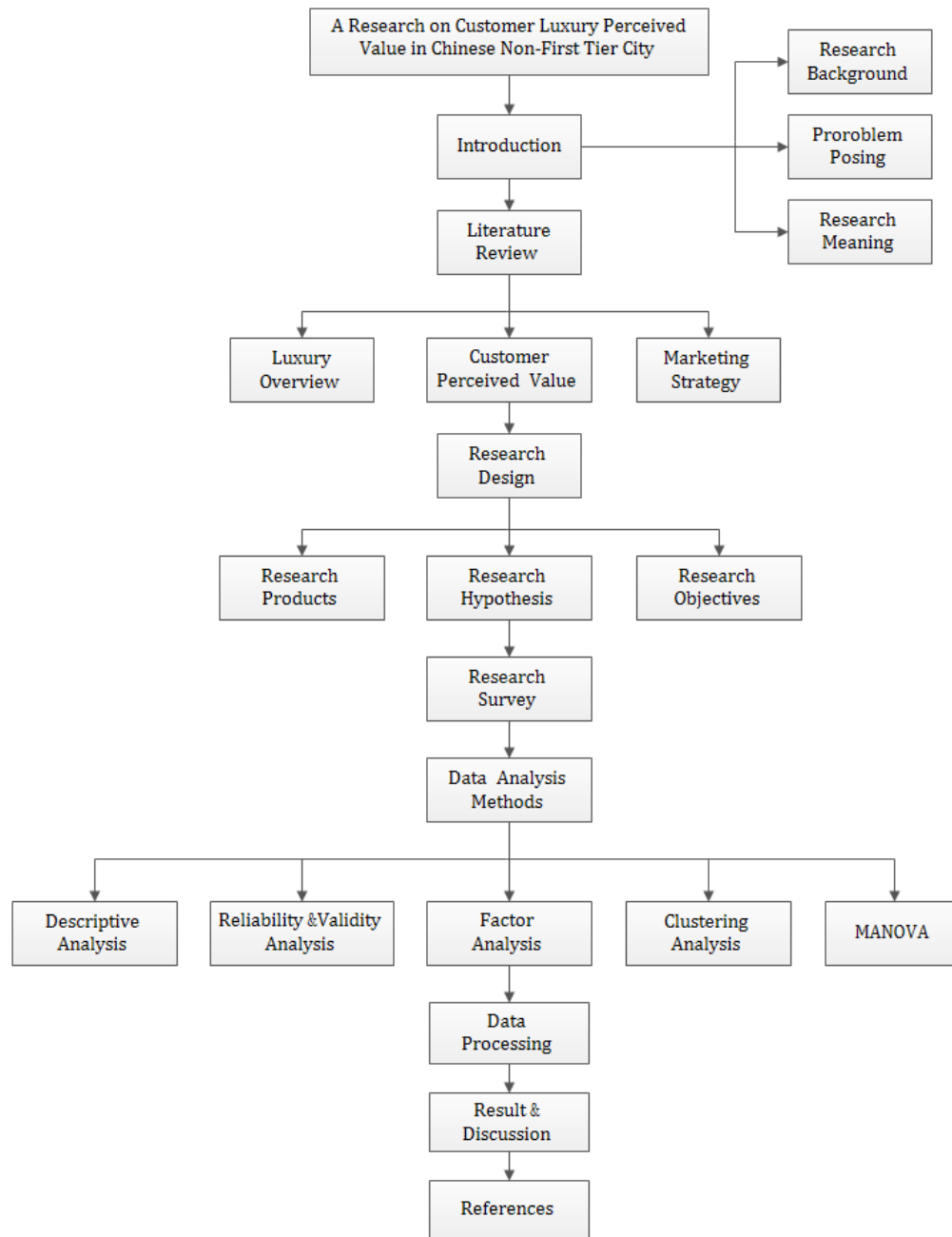


Fig.2 The whole research path

2 Literature Review

2.1 The concepts of luxury goods

“Luxury” derives from the Latin word “Luxus”, originally meaning “a very strong fecundity” according to the Oxford Latin Dictionary. Its root is the Latin word “Lux” (light) meaning glittering and attractive. Most kinds of European languages have absorbed the concept, as can be seen in the extravagance and prosperity of Roma, the polish and exquisiteness of Paris tailoring, the dignity and glory of

Britain, and the dazzle and preciousness of Byzantine jewelry. To be specific, “luxury” is used to describe certain lifestyle in which expenses for producing and using certain commodities have exceeded the necessary level. Currently, luxuries have already covered many areas of our daily life. Based on the Global Industry Classification Standard (GICS) proposed by the Morgan Stanley (1997), the luxury industry involves senior cosmetics, jewelry, private yacht, limousine, fashion bags, high-end food and drinks, etc.

There is an exact explanation for Luxury goods in Oxford advanced dictionary, namely, “A thing that is expensive and enjoyable but is not essential”. The research on luxuries stems from the economics. Mckinsey (1991) defines luxuries as products that have high prices compared to those with similar functions. The majority of scholars (Deaton& Muellbauer, 1980; Lancaster, 1971) define luxuries as goods with an income elasticity of demand greater than one. That is to say, the demand for luxury goods is growing with rising incomes, but the growth rate of demand is larger than that of the incomes. In this case, the Engel curve is concave.

Veblen, the founder of the sociological institutionalism school, proposes the concept of "conspicuous consumption". As he points out, the reason why people possess property lies in the fact that property can help one demonstration he is superior to others. Kapferer (1997) gives a sociological definition—luxuries, standing for the nice things in life, are a kind of art applied to functional products and a synonym of good taste.

Marketing scholars, starting from the perspective of marketing and combining researches from other disciplines, have a special understanding of luxuries. They believe that “scarcity” is the inherent feature of luxuries. Just like gold, silver and jewelry, they are of great value because of their scarcity. Danidle and Alleres (1997) define luxuries as goods of both peculiar and upscale traits. They think the “peculiar” trait represents great attractiveness to consumers and the “upscale” trait means high quality and difficult acquisition. The Chinese scholars Zhu Xiaohui and Lu Taihong (2005) give a general definition of luxury, i.e.

“non-necessities of peculiar, scarce and rare characteristics that are beyond people’s survival and development needs”.

2.2 The features of luxury goods

Charles Reid (1990), a researcher in the Emory University, has mentioned that 95% of luxuries are specially prepared for the 5% people in the top of the pyramid. Dubios et al. (2001), based on in-depth interviews and qualitative researches, sum up the six characteristics of luxuries, namely, remarkable Excellent quality; ultra-high prices; scarcity and uniqueness; aesthetic and sensory stimuli; inheritance and personal history; and non-necessity. On the basis of relative researches, this paper summarizes the following eight features of luxuries.

(1) Non-necessities of life.

Luxuries appear when the social needs increase to a certain stage and thus are not necessary for life.

(2) High quality.

The good reputation and the excellent quality consist with the value of luxuries.

(3) High prices.

Products with high prices are not necessarily luxuries, but luxuries must have high prices. Luxuries generally condense certain scarce social resources, like high-tech or consuming manual-labor. Moreover, the social status brought by luxuries also determines their high prices. Besides, they are not likely to depreciate.

(4) Output control.

Most traditional luxuries take handmade and customized productions. Therefore, the outputs of luxuries are usually controlled to highlight their scarcity.

(5) Channel extension.

Currently, the marketing channels of luxuries in China are mainly mall counters and retail outlets concentrated in megacities and first-tier cities. At present, measures like platform integration and network customization are taken to develop channels. Some brands had begun to enter the second-tier and third-tier

cities.

(6) Symbolic meaning.

Luxury consumers want to demonstrate their distinct social status and aesthetic pleasure by the consumption of luxuries.

(7) Brand culture.

Almost all luxury brands have their unique and long brand history and culture.

(8) Relative evolution.

Luxuries are subject to the dynamic history. They change with time and places. For example, sugar was a luxury in the 13th century in Europe, but now it becomes a popular mass consumer product.

2.3 The luxury brands

Luxury brands are the synonym and manifestation of luxuries. They are abstractions of the luxury features. Luxury brands have two concrete meanings. The first one is the tangible manifestation that can be shown to consumers, such as brand names, trademarks, designs, styles, prices, etc. The second one is the intangible inherent value of luxuries, such as cognitive interests, emotional sustenance, cultural traditions, individual images, etc. These allow consumers to clearly distinguish luxuries from non-luxuries in the market. Luxury brands usually have great brand value, with long cultural accumulation and historical heritage. They deliver information of luxury features to consumers by emphasizing the value of luxuries in the market meaning and marketing communications.

Luxury brands are mostly named after their founders or their founders' family. Founders first got orders continually by virtue of their unique skills and the favor of the royal family and the rich, and then handed down the brands from generation to generation. Many famous brands like Cartier jewelry, Hermes leatherware, Guerlain perfume and Chanel cosmetics have developed gradually from small family workshops to large-scale multinational corporations with great economic strength. According to the report released by the world brand

laboratory, the top ten world luxury brands are respectively

Ranking	Brands
1	Chanel (founded in France in 1921, one of the world's top 500 enterprises, a world-renowned luxury brand, one of the top ten leather brands, France Chanel)
2	Estee Lauder (founded in the United States in 1946, the world's largest company of skin care, cosmetics and perfume, a world-renowned brand)
3	Dior (founded in 1946 in France, a brand representing the noble and elegant lifestyle, a world-renowned brand)
4	Bentley (founded in the United Kingdom in 1920, one of the world's top 10 luxury brands, a world-renowned luxury brand of car, British Bentley)
5	Cartier (founded in Paris in 1847, a world-renowned brand, a well-known enterprise specializing in jewelry design and manufacture of, France Cartier)
6	Tiffany (founded in the United States in 1873, one of the world's top 500 brands, a leading brand of the industry, one of the top ten diamond ring brands, a world-renowned jewelry brand)
7	Louis Vuitton (founded in France in 1854, one of the world's top 500 brands, the world top brand of bags and leatherware)
8	Rolex (founded in Switzerland in 1908, one of the world's top 500 brands, the world's luxury brand of watch, the world's leading watch brand, Switzerland Rolex)
9	Burj (Burj Al Arab Hotel, also known as Burj Al Arab, the world's most luxurious hotel, the world's exclusive seven-star hotel , the world's most expensive hotel)
10	Hennessy (founded in 1765, originated from the world-renowned brandy brand of France)

Fig3. 2011 world's top luxury brands ranking list

2.4 The theory of customer perceived value

Porter has mentioned the concept of customer value in his famous book *Strategic Advantage*. He believes that the advantage of enterprises is to create value for consumers, and that enterprises should start from the view point of consumers to study the value they focus on. In recent years, the Customer Perceived Value (CPV) has become a very popular research area for marketing and consumer

behavior. Many scholars have conducted systematic researches and demonstrations on the concept from different perspectives—mainly from the value contrast, balance theory and relation-scenario theory.

Early scholars Zeithaml & Cravens et al. have analyzed the CPV from the perspective of value contrast, thinking it is a choice between quality and price. Among them, Monroe (1990) has proposed a relation about the CPV, i.e. $PV = (V1) AV + (V2) TV$

Here: PV is the customer perceived value,

AV is the value acquired by customers,

TV is the customer transaction value (cost).

In addition, Butz & Woodruff et al (1988) have given another explanation to the customer perceived value from the angle of relation and scenario. They think that the CPV is the preference and evaluation perceived by customers on certain conditions where the consumption of certain products or services facilitates or hinders the realization of their expected effects.

This paper cites the definition given by Zeithaml (1988), stating that the CPV is customer's overall evaluation of products or services after weighing the perceived interests against the expended cost. What Zeithaml values is the relation between "gain" and "loss" during the consumption of products or services. The "gain" here involves the "internal and external properties, quality, abstract value, implicated meaning and so on" of products or services; while the "loss" involves "money, time, energy and other non-monetary prices". The CPV basically has the following four characteristics:

- (1) CPV is customer's subjective judgment
- (2) CPV is consumer oriented
- (3) CPV realizes multi-level development with the differences among consumers
- (4) CPV is not static or constant, but changes with environment, cultural background, and time.

The luxury perceived value can be used to explain the intrinsic motivations of the

purchasing decisions made by luxury consumers. Whether consumers are satisfied with the purchased luxury goods and whether luxury brands will maintain their consumers both depend on whether consumers can gain more value from the luxuries. As a result, many enterprises have gradually regarded the luxury perceived value as a new source of competitive advantages.

(1) Society-oriented luxury perceived value

Veblen (1899) is the first to propose the concept of "conspicuous" consumption. He believes that the upper class conducts conspicuous consumption to demonstrate their wealth and thus win honor. The "status" of luxuries reflects the gaps between social classes. Leiben-Stein (1950) in a theoretical work concerning consumer demands puts forward three effects, namely, "trendy effect (the demand for certain consumer goods increases due to others' consumptions)", "power effect (the demand for certain consumer goods decreases due to others' consumptions)", and "Veblen effect (consumers increase the demand for certain consumer goods not because of the low price but the high price)".

Later marketing scholars have verified the above three effects, and gradually summarized three dimensions of society-oriented luxury perceived value. The first is the conspicuous feature. Consumption is to gain social prestige and honor; the second is uniqueness. Consumption is to widen the gap with the general public; and the third is conformity. Consumption is to keep up with the rhythm and pace of a particular social group.

(2) Individual-oriented luxury perceived value

Hirschman & Holbrook put forward their views of luxury perceived value, arguing that previous studies lack attention to the satisfaction of consumer's personal emotion and inner feeling, and that consumers long to realize their self-identification and social identification through the consumption of luxury goods. Wong & Ahuvia are the first to state that individual orientation is more significant than society orientation. They have proposed the individual-oriented value of "self-gift giving". The scholar Tsai (2004) proposes such individual-oriented dimensions as "self-pleasure", "aesthetic consistency" and

"belief in quality".

(3) Combined luxury perceived value of both society-orientation and individual-orientation

Vigneron & Johnson (1999) proposes a research model for the luxury perceived value. They use self-perception to classify consumers into two categories, i.e., consumers with public self-perception and consumers with personal self-perception, and accordingly divide influences on the reference group into two categories, i.e., interpersonal influences and self-influences. Interpersonal influences form the conspicuous, unique and conformity value of the luxury perceived value; while self-influences form the perfect and hedonic value of the luxury perceived value. Thus a relatively complete combined luxury perceived value of both society-orientation and individual-orientation is formed.

Author and Time	Society-Orientation Value			Individual-Orientation Value		
Veblen 1899	flaunt					
Leiben-Stein 1950	flaunt	unique	conformity			
Mason 1961	status	scarcity		aesthetic	extension	
Horuichi 1984	flaunt	scarcity	symbol	quality	pleasure	
Dobius Laurent 1994	flaunt	unique	conformity	quality	pleasure	gift
Wong ahuvia 1998	flaunt	unique	symbol	quality	pleasure	etiquette
Vegiro Johnson 1999	flaunt	unique	conformity	struggle	enjoyment	
Tsai 2001				quality	pleasure	gift
Li Hongyun 2008	flaunt	symbol	unique	quality	aesthetic	gift

Fig.4 The Luxury perceived value dimension contrasted table

Table 4 is a comparison table of the theoretical researches on luxury perceived value. This paper sorts and summarizes the researches by author and time, which enable a clear presentation of the society orientation, individual orientation and the combined orientation. The table mostly shows the view point

of Western scholars. As for Chinese scholars, the findings of Li Hongyun (2008) are selected to see the continual development of the luxury perceived value theories.

2.5 The theory of marketing strategy

Marketing Strategy is the process in which enterprises systematically organize business activities and take coordinated marketing tools to provide consumers with satisfying products or services to achieve the business goals. Neil Borden (1953) proposed the concept of "Marketing Mix" in his speech delivered in the American Marketing Association. Western companies then really realized the leverage of marketing in business activities, crying for developing marketing strategies of enterprises and functional layers. As a result, apparently appearing in the theoretical circle were the four elements summed up by McCarthy in his book *Basic Marketing* published in 1960— Product, Price, Place and Promotion (well known as the 4Ps). In 1967, Philip Kotler in his best-selling book *Marketing Management: Analysis, Planning and Control* further confirmed the marketing mix strategies centering in the 4Ps.

The appearing of the 4Ps has established the basic theoretical framework of marketing management. The 4Ps theory argues that the essence of enterprises' marketing activities is the process using the internal controllable factors (such as product, price, place, promotion and other marketing factors) to adapt to the external uncontrollable environment (such as political, legal, economic, cultural, geographical and other environmental factors), so as to implement transactions and achieve the targets of individuals and organizations. Therefore, the core of marketing activities lies in the formulation and implementation of effective marketing mix strategies.

In the end of the last century, the information technology revolution improved the productivity of human society, leading to shorter product life cycles, technological innovation, production processes modernization, declined production costs per unit of product, increasingly perceptual and personalized consumption concept and consuming behavior of people and so on. In this

context, new changes have emerged for the marketing. Robert .Lauteborn, professor of the University of North Carolina, puts forward the 4Cs theory corresponding to the traditional 4Ps marketing theory. The 4Cs refer to Customer, Cost, Convenience and Communication. The 4Cs theory reflects the shift of corporate marketing strategies from market-oriented to customer-oriented.

In the mid-1990s, the American scholar DonE. Schultz proposed the 4-Rs marketing theory which expounds four new elements of the marketing strategy framework.4-Rs are competition-oriented, increases the enterprise's marketing activity to the macro and social level under a new philosophical perspectives. This kind of theory puts forward that enterprise, customers and the other stakeholders should establish a career and life community as well as consolidate and develop the long-term relations of cooperation. At the same time this kind of theory emphasis on the relationship management rather than the market transaction. What's more, proposed in the late 1990s, 4-Vs aims to developing the marketing strategy to build enterprise core competitive ability, which is the new starting point of modern enterprise marketing research. We can find the detailed information about these four kinds of marketing strategies below:

Theory	Details	Contents
4Ps	Product	Including product combination, product life cycle, product packaging, brand, etc.
	Price	Pricing decision oriented, adjusting prices reaction, the design of risk assessment
	Place	Including the selection of channel mode and middlemen, coordinating management, physical distribution
	Promotion	Including publication, advertising, sells promotion, etc.
4Cs	Customer	Forget the products, remember customer's needs and expectations, treat customers as center
	Cost	Forget about the price, remember only the cost and let customers relatively satisfied on it
	Convenience	Forget the place, remember the convenience of our

		customers, to provide them convenient channels
	Communication	Forget the sales promotion, remember to communicate with customers to cultivate their loyalty
4Rs	Relevance	Establish relationships with customers, improve their satisfaction, Reduce the loss of the customers
	Reaction	Improve the market reaction speed and listen to customer's needs and desires
	Relationship	Keep cooperation relationship with customers and establish long-term and stable relationship
	Reward	Pay attention to profits and value return
4Vs	Variation	Use the different characteristics of products, considerate services to set up a good image
	Versatility	Provide different functions of products to meet different customer's spending habits
	Value	Improve the additional value of products and services to meet customer needs
	Vibration	Make customers get maximum satisfaction and the enterprise get benefit maximization

Fig.5 The detailed four kinds of marketing strategies

Since the U.S. marketing professor Wendell·Smith put forward the market segmentation theory in 1956.This theory has been widely used to direct the marketing activities of enterprises, which has played an important role in strengthening the enterprises' marketing competitiveness. The so-called "market segmentation" refers to classifying the consumers according to a certain standard, making it into the process of consumer groups with different demand characteristics. Market segmentation theory believes that each market customer requirements are different. If the company can successfully execute the market segmentation as well as accurately define the customers' needs which are not satisfy but feasible and take the lead in occupying the segment market, rather than simply stay on the product difference. Then, the enterprises can maintain their own survival space in the fierce competition situation.

The key of market segmentation is to understand the characteristics of the consumers, so we should find out the differences of their needs. Actually, the difference of demand is the basis of market segmentation. There are many causes for different demand of different goods. The specific factors are not always the same. For example, the geographical environment and consumer's age, gender, level of education, family income and psychological factors each of them will have an effect on consumers' demand. For this reason, market segmentation is according to these differences dividing the market into several sub-markets. (Wang Peicai, 2004) For instance, the shampoo market, due to the large number and widely spread of consumers, their buying requirements are quite different. The shampoo manufacturers especially the smaller and weaker one could not invest as much as the market leader due to the poorer research and development ability. So it is impossible for them to serve all customers in the market. The only way to reach success is to distinguish the segment market and focus on it effectively, that is to say, express your strong points and avoid shortness. For example, one simple principle is it can be segmented by the consumers' genders, age, the pursued values of the commodity, and the physical location. Apparently, people's hair quality is different. Generally speaking, there are neutral, oil and dry three kinds of hair quality. Enterprise can also treat the same group of consumers with same hair quality as a segment market and design suitable shampoo for the different segment market. The importance of market segmentation is that it is the starting point of enterprises' marketing strategy. The core of modern enterprise marketing strategy is called "the STP marketing". The market segment (Segmenting), select the target market (Targeting) and market Positioning (Positioning).

Hence, when talking about the marketing strategy, which has to be based on the market segmentation. Without the market segmentation, it could not be able to determine the target market of the enterprise, also could not be able to find their own positioning in market competition. Without a clear market positioning, the enterprise could not create differentiated product brand image as well as unable

to determine target market of enterprise and design the products. Only have efficient attempts in market segmentation could result in differentiated marketing strategies. Therefore, the market segmentation has become a platform on which all kinds of marketing strategies must be established on the basis of market segmentation. Nowadays, the market segmentation theory has become the foundation of marketing theory. More importantly, market segmentation theory is effective in practice, has become a golden key to open the market. In the same time for guiding the practice, the market segmentation theory itself also had been deepened by the followed scholars.

Marketing research is a wide range topic and marketing strategy slightly will play a larger important role in the enterprise development, new marketing strategies and the corresponding marketing measures constantly come out. They are also in a process of self-developing and self-revising. In the 21st century, both the rapidly developed high-techs and the economic globalization generate a changeable marketing environment. Therefore, every enterprise could choose their marketing strategy flexibly. The marketing mix is not a simple 4Ps, 4Cs, 4Rs, 4Vs, but a combination that contains STP+ 4P + 4C + 4R+ 4V +... when choosing a marketing strategy, the enterprise should try several marketing combination and focus on innovation, only in this way could meet the demands of the market competition and marketing environment changes.

3 The Research Design

3.1 The research objects and research products

The research objects of this article are mainly from the luxury goods purchasing segment markets mentioned in the first chapter with which 25 to 50 years old and mid-high family income, are concentrated in white-collars, business executives, private enterprise boss, celebrities, etc. In this paper, the research samples mainly come from two channels:

First, because this research chose Xi'an (ancient and second-tier city in northwest china) as an example, we decided to do the questionnaires at the most prosperous commercial circles and specific luxury consumption centers in Xi 'an, such as the bell tower department store, international business circle at south street, jochen geely the world watches selling center, kai yuan shopping mall and so on. Generally speaking, these are chosen to be the objects of the research have a certain purchasing power and education background, which has a high compatibility with the target consumer description. The source of the sample data was from the simple random sampling.

Second, to ensure the pertinence of the survey data, the author make full use of the internship opportunity in Xi 'an Prada, on the basis of the consent of the store manager, we collected some customer information including the name, phone number, e-mail address and the working place in their CRM system. Then we carried on the questionnaire issued to these units, including some foreign companies, state-owned large and medium-sized enterprises in Xi 'an area, state-owned Banks, institutions of higher education, senior casino and hotels and so on. Through introduction of the previous customers, we also knew some research objects and they were common in these units for a certain position having a certain purchasing level. We made phone calls to them and come to visit them to collect the information.

This article selected bags as the main research products are based on the following two reasons.

First, the leather bag is regarded as the representative of luxury goods, leather

industry contributed a great ratio in the whole luxury consumption; Besides, the design of the bags are admirable, there are different styles and types, which can better satisfy the multi-level consumption demand of consumers. It is obvious that the luxury bags advertisings are also very popular in recent years. No matter purse, cosmetic bags, handbags, briefcases, travel bags, leather bags, etc. All of them play an indispensable part in many luxury consumers;

Secondly, the author once again use the internship chance in Xi 'an Prada, closely contacting with all kinds of bags, including its origin, pricing, inventory, article number, color, design, packaging, custom, after-sale service of 2013-2014 season. Such kinds of information played an important role in helping the study of this research.

Therefore, from both the macroscopic and microscopic two points of view, this article finally selected the bags as the main research products.

3.2 Research hypothesis

From the last chapter about the literature review of the customer perceived value, the main research dimensions about the luxury perceived value are basically figure out. This article is on the basis of the predecessors' studies, putting forward the research dimension and the diagram of thoughts, as shown in figure 6.

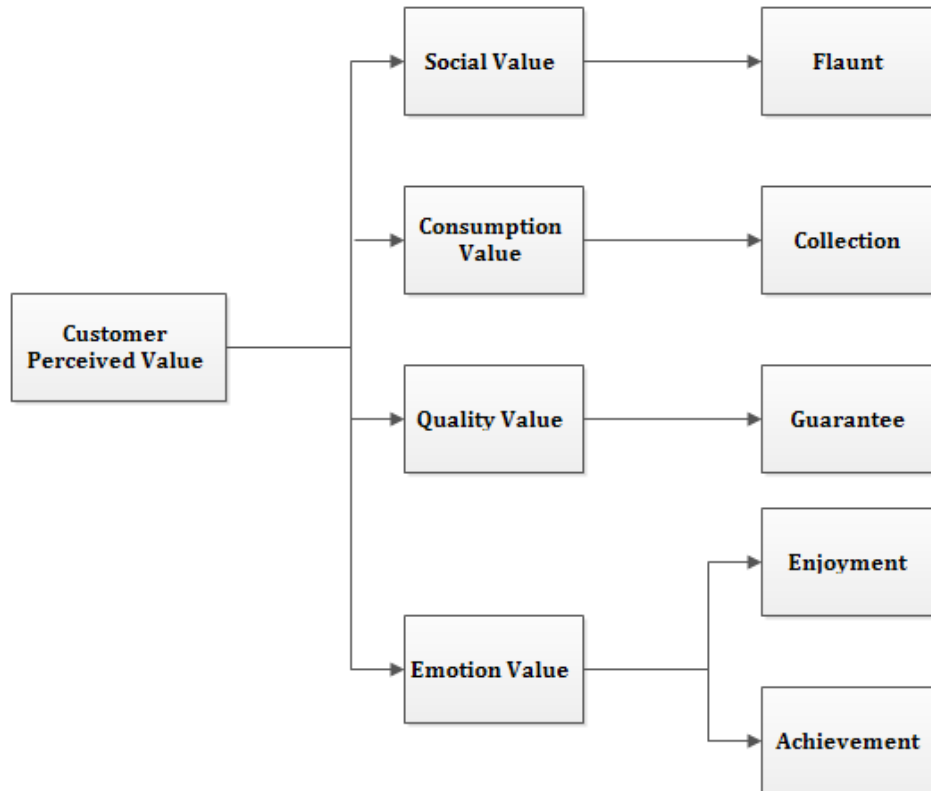


Fig.6 The research dimension and structure of luxury perceived value

(1) About the Flaunt value

Veblen (1899) argued that showing off (Flaunting) is the main perceived factor when consumers come to buy the luxury goods, they are spending a lot to gain the corresponding social status at the same time. Leibenstein (1950) also made a definition for flaunting value, in his opinion, the consumer is plan to show their social status and wealth, that's why they buy luxury goods. Levy (1959) was put forward to that the show off value is that the consumers took a fancy to some kind of symbolic value of the luxury goods. According to this, Dubois & Duquesne (1993) argued that consumers buy luxury goods is to satisfy their strong desire for the luxury symbolic value, actually this wish is what the earliest Veblen had mentioned.

Therefore, the flaunting value is that providing consumers with something showing their personal wealth, social status, grade hobby, etc. to attract attention and enhance the personal image.

(2) About the Collection value

In a study of Gentry et al (2001) suggested that the showing off (Flaunting) value is not the only perceived factor for consumers to buy the luxury goods. Through a large number of survey, he argued that there are a portion of consumers are attracted by the culture connotation of the luxury goods. That is to say, these customers were mostly impressed by the style and design of luxury goods. On the premise of having the ability to purchase and under the same probability to buy each luxury goods, they are more likely to buy something with higher collective value or have a unique effect and function.

Providing the unique design style to consumers and conforming to the personal aesthetic idea as well as the personalized customization, therefore, this kind of luxury perceived value is the collection value.

(3) About the Guarantee value

The reason why luxury goods can be sold at a very high price cannot apart from the high quality and complex making process. Roux (1995) pointed out that luxury goods must show the difference between the general products through the quality, generally because people think that the higher price represents a higher quality, plus that the luxury brands are generally carried dozens or even hundreds years of history. Using the concept of "perfectionism consumers" by Hafstrom to explain, namely the consumer pursuit luxury goods are caring the perfect quality and performance.

Therefore, offering excellent product quality and excellent purchasing service to customers with unusual quality guarantee is the quality guarantee value.

(4) About the Enjoyment value

Dubois & Laurent (1994) put forward that the emotional value is an essential factor for the luxury perceived value. The truth is that most consumers buy luxury goods are because such consumption could make them feel happy and enjoy themselves. In addition, the Chinese scholar Jianfeng Ling (2002), proposed that the concept of enjoyable consumption, which is drive by fantasy and good emotional.

Offering the consumers something that can please themselves and the others in the purchasing process. This kind of value is the enjoyment value.

(5) About the Achievement value

According to a research by Marquis (1998) showed that consumers with a high self-awareness would buy something that conform to their own temperament, reflect the personal tastes and different from others. The other evidence was by Puntoni (2001) that also confirmed that the consumer who had already got the personal success, turn to choose those products what are able to reflect the personal achievement and show the individual glamour and taste. That is to say, the luxury products were combined with external value and their own intrinsic traits.

In this way, through the above arguments, this article concludes that the luxury perceived value dimension contains five aspects, including: show off (flaunt) value, collection value, quality value, emotion value, and achievement value. Based on this, this paper puts forward the following hypothesis:

H1: The customer luxury perceived value contains five different dimensions in the non- first tier cities in china

Let's subdivide these value factors, then we can get five sub hypothesis as follows:

H1a: It exists the flaunt value among the customers in the non- first tier cities in china

H1b: It exists the collection value among the customers in the non- first tier cities in china

H1c: It exists the guarantee value among the customers in the non- first tier cities in china

H1d: It exists the enjoyment value among the customers in the non- first tier cities in china

H1e: It exists the achievement value among the customers in the non- first tier cities in china

This study took the representative city Xi'an among the non-first tier cities in china. Besides making the above hypothesis about the customer perceived value

of luxury goods, also this paper continued to explore the relationship between the customer perceived value and the demographic variables in this area. This study focus on the demographic variables including: gender, income, age and education level.

Based on this, this paper puts forward the other following hypothesis:

H2: There is significant difference between the demographic variables and the consumer luxury perceived value in non-first tier city in china

H2a: There is significant difference between the gender element and the consumer luxury perceived value in non-first tier city in china

H2b: There is significant difference between the age element and the consumer luxury perceived value in non-first tier city in china

H2c: There is significant difference between the income element and the consumer luxury perceived value in non-first tier city in china

H2d: There is significant difference between the education level element and the consumer luxury perceived value in non-first tier city in china

What's more, this study at the foundation of the luxury perceived value also explore the segment markets and the clustering features according to these perceived values in this region. Hence, let's put forward this hypothesis:

H3: There are significant differences exist in the different luxury perceived value clusters in the non-first tier city in china.

To sum up, let's see the research model as shown in the figure below:

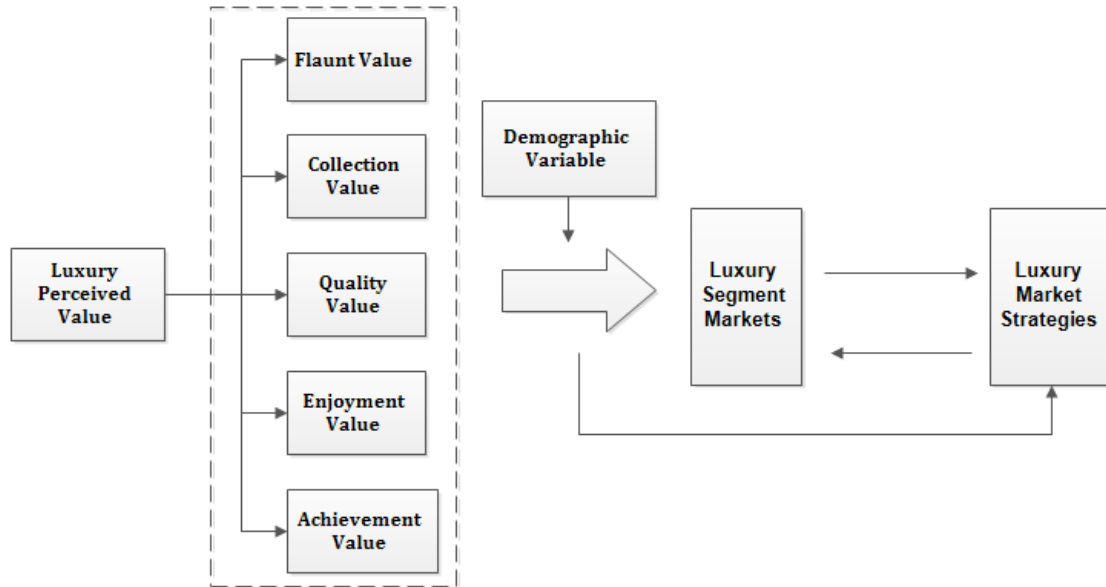


Fig.7 The whole research model

3.3 The scale design

The scale of this study includes two parts, on the one hand is twenty specific problems for the five dimensions of luxury perceived value according to the above hypothesis, on the other hand is the detail information about the demographic variables. In order to ensure the reliability and validity of the rationality of the scale, this study draws on some scholars' mature research scale, such as (Vicker & Franck Renand, 2003; Vigneron, BLI, 2004). According to the specific objects of the study, this paper used parts of the projects and conducted some revise, then got five first-level indicators and specific twenty secondary indicators, and put the demographic information at the end of the questionnaire . This study adopted the Likert scale (seven level), setting to "strongly disagree" , "disagree", "somewhat disagree", "it doesn't matter" "somewhat agree", "agree" and "strongly agree", meanwhile giving the evaluation from 1 to 7 points according to the options in order to realize the quantitative analyze. Eventually the first part that the dimensions of 20 corresponding questions are shown in the table below:

Luxury-Perceived Value	Tested Questions
Flaunt Value	<p>A1 This bag is very nice, someone would be jealous of it</p> <p>A2 This bag makes me different in other people's eyes</p> <p>A3 This bag is very expensive and could not afford to buy by most ordinary people</p> <p>A4 This bag shows the social status and position</p>
Collection Value	<p>A5 I prefer to buy this bag because it is customized for me</p> <p>A6 This bag is kind of an art work</p> <p>A7 This bag is the limited edition</p> <p>A8 This bag has the best and most fashionable design</p>
Quality Value	<p>A9 This bag has exquisite manual work</p> <p>A10 This bag's materials are the best from the world's optimal producing area</p> <p>A11 This bag is the classical edition</p> <p>A12 Enjoying the best purchasing experience and the strong quality guarantee</p>
Enjoyment Value	<p>A13 This bag is fit for my temperament and makes me more confident</p> <p>A14 This bag draws more attention for me</p> <p>A15 This bag could add the spiritual excitement</p> <p>A16 This bag makes me feel I am important in others eyes</p>
Achievement Value	<p>A17 This bag proves that I am a successful man</p> <p>A18 This bag can somewhat let me more easily control the others</p> <p>A19 This bag makes me more mature and attractive</p> <p>A20 This bag is a symbol of my struggling history</p>

Fig.8 20 corresponding questions in terms of the 5 luxury perceived values

What's more, the second part is the demographic variables including Gender, Age, Income and Education Background four aspects, each aspect contains specific subdivision level in order to make respondents check and choose.

3.4 The data analysis methods

This research has adopted the statistic software SPSS19.0 for data processing and analysis. Basically, the following four statistic methods have been employed:

(1) Descriptive statistical analysis

The descriptive statistical analysis method has been applied to describe basic information of the sample, including analysis of the mean values and standard deviation for measurement indexes, research of data influence and concentration, description of the demographic variables, and so on.

(2) Factor analysis

In this paper, exploratory factor analysis of 20 testing questions will be carried out. With the principal components analysis method and the rotary components matrix method, the characteristic value is set to be larger than 1 to extract the luxury product perceptive value factors. The analysis will include the scale reliability analysis and validity analysis (content validity and construction validity) before the factor analysis.

(3) Cluster analysis

This research will have a further classification of the factor analysis results through cluster analysis, so as to explore correlation among factor dimensionalities, find the public features, summarize groups of the same type, and provide a base for market segmentation.

(4) Multivariable analysis of variance (MANOVA)

This research will verify whether the demographic variables vary significantly in the consumers' perceptive values about luxury products.

4 Statistical Analysis and Results

4.1 Questionnaire retrieval and results

This survey started in November 2014 and lasted for about three months. Totally 200 questionnaire copies were distributed and 177 copies were retrieved. The questionnaire efficiency reached 88.5% after incomplete copies and copies with abnormal values were rejected.

(1)The sample statistics of gender

		Sex			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	M	83	46.7	46.7	46.7
	F	94	53.3	53.3	100.0
	Total	177	100.0	100.0	

Fig.9The gender statistics of samples

In this statistics, the male participants take up 46.7%, while the female take up 53.3%, a little higher.

(2)The sample statistics of age

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30y	45	25.4	25.4	25.4
	31-40y	73	41.2	41.2	66.6
	41-50y	41	23.2	23.2	89.8
	>=51y	18	10.2	10.2	100.0
	Total	177	100.0	100.0	

Fig.10The age statistics of samples

The participants are dominated by people aged between 18 and 50, with those between 31 and 40 accounting for the largest proportion, 41.2%. People between 18 and 30 and people between 41 and 50 take up the same proportion basically, 25.4% and 23.2% respectively. The accumulating contribution rate of people aged between 18 and 50 reaches 89.8%, while people above 50 only take up 10.2% in this survey.

(3)The sample statistics of income

		Income			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<=5000	48	27.1	27.1	27.1
	5001-8000	56	31.6	31.6	58.7
	8001-10000	51	28.8	28.8	87.5
	>=10000	22	12.5	12.5	100.0
	Total(¥)	177	100.0	100.0	

Fig.11 The income statistics of samples

According to the table, there are 48 participants with the monthly income below RMB5, 000, accounting for 27.1%; there are 56 participants with the income between RMB5, 000 and 8,000, accounting for 31.6%; there are 51 participants with the income between RMB 8,000 and 10,000, whose accumulating contribution rate reaches 87.5%; participants with the income over RMB 10,000 account for 12.5%.

(4)The sample statistics of education background

		Education Background			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High School	50	28.2	28.2	28.2
	Bachelor	81	45.8	45.8	74.0
	Master	32	18.1	18.1	92.1
	Doctor	14	7.9	7.9	100.0
	Total	177	100.0	100.0	

Fig.12 The education background statistics of samples

According to the table, participants in this survey are dominated by people with the bachelor degree, accounting for 45.8%; participants below the bachelor degree account for 28.2%; participants with the master degree account for 18.1%; participants with even the doctor degree take up 7.9%.

In conclusion, the target groups of this research are dominated by those aged between 18 and 50, making RMB 5,000 and 8,000 per month, and having the

bachelor degree or above. In order to explore the concentration degree of the above demographic variables, variance analysis has been carried out in this research for these four variables, and it has turned out that the standard deviations are all less than 1. Thus, the variables have the high concentration degree.

	Sex	Age	Income	Education
Std. Deviation	.889	.891	.811	.867
N	177	177	177	177

Fig.13The standard deviation analysis of demographic variables

4.2 Scale reliability analysis

This paper has adopted the standard proposed by Guiford (1965). According to the standard, when the Cronbach's value is larger than 0.7, high reliability is indicated; when it is between 0.7 and 0.35, moderate reliability is indicated; if it is less than 0.35, the scale should not be used. According to the inspection, the Cronbach's α coefficient value of the scale is 0.85 (larger than 0.7), and the standardized Cronbach's α coefficient value is 0.856, so the questionnaire reliability of this research is fairly high, items of the scale have the high internal consistency, and the scale can be used for deep research.

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.850	.856	20

Fig.14 The scale reliability analysis

4.3 Scale validity analysis

Validity analysis measures validity of testing indexes. Generally, the testing methods include content validity and construction validity. The content validity of the scale in this research has been designed based on the researches by massive authoritative scholars, so it can be sure that the questionnaire content has discussed the research subject guarantee the content validity; for the construction validity of the scale, the following analytical data have been extracted with the principal components analysis method according to the standard of characteristic value larger than 1:

KMO & Bartlett Test

Kaiser-Meyer-Olkin		.813
Bartlett Sphericity test	The approximate chi-square	1226.224
	df	231
	Sig.	.000

Fig.15 The KMO & Bartlett test table

Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.380	26.898	26.898	3.260	16.300	16.300
2	1.844	9.222	36.120	2.633	13.166	29.467
3	1.559	7.796	43.915	1.881	9.406	38.873
4	1.369	6.846	50.761	1.868	9.339	48.212
5	1.121	5.606	56.367	1.631	8.154	56.367
6	.974	4.868	61.234			
7	.945	4.724	65.958			
8	.813	4.063	70.021			
9	.786	3.930	73.952			
10	.715	3.574	77.526			
11	.665	3.326	80.851			
12	.609	3.044	83.895			
13	.541	2.703	86.598			
14	.511	2.556	89.155			

15	.476	2.379	91.533		
16	.403	2.015	93.548		
17	.357	1.786	95.334		
18	.345	1.723	97.057		
19	.316	1.578	98.635		
20	.273	1.365	100.000		

Extraction Method: Principal Component Analysis.

Fig.16 The total variance explained table of the scale

KMO=0.813, concomitant probability of Bartlett test of sphericity (sig) =0.000, no null hypothesis; the characteristic values of five factors are larger than 1, and the explained accumulative variance rate reaches 56.367% (larger than 0.5), so the scale is provided with the fairly good construction validity. In conclusion, the scale has the fairly good validity.

4.4 Descriptive statistical analysis of the scale

In this paper, descriptive statistical analysis has been carried out on 20 testing items of the scale, and the results are shown in the table below. According to the table, the mean scores of 20 items are all larger than or equal to 3.29, and the standard deviations are all less than 1, which indicates that all testing items in the questionnaire have the abundant influences and have the high concentration degree among them.

Descriptive Statistics

	N	Mean	Std. Deviation
X1	177	3.58	.889
X2	177	3.89	.891
X3	177	3.97	.811
X4	177	3.60	.867
X5	177	3.69	.783
X6	176	4.01	.828
X7	177	3.81	.858
X8	177	3.87	.853
X9	177	2.50	.873
X10	177	3.29	.938
X11	177	4.04	.862
X12	177	3.49	.791
X13	176	3.84	.815
X14	177	3.80	.769

X15	177	3.93	.798
X16	177	4.15	.734
X17	177	3.94	.689
X18	177	4.02	.738
X19	177	3.97	.730
X20	177	4.00	.746
Valid N (listwise)	175		

Fig.17The descriptive statistical analysis of the scale

4.5 The exploratory factor analysis of luxury perceptive values

With the factor analysis, several specific indexes are extracted comprehensively through data dimensionality reduction to cover massive original variables. For the factor analysis conducted in this paper, characteristic roots with the characteristic value larger than 1 will be selected with the principal components analysis method and factors will be extracted with the largest-variance orthogonal rotation manner. In the above validity analysis, this paper has studied the scale construction validity and has discovered that the accumulative variance contribution ratio of the previous 5 factors reach 56.367%. From the scree plot of common factors below, we can see that the characteristic curve is provided with a high slope and significant variation, so the factor loading rotary matrix of 5 principal factor variants has been determined eventually.

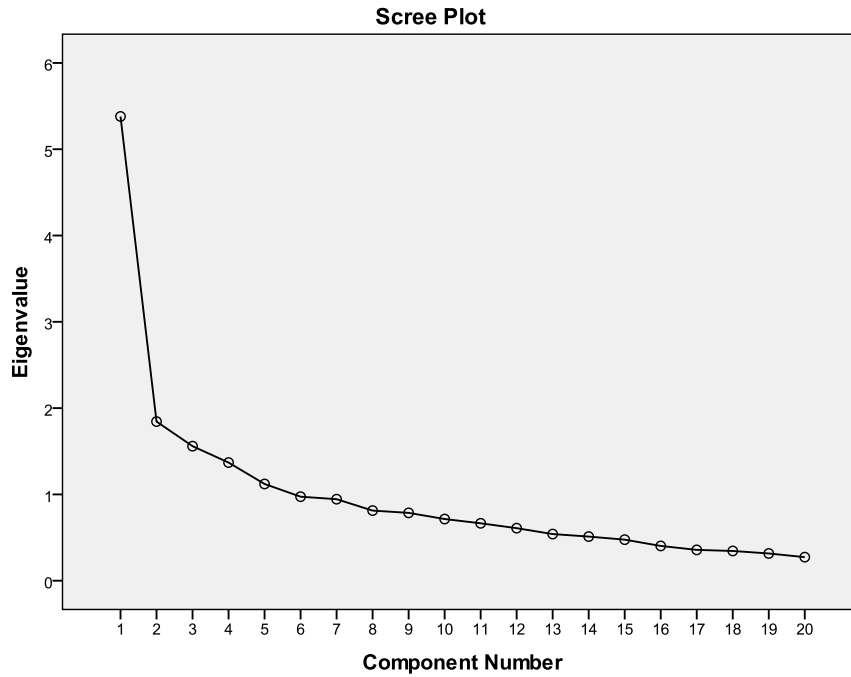


Fig.18 The factors scree plot

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
X1	.661	.247	.421	.192	.583
X2	.764	.098	.360	.581	.358
X3	.589	.171	.125	.311	.411
X4	.742	.124	.422	.184	.465
X5	.603	.447	.528	.537	.431
X6	.449	.575	.407	.041	.103
X7	.447	.819	.149	.436	.209
X8	.477	.349	.541	.285	.242
X9	.045	.417	.772	.147	.421
X10	.145	.394	.510	.195	.267
X11	.332	.619	.423	.108	.049
X12	.326	-.047	.465	.567	.288
X13	.329	.355	.316	.780	.219
X14	.607	.419	.198	.533	.114
X15	.214	.058	.268	.603	.086
X16	.487	.280	.205	.359	.209
X17	.046	.104	.252	.480	.136
X18	.273	-.247	.034	.221	.362
X19	.124	-.157	.293	.105	.820
X20	.453	.473	.117	.110	.635

Fig.19 The factors analysis rotated component matrix

Thus, five common factors have been extracted as follows:

Factor1 including variables X1 、 X2、 X3 、 X4 、 X5、 X14

Factor2 including variables X6、 X7、 X11

Factor3 including variables X8、 X9、 X10

Factor4 including variables X12 、 X13、 X15

Factor5 including variables X19、 X20

Therefore, the hypothesis H1 of this research has been verified, i.e. The customer luxury perceived value contains five different dimensions in the non- first tier cities in china

About Factor1, its corresponding issues can be summarized into presentability, distinctiveness, status highlight, customization, and attraction. Therefore, the consumers in this area, motivated by the “face”, show themselves off and highlight their external images and positions by purchasing luxury goods. This factor can be named as “showoff –face” factor.

About Factor 2, its corresponding issues can be summarized into limited edition and classic style. Thus, motivated by such a factor value, the local consumers seek the unique design, packaging and connotation of luxury products, distinct themselves with the limited editions of luxury products, and deem classic those considered classic by fashion trends. This factor can be named as the “uniqueness-fashion” factor.

About Factor 3, its corresponding issues can be summarized into fine craftsmanship, superior material and guaranteed quality. Thus, the local consumers of luxury products usually believe that the high price is directly proportional to the quality and that an expensive product surely has the trustable quality. This factor can be named as “quality-confidence” factor.

About Factor 4, its corresponding issues can be summarized into the distinguished purchase experience, disposition, excitement and pleasure. Thus, when purchasing luxury products, the local consumers may be fond of and even obsessed with the distinctive enjoyment in the purchase process, and feel excited

about the way they are deemed as wealthy and successful people. They believe it is an enjoyment. This factor can be named as “emotion-enjoyment” factor.

About Factor 5, its corresponding issues can be summarized into symbols of maturity, charm and striving. Thus, purchase of luxury products may be the selection made by these consumers at a specific life stage. After they strive, become successful and mature, and are provided with the purchase power, purchase of luxury products is an extension and confirmation of themselves. This factor can be named as “extension-accomplishment” factor.

4.6 Cluster analysis of variables

In the cluster analysis, properties of different things are compared and these with the similar properties are classified into the same category. In this paper, the cluster analysis will be carried out based on the factor analysis variables concluded above, so as to find the target market and summarize the target consumer group characteristics more clearly. The above 5 factor variables have been used as the segmentation variables and introduced into the cluster analysis with SPSS19.0, and 3 categories of classification numbers have been selected with the K-means Cluster method. The following research results have been concluded:

ANOVA

	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Factor1	8.857	3	.700	173	12.646	.000
Factor2	32.384	3	.433	173	74.740	.000
Factor3	15.739	3	.482	173	32.655	.000
Factor4	9.250	3	.657	173	14.079	.000
Factor5	26.717	3	.436	173	61.318	.000

Fig.20 The variance analysis in the process of clustering

According to the variance analysis results, when the probability value (Sig) of distance difference between categories is 0.000 (all less than 0.001), the good cluster effect will be achieved. The analysis reveals that the perceptive values about luxury products by all three groups vary significantly, so the hypothesis H3

in this paper has been verified. The results are shown as follows:

Perceived Value Factors	Cluster1	Cluster 2	Cluster 3	Sig
Showoff –Face	.34572	.14887	.21367	.000
Uniqueness-Fashion	.28954	.02509	.14673	.000
Quality-Confidence	.21244	.22531	-.34532	.000
Emotion-Enjoyment	-1.27865	.16423	.37521	.000
Extension-Accomplishment	.15378	.23114	.18905	.000
Number	64	37	76	Sum: 177
Percentage	36.16%	20.90%	42.94%	Sum: 100%

Fig.21The load average of each cluster on the perceived value factors

According to the results, the group 1 has the high mean loading value with the “showoff-face” factor, followed by the “uniqueness-fashion” factor; Group 2 has the high mean loading value with the “extension-accomplishment” factor, followed by the “quality-confidence” factor; Group 3 has the high mean loading value with the “emotion-enjoyment” factor. Thus, the five perceptive value factors can be used as the segmentation variables further and divided into three groups, each of which has its own consumption characteristics and represents different consumption preferences. This has laid foundation for market segmentation later in this paper.

4.7 Relationship between demographic variables and luxury perceptive values

In order to verify the hypothesis H2 in this paper and judge whether the demographic variables vary significantly in the perceptive values about luxury products, MANOVA will be adopted in this paper for verification. Four demographic variables, including sex, age, income and education, were set as the fixed variables, the concluded perceptive value factors were set as dependent variables, the Wilks' Lambda value was taken as the benchmark, so conclusions

have been made as follows:

Effect		Value	F	Hypothesis df	Error df	Sig.
Sex	Wilks' Lambda	.658	3.723	20.000	550.000	.040
Age	Wilks' Lambda	.753	1.802	16.000	540.000	.031
Income	Wilks' Lambda	.812	1.864	18.000	550.000	.026
Education	Wilks' Lambda	.656	6.394 ^b	14.000	530.000	.018

Fig.22The MANOVA table between demographic variables and the perceived value factors

According to the table, Sig values of all demographic values are less than 0.05, reaching the significance level, which indicates that demographic variables vary significantly in the perceptive values about luxury products and verifies the hypothesis H2 in this paper. To be specific, the lower P is, the higher the significance level will be. Education, income, age and sex are ranked in order from the highest significance to the lowest significance.

In order to further describe the relationship between demographic variables and five perceptive value dimensionalities, MANOVA has been adopted for detailed inspection, and the following results have been achieved:

	Dependent Variable	Mean Square	Sig
Factor1	M1	.067	.143
	F2	.083	
Factor2	M1	-.167	.000
	F2	.183	
Factor3	M1	.085	.315
	F2	.044	
Factor4	M1	-.134	.024
	F2	.063	
Factor5	M1	.058	.834
	F2	.016	

Fig.23The MANOVA table between sex variables and the perceived value factors

According to the above table, sex varies significantly in “uniqueness-fashion” and “emotion-enjoyment”, and doesn’t vary in other factors. Thus, the hypothesis H2a in this paper is accepted.

Tests of Between-Subjects Effects

	Dependent Variable	Mean Square	Sig
Factor1	18-30y	.124	.000
	31-40y	.024	
	41-50y	.033	
	>=51y	-.015	
Factor2	18-30y	-.367	.112.
	31-40y	-.182	
	41-50y	-.467	
	>=51y	.013	
Factor3	18-30y	-.285	.031
	31-40y	-.044	
	41-50y	.087	
	>=51y	-.042	
Factor4	18-30y	-.054	.547
	31-40y	-.063	
	41-50y	-.018	
	>=51y	-.091	
Factor5	18-30y	.058	.469
	31-40y	-.216	
	41-50y	-.217	
	>=51y	.023	

Fig.24 The MANOVA table between age variables and the perceived value factors

According to the above table, age varies significantly in “showoff-face” and “quality-confidence. Thus, the hypothesis H2b in this paper is accepted.

Tests of Between-Subjects Effects

	Dependent Variable	Mean Square	Sig
Factor1	<=5000 ¥	-.329	.000
	5001-8000 ¥	-.167	
	8001-10000 ¥	.315	
	>=10000 ¥	.244	
Factor2	<=5000 ¥	.048	.021.
	5001-8000 ¥	.119	
	8001-10000 ¥	-.037	
	>=10000 ¥	-.213	
Factor3	<=5000 ¥	-.065	.000

	5001-8000 ¥	-.043	
	8001-10000 ¥	.087	
	>=10000 ¥	.192	
Factor4	<=5000 ¥	-.054	.001
	5001-8000 ¥	.013	
	8001-10000 ¥	.025	
	>=10000 ¥	.023	
Factor5	<=5000 ¥	-.057	.000
	5001-8000 ¥	.036	
	8001-10000 ¥	.087	
	>=10000 ¥	.163	

Fig.25The MANOVA table between income variables and the perceived value factors

Income varies significantly in all five perceptive value factors, so the hypothesis H2c in this paper is accepted.

Tests of Between-Subjects Effects			
	Dependent Variable	Mean Square	Sig
Factor1	High school	.117	.000
	Bachelor	.097	
	Master	.062	
	Doctor	-.024	
Factor2	High school	.178	.137.
	Bachelor	.045	
	Master	-.032	
	Doctor	-.073	
Factor3	High school	-.015	.351
	Bachelor	-.023	
	Master	-.087	
	Doctor	.042	
Factor4	High school	.024	.000
	Bachelor	.013	
	Master	-.115	
	Doctor	.011	
Factor5	High school	.035	.000
	Bachelor	-.016	
	Master	.027	
	Doctor	.083	

Fig.26The MANOVA table between education and the perceived value factors

Finally, according to the above table, education varies significantly in “showoff-face”, “emotion-enjoyment” and “extension-accomplishment”, so the hypothesis H2d in this paper is accepted.

4.8 Research Conclusions

Based on the researches of perceptive values about luxury products by Vickers (2003), Vigneron (2004), Hongyun Li (2009) and other scholars, with the “middle class” owning a certain purchase power as the main sample source, and with a hypothetical luxury brand bag as the research product, this paper has mainly discussed what perceptive values are brought by luxury products to consumers in Xi’an (Taken as an example for the non-first tier city in china), explored the relationship between the perceptive values and the demographic variables, realized market segmentation with perceptive value factors as the segmentation variables, and proposed the marketing strategies to satisfy the needs of local consumers effectively. In the process of research, descriptive analysis, exploratory factor analysis, cluster analysis, and MANOVA have been applied to verify three hypotheses in this research and accomplish the research purpose of this paper.

(1)Constitution of perceptive values about luxury products by consumers in non-first tier city of china

In Chapter 3, this paper has analyzed the views on luxury product perceptive values by predecessors through massive theoretical researches, and proposed five perceptive values about luxury products, namely Flaunt value, Collection value, Quality value, Enjoyment value and Achievement value. Through the exploratory factor analysis, this paper has reduced the data dimensionalities and summarized the data abstractly, and concluded 5 characteristic values larger than 1 finally, the accumulative variance contribution rate of which reaches 56.367%. Through related analyses, these 5 factors have been named as “Showoff-Face”,

“Uniqueness-Fashion”,“Quality-Confidence”,“Emotion-Enjoyment”,and“Extension-

Accomplishment”, so H1 has been verified. Through the comparative factor analyses, this paper has verified 5 sub-hypotheses under H1 as follows:

Factor Number	Items	Extracted number	Items	Verdict
1	1-4	①	1-5、 14	Conform
2	5-8	②	6、 7、 11	Mainly Conform
3	9-12	③	8、 9、 10	Mainly Conform
4	13-16	④	12、 13、 15	Mainly Conform
5	17-20	⑤	19、 20	Conform

Fig.27 The comparative factors analysis

However, the five factor values concluded from the factor analysis differ with the proposed five value dimensionalities. The concluded Factor 1 is “showoff-face”. This paper has summarized a universality of the consumers in non-first tier city of china, i.e. “face” consumption, through the items (1-5 and 14). The notion of “face” exists widely in the Chinese society and stretches deeply into every layer of Chinese social life. Zhuomin Shi (2012), a scholar from China, has found through researches that the “face” need should contain four dimensionalities, namely the morality face need, the capability face need, the status face need and the relation face need. All of these can explain reasonably the local perceptive value “showoff-face”. The concluded Factor 2 is “uniqueness-fashion”, which differs with the collection value. A product can be a collectible due to its unique or fashionable design, but not all products collected are unique or fashionable. Thus, this paper has revised the second factor through the items (6, 7 and 11), and named the factor as “uniqueness-fashion”. The concluded Factor 3 is “quality-confidence”, which is consistent with the “quality value” proposed. The concluded Factor 4 is “emotion-enjoyment”, which is basically consistent with the “enjoyment value” proposed. Items (12, 13 and 15) contained in this factor can summarize the factor from emotion, and highlight the enjoyment before, in and after purchase. The concluded Factor 5 is “extension-accomplishment”. It is

consistent with the “accomplishment value” proposed, and demonstrates the internal self-development and self-satisfaction of a consumer.

(2) Characteristics of different groups for the perceptive values about luxury products by consumers in non-first tier city of china

Through the cluster analysis, this paper has clustered the 5 factors of perceptive values about luxury products and concluded 3 groups eventually. Also, it has been verified that the perceptive values vary significantly in different groups, i.e. H3 is verified.

Hereinto, the first group has the large factor loading in Factor 1 and 2, the second group has the large factor loading in Factor 5 and 3, and the third group has the large factor loading in Factor 4.

	Group 1	Group 2	Group 3
Related Factors	(1) showoff-face (2) uniqueness-fashion	(5)extension-accomplishment (3)quality-confidence	(4) emotion-enjoyment
Type	self-assertion	practical and satisfied	emotional appeal

Fig.28 The clustering and common features analysis

These three groups can also be used as three variables of market segmentation to continue the deeper exploration and research. The self-assertion consumers care about fashion and pursue trends; they are easily influenced by commercials and others’ purchase, and impulsive in purchase; they like to demonstrate themselves and want to manifest their personal taste and social status through purchase. The practical and satisfied consumers generally have a certain purchase power; they are rational in consumption and stress inherent requirements of luxury products. The emotional-appeal consumers are elaborate with their life; they care much about their own internal pleasure and comments and eyes from others; they like to deepen and consolidate their interpersonal relationship through purchase.

(3)The relationship between perceptive values about luxury products and

demographic variables by consumers in non-first tier city of china

The demographic variables in this paper include sex, age, monthly income and education background. Through questionnaire collection and preliminary MANOVA, it has been concluded that the demographic variables vary significantly in the perceptive values about luxury products by setting the demographic variables as the fixed variables and five perceptive value factors as the dependent variables. Thus, H2 has been varied. To be specific, in respect of perceptive values about luxury products, the female consumers care more about “fashion, uniqueness, enjoyment, and emotion” than the male do; in respect of age, consumers aged between 18 and 30 has the largest loading in “showoff-face”, while consumers over 40 pay more attention to the product quality; income varies significantly in all perceptive values; consumers with the higher education level care more about self-extension and inherent requirements of products, while consumers with the lower education care more about external manifestation of products and emotional appeal.

Thus, the final research results of this paper are showed as follows:

No.	Hypothesis	Test
H1	The customer luxury perceived value contains five different dimensions in the non- first tier cities in china	Support
H1a	It exists the flaunt value among the customers in the non- first tier cities in china	Support
H1b	It exists the collection value among the customers in the non- first tier cities in china	Partly Support
H1c	It exists the guarantee value among the customers in the non- first tier cities in china	Partly Support
H1d	It exists the enjoyment value among the customers in the non- first tier cities in china	Partly Support
H1e	It exists the achievement value among the customers in the non- first tier cities in china	Support

H2	There is significant difference between the demographic variables and the consumer luxury perceived value in non-first tier city in china	Support
H2a	There is significant difference between the gender element and the consumer luxury perceived value in non-first tier city in china	Partly Support
H2b	There is significant difference between the age element and the consumer luxury perceived value in non-first tier city in china	Partly Support
H2c	There is significant difference between the income element and the consumer luxury perceived value in non-first tier city in china	Support
H2d	There is significant difference between the education level element and the consumer luxury perceived value in non-first tier city in china	Partly Support
H3	There are significant differences exist in the different luxury perceived value clusters in the non-first tier city in china	Support

Fig.29 The research verdicts table

5 The luxury market analysis in Chinese non-first tier city

5.1 Opportunities and Develop Trends

(1) Fast growth with huge potential

The main non-first tier cities in china including: Chengdu, Xi'an, Wuhan, Nanjing, etc. of which Chengdu belongs to the Sichuan province located in south-west and Xi'an belongs to Shaanxi province located in north-west part of china. You could see these geographical parts are not near the sea but they have a big population. The economies in these non-first tier cities surely contribute a larger amount of the whole country's modernization construction. You also could find it in the comparative tables below:

City Name	Province	GDP pct 2012	GDP pct 2013	GDP pct 2014
Xi'an	Shaanxi	3.2%	3.7%	3.9%
Chengdu	Sichuan	4.2%	3.8%	4.5%
Wuhan	Hubei	4.4%	4.4%	4.5%
Nanjing	Jiangsu	6.1%	6.3%	6.1%

Fig.30 The non-first tier city economy development table

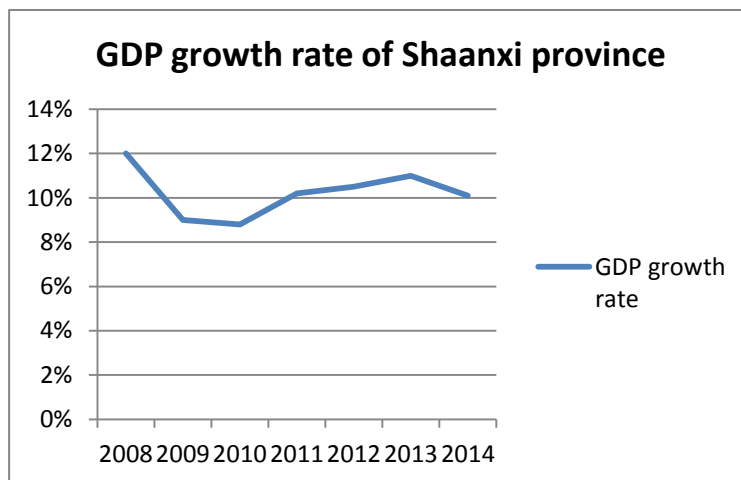


Fig.31 The GDP growth rate in Shaanxi province

Through the data above we could see the non-first tier city in china has a stable and potential economy growth. In other words, the economy in these region are full of energy, they could be the new and powerful engine of the whole country's economy development. According to the international experience, when a country's per capita GDP becomes more than 2000 USD, the consumption will enter a period of rapid growth. On a macro level, China's per capita GDP has reached 2456 USD in 2007. Specially, Shaanxi's per capita GDP reached 2303 USD in 2012. On the other hand, the consumption's contribution to the economic growth is more than that of investment in recent years.

The rapid growth of China's economy has led to a huge crowd of high consumption, their overall purchasing power is amazing. After more than 30 years of reform and opening up policy, a part of Chinese people got rich first. According to the Italian statistician Pareto's "20/80 Principle", 20% people own 80% of the wealth. Thus, the small proportion of people has become the luxury consumers. This situation also exists in the non-first tier cities with a larger number of middle class and new and rich class. The most of new and rich class people always living in the non-first tier cities in china, they are defined as people with after-tax annual income of 30 million Yuan and pointed out that this part of people is emerging because of the progressive increasing personal income. They are approximately aged 25 -50 years old. In their consumptions, they pursue not only fashion, but also quality and characteristics, as well as the brand, they care about the social symbol and the appearance the products would show.

To sum up, the luxury market in Chinese non-first tier city has a great opportunity and a huge potential. Because there are many middle class and new and rich class people in there, they would be the majority consumer of luxury products in the future.

(2) The luxury consumer market is not mature

BNP Paribas' report pointed out that China has entered the initial stage of luxury consumption.(BNP Paribas, 2009).They have already conducted many researches in Beijing, Shanghai, but they started to focus on the non-first tier city at 2014,the conclusion is that the luxury market in non-first tier city is not mature yet.

The overall wealth level of non-first tier city Chinese consumers is not that high, for example, the both Xi'an and Chengdu belong to the middle-high developed city in china. Thus, the majority of the spending is concentrated in clothing, perfume, watches and other personal goods, which is a case of commodity-driven consumption. Actually, like in Japan, Hongkong, the luxury customers would pay attention to the purchasing experience and enjoy the relating services. While in Europe and the United States, consumers also prefer the experience-driven consumption. In the developed markets, luxury goods can be found everywhere, the so-called democratization of luxury including everything, such as housing, automobiles, tourism, as well as food and entertainment and so on. As long as it possesses the highest quality and the most profound cultural or artistic connotation, to buy an ancient lamp, or a concert can be luxury consumption. The luxury purchase in Chinese non-first tier city is still the representative of wealth and social status; on the contrary, it is very difficult in developed countries to determine the social status of consumers according to their purchasing behaviors.

(3) The diversified consumption needs and desires

The Chinese scholar Hongyun Li et al, (2009) had found that nearly 50% of Chinese consumers buy luxury goods as a business gift. Especially this phenomenon is quite popular in non-first tier city of China. According to the statistics, the customer buy luxury goods as commercial gifts or with business purpose accounted up to 60% in International shopping mall, Xi'an and this number even bigger in Spring shopping mall, Chengdu. One reason could probably explain this phenomenon is that people living in the non-first tier city further focus on the business relationships and the luxury goods represent the

best and precious ones for the social activity.

Except for the gifting need, the luxury consuming desires are diversified in these regions, due to the diversified customer combination. Actually the majority of the luxury customers are middle class and new-rich class, but they have different professions, backgrounds, values, status positions, etc. And one kind of very interesting people who prefer to live in these cities is “tuhao”, this Chinese word means “a man who become rich very rapidly but with few knowledge”, like the boss of the coal mine and the owner of many real estates. They are favor of stay in the non-first tier city where makes them feel more comfortable, not only because the weather(there are always air pollutions in the first tier city in china),but also the difference between these cities are becoming smaller gradually. In these people’s opinion, luxury products could be used to prove their social positions or catch the fashion to attract the attentions from others as well as a smart way to invest.

To sum up, the consumption desires are diversified in the non-first tier city of china, because of the huge potential, the luxury business should have a better knowledge of the customers there.

5.2 Challenges and Future Risks

(1) The fierce competition among Global Luxury Brands

The great potential of Chinese luxury market attracts the entry of global luxury companies since 1995. Their first target cities focus on the first-tier ones like Beijing, Shanghai, Tianjin, etc. After almost 30 years’ development, the Chinese luxury market is becoming the largest one in the world. Now the situation is that the luxury market in these regions almost reach saturation and there is a growing number of customers who living and consuming in non-first tier cities, which lead the luxury companies change or expand their business in china. Actually, everytime or everywhere in this market was filled with competition during this process. This kind of competition is not only for fighting for more customers within the growing capable luxury consumers, but also looking for higher brand awareness, better locations, greater talent, and brighter future. So

far, almost all of the world's top brands have stores in China. Specifically, they always have their headquarters and flagship stores in first tier city, like shanghai or hongkong. Meanwhile, trying to open more boutique in the middle and west part of china. The fierce market competition is beyond doubt, and the non-first tier cities would be the next cruel battlefield. We could find it through the following table that about the time that the international famous luxury brands came into the non-first tier cities of china.

Brand	City	Enter time	Address
Prada	Lanzhou	2010.06	Huanghe west road,129-03
Dior	Chengdu	2003.09	Chunxi road, huatian mall 1088
LVMH	Xi'an	2002.11	South street, zhongda shopping mall, AG01
Hermes	Nanjing	2005.01	Zhonghua gate piazza,12-003
Tod's	Kunming	2011.02	Kunming lake street,16-88
Gucci	Dalian	2009.03	Jinzhou wanda hotel,DL-02

Fig.32The main luxury brands and their entering time into non-first tier cities

(2) The different culture backgrounds

Considering the Chinese culture is different from the western country, this difference also appear in the commercial area and china is a very big country, there are many sub-culture circles. They have different attitudes and perceived values about the luxury products. For the international luxury brands who prefer going to the non-first tier cities of china would face the challenge and risk about the different culture background. Especially the people who living in the non-first

tier cities where do not reach an international level as the super cities in china, the way to communicate customers is also somehow different than they have done before.

The different culture background cause another obvious difference reflected in the promotion patterns. The western-style luxury promotions sometimes are not useful in china, especially in the non-first tier cities. As been analyzed above, the consumer in these area have their own characteristics, they belong to the new rich generation and consume different than the people in western country even the first tier cities in china. Specifically, most consumers do not decide what luxury to buy by the help of fashion magazines, on the contrary, they will be influenced by the people around them, like their friends, colleagues, family members. If someone got a luxury product and tell others with a good feedback, such kind of information could play an important part in their purchase decision. What's more, generally very few local stars can play a lead role in the fashion trend. Although the large-scale brand promotion activities would create a lot of media buzz, after all, only a few of them are able to hold such big activities like the Fendi show on the City Wall of Xi'an and the continues one week Ferragamo Chengdu Event. What global luxury companies need to pay attention is that find these culture differences exist in the non-first tier cities of china and avoid the operating risks caused by the culture background. As Morgan Stanley disclosed in a report that although China's luxury market has very large potential and is developing very fast, for the luxury companies only to know the Chinese customer in a Chinese thinking method and adapt to their culture can make their business profitable in a long-term run. Cattier CEO, Nigel Luk also said that: " The profit is important, but we must have a Chinese thinking view and know their culture better." (Thomas Gorman, 2010)

(3) The impact from the local brands

"In the public mind, luxury brands are always linked to the European impression, so far, Asian luxury brands is still unimaginable." Daiwei (2009) considered that, people spend money for luxury is to buy the life style of the French and Italian

rich people. However, his European colleagues made the comment: "it's not because that china cannot produce products of the same quality as Europe does, but the luxury goods represent a way of life. If one day Westerners have recognized the Chinese way of life is enjoyable, then the structure of luxury industry will change."

The domestic luxury brand got a rapid growth in recent years. In fact, these brands made priority to take the first tier cities' markets. They will face the fierce competition with the international brands, their strength are reflected in the relative low price and with Chinese features. But the customers in these places they would prefer pursue the international brands with which high influence and long craft history. In this case, the domestic luxury brands also turn to the non-first tier cities, where their price advantage would works better and they could enjoy the high level of flexibility with a higher speed to make the react of the market. So the strategies for the non-first tier city are becoming more and more important for these local brands, which surely will cause more powerful impacts for the international ones. Let's take some typical examples to analyze as follow:

NE · TIGER by Mr. Zhang Zhifeng was founded in 1982, which is China's top luxury brand right now. At the same time, NE · TIGER also be treated as the guardian of Chinese costume culture and tradition, that is to say, this brand always combined ancient and modern Chinese and western design concept and dedicated to task of reviving the Chinese luxury culture. Initially, this brand was focus on the design and production of fur materials and quickly established the leading position in china's fur industry. During nearly 20 years of development history, the brand gradually launched the evening dress, Chinese style wedding dress and traditional wedding dresses and other products and pioneering the launch of the haute couture clothes. The Chinese dress which is filled with the traditional elements is on behalf of the Chinese national spirit, also known as the Chinese national luxury gift.

On October 21, 2011, the compelling Italian Chinese Culture Year kicked off in Rome again. As China's top luxury brand representative, NE · TIGER was invited to participate in the Chinese apparel exhibition in Rome and Milan, where specially selected six pieces of classic costumes at both museums do static display, but there are five costumes at the opening ceremony catwalk show. Three pieces on display in Rome costumes are inspired by the essence of Chinese culture symbol, including peony, lyrical freehand ink country and auspicious wealth Phoenix. And respectively the three costumes exhibited in Milan, selected from 2010, 2011 and 2012 Totem zodiac, namely tiger, Rabbit and the Dragon, as a basis for design elements, which indicating that NE · TIGER is applying its unique fashion language interpreting the china's past, present and future.

The first flagship store was opened at Qingdao, which is a second tier city at Shandong province at 2008, and NE · TIGER plan to expand its stores in the Chinese cities with stronger culture environment, like Hangzhou, Xi'an, etc.

Another typical brand is Qeelin. To present the essence of Chinese culture is the common dream for the art jewelry designer Dennis Chan and the fellow founder French business man Guillaume Brod. So that these two young people tried to seek the integration of Eastern and Western aesthetic spirit of the traditional and modern design elements blend to create a different kind of jewelry brand Qeelin at 2004.

The most popular event for this brand is the Champion Bo Bo, which is a jewelry panda for the 2008 Beijing Olympic game. The jewelry Bo Bo were deeply loved by the athletes and visitors from all over the world, which made the rest of the world get to know this authentic Chinese jewelry brand. By using modern luxury jewelry designed to capture the charm and essence of five thousand years of Chinese art and culture and showing the world the best of china's history and craftsmanship has become a design concept of Dennis Chan, he is usually labeled as a rich representation of the soul of each fine jewelry, so that each piece of Qeelin jewelry incarnate the modern fashion amulet. It is clear that Qeelin would

be a great potential competitor for the luxury jewelry companies.

At last, this paper would discuss the dilemma of "Made in China". Due to that the manufacturing industry usually integrated in the non-first tier cities and the quality difference between the Chinese manufacturing industries and the western country is reducing. It is clear that the Chinese local brand will have higher power to compete with the international luxury brands in the near future. As Mr. Mario Boselli, the former president of Italian SISTEMA MODA put that: "France and Italy are the only two countries have been leading the world fashion industry so far. In the long term, China has the best fabrics. I personally feel that China's clothing quality is improved very fast, it was a very big progress in the past 20 years and I am sure that one day there will appear a local brand to compete with us."

5.3 The market strategies for the luxury companies

According to the above analysis about the luxuries market in china's non-first tier cities and also this paper's research conclusions. Then, this paper will give some views on the market strategies for those companies who would spread their influence in china's non-first tier cities. As to be highlighted, these markets would become booming and competitive in the near future without doubts. For this reason, the non-first tier city market in china should draw a growing attention of international luxury companies.

In western countries, we could see that their luxury markets have possessed decades or even centuries of development and they have developed a mature management model of luxury products. However, more than 100 years ago, the famous scientist Charles Darwin put forward the "survival of the fittest" in natural law, and it's once again tested true through the practice of those European luxury brands to enter china's market about 20 years ago. The facts and passed experience has proved that the global luxury companies must adopt different strategies to enter a new market like china and right now they should focus on the non-first tier cities. As a result, the luxury manufacturers are tailored themselves to meet the customers' unique needs, understand their

detailed perceived values and learn their special tastes and preferences in these place. With the developing non-first tier cities and the upgraded Chinese consumers, the luxury companies need to consider more to create new success records in china.

5.3.1 The product strategy

The modern marketing theory divided the products into three dimensions, that is to say, the core aspect, the shape aspect and the additional one. The core aspect refers to the basic function of products' utility, so the luxury product cannot separate itself from the basic attributes. Therefore, the manufacturers should fully ensure the raw material, control the production process and make the authentic quality guarantee, which exactly conform to the third factor in this research (quality-confidence factor).

In terms of shape aspect, due to the effects of "showoff-face" and "uniqueness-fashion" factors as well as the presence of the flamboyant group consumers in the non-first tier cities, these luxury consumers emphasize and value the design and packaging of luxury products, at the same time, they would love to judge whether the products could match their fashion ideas and latest trends. In fact, they could show their personal taste and social status to others in this way. The Luxury companies who want to permeate to the non-first tier city market should take the corresponding product strategy, like, continuously strengthen the visual image to lead the fashion trends and styles. According to the features of the customers in the non-first tier cities, one useful method is to design and transfer a certain kind of fashion information and symbols to build the conspicuous and unique of the product itself and these innovates are easier accepted and familiar to the customers in this region, the whole process needs luxury enterprises make breakthrough in product design, development and so on. For example, both BMW M3 and Land Cover have their special Chinese limited editions, you can find the brand mark and special logo with Chinese features on the clear position; when Lancome processed the brand settled ceremony or during the traditional Chinese festivals, they would introduce a series of very

senior product lines which were special for the distinguished Chinese women. One popular handbag which was very noble and elegant for these women and prominent printed the user's personal information on it. These could be help for the company that would further develop the market in china's non-first tier cities.

As reference to the additional aspect, the enterprise should seize the face-consumption of the regional cultural tradition, like a special and unique or with the individual characters packing which can obtain more additional value as well as make the consumers to be enjoyable on an emotional level, generally meet the demands about the local consumers' personal, social, entertainment, business, gift-giving.

Meanwhile, luxury enterprises should pay attention to the construction of a luxury brand, including product extension and product service. Identically, start with the characteristics of local consumers, timely deliver the new season products in a noble and natural way to the target audience and try to maintain them through giving them a higher sense of beyond and dignity, deliberately creating a gap between target groups and the general consumer groups, the gap is more clever and more stable, the target customers would get more sense of superiority and stronger desire to buy. Product extension is to reposition the product, introducing the new products to make up for the emptiness of the market. Hence, according to the cluster analysis before, there are self-assertion and emotional-appeal these two kinds of customers in the non-first tier cities in china, the luxury company should not easily give up the high-end product strategy, otherwise, probably could be subjected to enormous pressure in this industry and be affected by the impact of competition of local brands.

Under the influence of the "emotion - enjoyable" and other factors, the luxury companies must distinguish the services between luxury goods and general goods, both before and after purchase and always highlight the distinguished experience and pleasure of the purchase process, which is also the communication mechanism in 4C policies and this can be realize by employee

training and internal mechanisms to further enrich and improve.

All in all, the product strategy for the non-first tier cities should first get close to the local customers and then deliver them something that fit for their fashion ideas and they could feel happy and proud to show to others and always focus on the brand management.

5.3.2 The price strategy

Combining the cost concept in 4C marketing strategies, the general price strategy is not perfect suitable for luxury products. Specifically, the ordinary companies often use production costs as the main basis for pricing. In the five perceived values of the consumers in non-first tier cities, which did not include the price value, that is to say the majority of the purchases are not because the price fluctuation, in other words, the price is not the key factor for the purchase decision. Therefore, to reflect the status of a luxury product itself also at a deeper level combines the high prices could more match the consumption characteristics in this area.

For each quarter's new selections and from top fashion designers' classic products, we still could use skimming pricing and limited edition. These methods will not undermine the profits of enterprises, but arouse consumers "showoff-face" factor, "uniqueness-fashion" factor, "extension-accomplishment" factor. Therefore, these regions essentially should maintain a high price market barrier to maintain its high-end status and difficult accessibility.

5.3.3 The place strategy

Traditional channel categories including zero, one, two or even three levels. Obviously, the zero-level channel is namely not through intermediaries and take methods like direct marketing, mail order, telephone order, television shopping etc. Such methods would reduce the value of luxury goods, meanwhile, as discussed above, there are five kinds of perceived values contained by the customers in non-first tier cities of china (Flaunt Value, Collection Value, Quality Value, Enjoyment Value, Achievement Value). The zero-level channel on a certain extent cannot meet the local consumers' five kinds of perceived value appeal.

Specifically speaking, these social elites and tuhao do not want these luxury products like the daily goods which can be easily found on the street, even at the flea market. Like what they had done in the first tier cities, the luxury sales channels must be in a commercial center or shopping plaza with an elegant environment and exquisite decoration. Fortunately, the infrastructure construction in the non-first tier cities of china made a great progress in recent years. Besides, establishing brand stores (flagship shop, shop-in-shop, boutique...) are good choices. For example, at 2002 Xi'an Prada chose the largest international AG02 south street shop where was a prosperous commercial center with all kinds of luxury goods gathered located at the Bell Tower Area.

Meanwhile, the width of the channel refers to the number of dealers in each grade level. When process the channel expanding, the company should carry out a strict standards for selecting and controlling. Usually through a rigorous series of indicators studying and then they can extend the width of the channel in order to serving for the new stores development.

Finally, this paper would mention some new emerging luxury sales channels as a result of the customers in these areas would love to receive the fresh things. Such as network distribution channels, the paper observed and experienced some famous B2C websites, such as "Temple Library," "Fifth Avenue," "Tiny Store" and so on, actually the tendency of network luxury marketing is on a rise, but appeared on these sites usually are end-line or second-tier luxury brands, or influenced brand products almost out of season. There is no doubt that the network will become a new main luxury distribution channels in the future, especially in china with the largest e-business customers in the world.

5.3.4 The promotion strategy

Promotion strategy generally including: price-off, advertising, personal selling, sales promotion, public relations and so on. In terms of luxury products, it does not need the overwhelming leaflets or small advertisements, let alone the on-door selling. On the opposite, the effective ways for luxury promotion are like, every year the world's major cities' Fashion Week, famous fashion magazines,

senior car and private aircraft exhibition, brand ceremony, celebrity endorsement, movie fashion week, distinguished members of club and so on. All these methods are perfectly match the perceived values that has been presented above ("showoff -face" factor, "uniqueness-fashion" factor, "emotion-enjoyment" factor, and "extension-accomplishment" factor) in non-first tier cities of china.

Specifically, the reduction strategy can also be used, but not frequently. The luxury company should find a right time and right products with a right price. Such as in the important Chinese New Year holiday, Christmas, or luxury consumption off-season occasions. With selecting the appropriate goods and price-cutting strategies that can better enhance the profits. In addition, the customers in these regions are relatively easier affected by other customers or people around them, so that the companies should also focus on "word-of-mouth" effect, using loyal consumers to maintain and develop more market share, this is an very useful and efficient way to consolidate and expand the market in non-first tier cities. Meanwhile, in this way could satisfy the local consumers "emotion-enjoyment" perceived value appeal.

5.3.5 The customer and cost strategy

As we discussed above, the target customer group in non-first tier cities should be middle class and new-rich class, the majority of them would have 25 -50 years old and average 20,000 ¥ monthly income and their professions should concentrate upon senior managers of state-owned enterprise, owners of private business, financial men, doctors and government officers, etc. In fact, another interesting group should be contained is "tuhao" as we described before.

From the research, we have already had a full-aspect analysis about the customer perceived values and reached five factors from which we can learn to know the local customer better and what we should emphasize at customer strategy is keep and maintain a long-term and good relationship with these local customers. Only after serving and making them experienced can they know your brand better, this is a double-choose process, hence, the customer strategy is to make sure this process could win more customers and create more value.

As referenced for the cost strategy, think about the minimum and maximum purchasing power of the local customers and not only concern about the manufacture cost but also pay attention to the service cost, which could match the enjoyment value and achievement value in non-first tier cities in china.

5.3.6 The convenient and communicate strategy

As discussed before, when the luxury companies are going to choose the places and open the new stores in non-first tier cities, it is necessary to consult the place strategies and it's crucial to create more convenience value for the customers at the same time. As Paolo Zegnas the president of Zegna Group said that to select location in china is not that simple. In different cities, there are different places to choose. We must firstly collect information on all aspects. How are the cities now, how are the consumers, how is the competition, and who are the developers and so on. If you plan to consider more then you should collect more information, when you create more convenience both for you and the customers and at that time you can make a right decision.

But in this paper, I would say create more convenience value for the customers is not only in choosing the place, it also contain many other elements, like the retail process, the communication way as well as the before and after purchasing services, etc. We should know the local customer better and focus on the details to create more convenience both for your-self and the customers

And identically, the luxury company could consult the promotion strategies to formulate their communication strategies, focus on the local customers and know their needs and demands first. Specially, they could use Regional Layout and CRM (customer relationship management) system to help them keep communicating with the local customers and deliver more information about the company and brand to them. In this way, the luxury company could create a competitive promotion environment as well as keep and maintain a long-term relationship with the customers in non-first tier cities in china.

6 The Study Limitations And Future Research Direction

Firstly, due to some limitations this paper cannot collect more information about the target customer groups and enlarge the sample size as well as the non-first tier city numbers. In addition, portraying the target consumer groups need to be further improved, meanwhile, this article selected target consumer groups, as well as their demographic characteristics were chosen the former theory and subjective judgments as a benchmark, which was lack of relative scientific description and should consult more authoritative experts' opinions to make a specific description and analysis about the consuming behaviors and demographic characteristics of the target groups.

Secondly, the selected sample area has some limitations, this study only took Xi'an as an example for the non-first tier cities, although Xi'an could be a representative city of non-first ones, but this paper is supposed to study more sample cities and generalize common features in the future.

Thirdly, during the empirical study, limited by the fact that the amount of sample was relatively narrow, otherwise, the paper could better reflect the regional dimension of consumer perceived values on luxury goods and the clustering effects, and this problem could be improved in future studies.

Fourthly, we assumed a certain luxury brand handbags to conduct the research, which may be insufficient to fully reveal the understanding and imaging by local consumers and probably had some influence on the obtaining of final perceived value factors. The follow-up work of this paper will expand the sample size and choose a more representative sample source.

Last but not the least, this paper focused on the studying of customer luxury perceived values, which lay a foundation for the future researches to explore the relationships among buying motives, buying behaviors, purchase satisfactions.

7 The Questionnaire

Hello! This is a scholarly survey aimed at understanding your feelings and views of luxury consumption. This questionnaire is very interesting and anonymous, all information will respect your privacy. Delay few of minutes, I implore you to assist in completing this questionnaire. Thank you very much!

Now suppose that you have a luxury bag with an international famous brand, which was produced by a company in Europe and was a worldwide limited edition. It got very fine workmanship, you can make the user's name be printed on the upper or zipper of the bag, what's more, the ornaments will use gold or emerald. And for this latest fashion product the market price is 10,000-15,000 yuan, you can only purchase it at the senior brand stores.

If you are considering to buying it, please check your subjective feelings and judgments

(1 is strongly disagree until 7 is strongly agree, please tick the matching numbers), and at the end please fill some your personal information, Thank you for your participation and cooperation !

No.	Attitude	Strongly Disagree	Disagree	Somewhat Disagree	IDM	Somewhat Agree	Agree	Strongly Agree
Q1	This bag is very nice, someone would jealous of it	1	2	3	4	5	6	7
Q2	This bag makes me different in other people's eyes	1	2	3	4	5	6	7
Q3	Most ordinary people could not afford to buy this bag	1	2	3	4	5	6	7
Q4	This bag shows the social status	1	2	3	4	5	6	7
Q5	This bag could customized for me	1	2	3	4	5	6	7
Q6	This bag is kind of an art work	1	2	3	4	5	6	7
Q7	This bag is the limited edition	1	2	3	4	5	6	7
Q8	This bag has the latest fashion design	1	2	3	4	5	6	7
Q9	This bag has exquisite manual work	1	2	3	4	5	6	7

Q10	I like the raw materials of the bag	1	2	3	4	5	6	7
Q11	Some celebrities used this bag	1	2	3	4	5	6	7
Q12	I enjoy the purchasing experience	1	2	3	4	5	6	7
Q13	This bag makes me more confident	1	2	3	4	5	6	7
Q14	This bag draws more attention for me	1	2	3	4	5	6	7
Q15	This bag could add the spiritual excitement	1	2	3	4	5	6	7
Q16	This bag makes me feel I am important in others eyes	1	2	3	4	5	6	7
Q17	This bag proves that I am a successful man	1	2	3	4	5	6	7
Q18	This bag can somewhat let me more easily control the others	1	2	3	4	5	6	7
Q19	This bag makes me more mature and attractive	1	2	3	4	5	6	7
Q20	This bag is a symbol of my struggling history	1	2	3	4	5	6	7

Your gender

A Male B Female

Your age region

A 18-30 B 31-40 C 41-50 D >=50

Your monthly income region

A <=5000 ¥ B 5001-8000 ¥ C 8001-10000 ¥ D >=10000 ¥

Your education background

A High school B Bachelor C Master D Doctor

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