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## ABSTRACT

This research is to study the generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia. The researcher examined the generation Y consumers' attitudes such as their beliefs, feelings and purchase intentions towards luxury products. This research develops a behavioural framework to analyse and explain generation Y consumers’ behaviour and also their motivations behind that influences them purchasing luxury products. It is to understand the young generation motives, mind-sets and reasons behind of their high regards for owning and purchasing luxury products. This study adopts questionnaires method to conduct a survey on male and female generation Y consumers from age 18 to 35 years old in Penang, Malaysia who had frequently spent on luxury products. The questionnaires were distributed at online survey and face-to-face interview at luxury shopping malls in Penang, Malaysia. There were a total of 88 respondents collected of the 100 distributed. The investigation for the relationship of independent variables such as status conscious, materialism, Veblen effect (higher price better quality), Snob effect (rare item higher distinction), Bandwagon effect (similar as the elite group), Hedonic effect (aesthetic taste), Perfectionism effect, and gender differences with dependent variables, generation Y consumers’ purchasing behaviour of luxury products. The aim is to understand whether all the independent variables have positive or negative relationship with the topic and how it influence the generation Y purchasing behaviour. Total of one dependent variable and eight independent variables were derived into this research study. The results were collected from the survey and tested by using SPSS software. These series of testing such as descriptive statistic in frequency analysis, T-test, reliability analysis, correlation analysis, and one-way ANOVA analysis had carried out into this research analyses. Finally the conclusions and recommendations were made based on the results findings and the discussion between relationship of the dependent variable and independent variables were elaborated into details. The results shows that status conscious, materialism, Veblen effect, Snob effect, Bandwagon effect, Hedonic effect, Perfectionism effect, and gender differences between generation Y purchasing behaviour are the factors contributing to generation Y purchasing of luxury products. It is also recommended that marketers to Snob effect and Hedonic effect to better capture the ever challenging Gen Y.

## CHAPTER 1

## Introduction

## 1. 1Research Background

Nowadays consumers made their decisions in their daily life from the basic needs to luxury needs. In current globalisation of luxury products market has grown and it has been more affordable for middle class consumers. The demands of luxury products are increased due to influenced by social and business factors (Silverstein and Fiske, 2001). There are many types of products are considered as luxury which makes the market size is undeterminable. The luxury products are including automobiles, services, jewellery, fashion, gadgets, accessories, and others. Mostly consumers are influenced by the economy, celebrities, icons and technology that influence individual’s perceptions and values (Meredith and Schewe, 1994). From the marketers’ perspective, individual’s desire is part of a valuable technique to be target on (Noble & Schewe, 2003). Generation Y were amount of 26% to 30% of global consumer market in year 2010 which is huge global market segment that have potential generate trillions dollar of business worldwide (Ang et al., 2009). Therefore generation Y consumers’ behaviour influence from attitude and motivation behind should be consideration in developing luxury products. In understanding generation Y consumers, defining new luxury products will gain marketers advantage in product specification.

## 1. 2Research Problem

Many luxury brand products had open retail stores in Penang, Malaysia due to its high potential of increase in luxury brand product consumption and high demand of generation Y in purchasing luxury product. Beside this, purchasing decisions of generation Y are influenced by mass media, such as internet, celebrities, TV program, movies, and etc. To maintain the loyalty and expand customers in Malaysia therefore new design of effective strategies were needed to use for penetrating the luxury market. This research studied and examined the impact of personal values, social status, materialism, and motivation on generation Y’s luxury consumption behaviour due to habitual purchasing of luxury products without care, currently many generation Y in Malaysia are facing high rate of bankruptcy (The Star, 2012). This study would also provide detail information and analysed results for government to understanding youngster behavioural by educating them on financial management skills.

## 1. 3Research Aims and Objectives

The aim of this research was to develop a behavioural framework to analyse and explain generation Y consumers’ behaviour towards luxury products. This research analysed the factors that influenced generation Y consumers’ behaviour into purchasing luxury products. This study also examined the generation Y consumers' attitudes such as their beliefs, feelings and purchase intentions, towards luxury products. The objectives of this research were to analyse the concept of luxury products and its relationship to established theories. The researcher investigated generation Y consumers’ behaviour purchasing luxury products and examines their motivation. The influence of generation Y behaviour on luxury product consumption, and generation Y consumers that reflect in the current status and future luxury market growth in Penang, Malaysia were analysed.

## 1. 4Purpose of the Study

For further analyses in this study on status consumption, materialism, motivations, and gender differences that affected on generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia. Status consumption had deeply conscious in generation Y purchasing behaviour and materialism were considered in the research analysis as well. Motivations of purchasing luxury product were separated into interpersonal effect and personal effect. Interpersonal effect was derived it into three main effects; Veblen, Snob, and Bandwagon. Personal effect was derived it into Hedonist and Perfectionist. Those effects were carried out in this research and analyses the significantly affected on generation Y purchasing behaviour of luxury products. Meanwhile the gender differences of generation Y consumer behaviour towards purchasing luxury products were also considered in this research. It is hypothesized that status conscious toward purchasing luxury products has causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia.

## 1. 4. 1Research Questions

The research questions are shown as below: RQ1: Do status consumptions affect generation Y purchasing behaviour of luxury products? RQ2: Do materialism affect generation Y purchasing behaviour of luxury products? RQ3: What are the motivations behind that influences generation Y purchasing behaviour of luxury products? RQ4: There are differences between genders of generation Y consumer’s behaviour towards purchasing luxury products?

## 1. 4. 2Research Hypotheses

This research study was conducted to find out the relationship of independent variables, which are Status Conscious, Materialism, Veblen effect, Snob effect, Bandwagon effect, Hedonic effect, Perfectionism effect, and gender differences with the dependent variable which is generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia. In this research study, the hypotheses were defined as below: It is hypothesized that status conscious toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that materialism toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that Veblen effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that Snob effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that Bandwagon effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that Hedonic effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that Perfectionism effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia. It is hypothesized that there are differences in consumer behaviour factors when considering gender between generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia.

## 1. 5Rationale and Significance of Study

This thesis is aimed to investigate young consumers, generation Y purchasing behaviour towards luxury products in Penang, Malaysia. This is to understanding the young generation motives, mind-sets and reasons behind that they owning and purchasing luxury products. As Phau & Leng (2008) stated that generation Y has become more materialistic personality, status consumption oriented and less consumer ethnocentric when compare to previous generation X therefore this was deeply consideration into the research study. This research able to help companies and marketers to analyse generation Y consumers’ behaviour of luxury products consumption and understanding generation Y consumers’ attitudes and behaviour on the luxury concept between male and female. From here, the marketers are able to effectively implement the best method to advertising their luxury products. This study also targeted to contribute the best way for government and parents by providing detail information to educate generation Y consumers in financial planning, investment, and identify their behaviour and motivation by control their spending on purchasing luxury products. This research was part of researcher’s interest to understand current trend of generation Y consumers’ markets and able to knowledge gained during the research studies in consumer behaviours. Therefore, the information can be used for the references or guidance in future research as well as enriching the literature in generation Y consumer’s purchasing behaviour.

## 1. 6Definition of Terms

There were few important terms used in this study. The definition of terms will briefly discussed in this section for readers to understand the terms that used in this research therefore readers will interesting to read and appreciate the dicussion in this research study. Luxury Products: It defined as a product which was than others ordinary products in high price and quality, exclusivity, reputation, unique & timeless design, desirability, and brand personality (Nueno & Quelch, 1998; Dubois & Duquesne, 1993). Generation Y: They were born between year 1977 to year 1994 and each individual consumer has a free spending spirit (Horovitz, 2002). They’re the most educated generation and the wealthiest groups of people that employed in full time jobs or part time work or college students that find extra funding for their excessive spending (Dalton, 2007; Martin & Turley, 2004). Generation Y purchasing behaviour were more in impulse characteristic (Taylor and Cosenza, 2002). They have own natural inclination to spend for their embrace products to promote their lifestyle because these able to associate with their peers (Fernandez, 2009). They also prefer on branded products because it was more trendy, cool and classy to promote as a symbol of success (Fernandez, 2009). Status Conscious: As social referencing and prestigious values, consumers will desire to own their luxury products in public which can indicate as personal satisfaction and symbolic sign that helps to be admired, recognized and accepted by others. (Wiedmann et al., 2007; Nia & Zaichkowsky, 2000). Kilsheimer (1993) defined status consumers would associate themselves to status quality products or luxury products that will enhance individuals’ status levels. Materialism: It defined as the result in happiness through possessions and success which were related to the consumer value that ownership and acquisition of material goods in achieving importance life goals (Richins & Dawson, 1992; Richins, 2004). Motivations: The motivations for generation Y consumers were to meet their unfulfilled needs and desires because the luxury products were act as a tool or target to satisfy their wish (Wells and Prensky, 1996). It is the demand of products and services consumption has classified into functional demand for a commodity which is due to the inherent quality of the product itself requires and non-functional demand is product consumption that comes from other factors but not its product quality (Leibenstein, 1950). These five effects can explain in motivations. As interpersonal effects towards luxury products consumption have derived it into three main effects; Veblen, Snob, and Bandwagon. Personal Effects towards luxury products consumption have derived it into two main effects; Hedonist and Perfectionist (Vigenron & Johnson, 1999). Veblen Effect: The conspicuous consumption played as a significant part in the Veblen effect which consumers feel purchasing luxury product was necessary because those products have a high price (Leibenstein, 1950). Snob Effect: It was an effect into consumer’s personal and emotional desires to purchasing luxury products and it was also influence other peoples’ behaviours (Mason 1992). Bandwagon Effect: It was an effect that influences the lower end brand extension and those bandwagon consumers who purchased luxury products because they wish to associate and fit themselves into that particular group and showed that they are fashionable and stylish (Berry, 1994). Hedonic Effect: It viewed the consumers who purchase luxury products for self-fulfilment and they can be assumed as inner direct or role relaxed consumers (Riesman, et al., 1950; Kahle, 1995). Perfectionism Effect: The perfectionist consumers are associated to personal values and judge the value of a luxury product that they needs. It occurs when consumers purchase luxury products and expects it is superiority, high performance, and high quality (Vigneron & Johnson, 1999).

## 1. 7Summary and Organisation of Chapters

The summary of this chapter presented the introduction of generation Y purchasing behaviour towards luxury products in Penang, Malaysia. This was to better understanding of this research structure and provide readers with overall outline of the summary the study on generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia for this thesis. Chapter 1 is introduction to describes the research problem, rationale, significance and the need of the study. It describes the purpose and the specific objective. Chapter 2 is literature review on this research study and findings that done by other researchers that related to generation Y consumers’ purchasing behaviour of luxury products. Chapter 3 is presents the methodology for this research design and procedure. This chapter mentioned the selection of the respondents, sample size, questionaires design, procedure of data collection, and sampling data. Beside this, the brief description of the strategies and procedures for data analysis for this questionnaires survey. Chapter 4 discusses the interpretation of the research findings. The report of data analyses were using descriptive statistical in frequency analysis, T-Test analysis, reliability analysis, correlation analysis, one-way Anova analysis, and regression analysis. The results are summarized in tables to facilitate interpretation. Chapter 5 is a final chapter that concluded the research findings from the data analyses in chapter 4. This chapter concluded the discussion on the findings and hypotheses, recapitulation, implication of study, limitation of study, suggestion for future studies, and recommendations. Allere (1997) in his research mentioned that there was " complex construct" in individual’s consumption process. This consumption can be simplified and divided into two different views such as " economic and symbolic" (Holt, 1995). In economic views means " the products are provide particular benefits" and symbolic view means " the products are conceived as vessels of meaning that signify similarly across all consumers" (Holt, 1995). There were luxury brand products in global market, these products are uniqueness premium brands and influence on consumers, for example, " we don’t buy jeans, we buy Levi’s; we don’t buy sunglasses, we buy Ray Ban; we do not buy water, we buy Perrier" (Kohli & Thakor, 1997). The consumption of luxury products can be categorized into three main purposes; there are the creation of identity, the sustainability of identity, and the presentation of socio-economic status (Wattanasuwan, 2005). The consumers seen their income as a factor that constraints their individual consumption needs. However, there was still many consumers are constraint to purchase luxury products because those products are produced and target on upper class consumers (Dubois & Duquesne, 1993). Bhar and Reddy (1998) defined some consumers purchasing of luxury products is one of their privileges to maintain their exclusivity and superiority compared to others mass consumers in society. Some researchers used " personal vs. non personal" proposition to define owning luxury products in a measurable manner (Vigneron & Johnson, 2004). However, the entire ideas of consumers purchasing on luxury products still remain unstable because the influences changed across time, technologies and culture (Dubois & Duquesne, 1993). Most of the literatures about luxury brand products are considered as interrelated and interdependent because the focus is on the motivation of luxury consumption (Ahmed at al., 2002). Therefore, motivation is the best way to determine the consumer behaviour (Raaij & Wandwossen, 1977). The study will give a detailed definition of luxury products then followed by the aspects that effect on consumers’ behaviour of purchasing luxury products. The research focused on generation Y consumers in Penang, Malaysia only. Firstly, the gender of generation Y consumer and their purchasing behaviour will be examined. Secondly, the materialism of consumers’ behaviour is reviewed. Thirdly, the consumers’ behaviour on status consumptions and conspicuous consumption will be importantly discussed and reviewed. Finally, major attention had turn towards to the decision making process for consumers motivations has been taken into account. This consideration had determined the consumers’ characteristic as interpersonal and personal effects to carry out in this research.

## 2. 2Definition of Luxury Products

When mention about luxury products, consumers will come to mind and think of luxury brands such as Rolex, Patek Phillip, Burberry, Louis Vuittion, Mout Blanc, Gucci, Prada, Hermes, Jaguar, BMW, Aston Martin, Porsche, Lexus, Bang & Olufsen, Starbuck and more luxury products in current global market. Those luxury products shared common characteristic feature which were high price and quality, exclusivity, reputation, unique & timeless design, desirability, and brand personality (Nueno & Quelch, 1998; Dubois & Duquesne, 1993). However there was no clear definition to determine on luxury products but Dubois et al (2001) research in 20 countries had found out the consumer perception on luxury products. They have found out the six facets of luxury which were excellent quality, very high price, scarcity and uniqueness, aesthetics and poly-sensuality, ancestral heritage and personal history, and superfluousness. As luxury products, it must be used premium raw materials and specialized craftsmanship on its product element (Mortelmans, 2005). The build quality of the products will provide more durability and reliability compared to mass-produced commercial product (Suvarnasuddhi, 2007). It was targeted on certain particular group of consumers to attract them for initial purchase because it will give certain feeling for consumers that reached the results of self-achievement once the good is acquired (Vigneron & Johnson 1999). Beside this, luxury products had own uniqueness and characteristics on its brand which as a symbol of its product’s concept that often well in the marketing promotions (Pantzalis, 1995). For consumers that consumed on luxury products, they will feel the pursuit of pleasurable experience that meets their psychological satisfaction on the products (Chaudhuri & Majumdar, 2006; Danziger, 2005). Each luxury products have a legend story attached and highlighted on its brand as the luxury products symbolic of its status (Dubois et al, 2001). In certain situation, luxury products can be used for daily usage because it can be for certain individual consumers who have excess cash for displaying their wealth. For example, consumers were having coffee in nice environment Starbuck café eventually it was only a coffee but them willing to pay the expensive price to enjoy the moment (Hanna, 2004; Jette, 2004). Luxury products had been as symbols of personal and social identity that motives sociability and self-expression in consumer behaviour (Vickers & Renand, 2003; Vigneron & Johnson, 2004).

## 2. 3Generation Y

Generation of Millennium also called as Generation Y. They were born between year 1977 to year 1994 which were age 18 to age 35 and each individual has a free spending spirit (Nayyar, 2001; Paul 2001; Horovitz, 2002). Generation Y were amount of 26% to 30% of global consumer market in year 2010 and it is important business global market segment that have potential generate trillions dollar of business worldwide (Ang et al., 2009). There were mass amount of generation Y consumers. They’re the most educated generation and the wealthiest groups of people that employed in full time jobs or part time work or college students that find extra funding for their excessive spending (Dalton, 2007; Martin & Turley, 2004). Generation Y is one of the most important consumer segments because they were less loyalty to brands and willing to try new brands (Anderson & Sharp 2010). However, when compared generation Y with their older generation shown that they do not have any investment plan or saving money for a house deposit and they would spend their savings on luxury products and enjoy life (Liang, 2005). In Malaysia, it is easy to get access of personal loans and credit cards therefore those generation Y consumers took the opportunity and can afford luxury products. Mostly these consumers were familiar with credit cards and online shopping for purchasing the luxury goods (Weiss, 2003). Most of the generation Y consumers are affected by their behaviour on purchasing luxury products because the influences of the mass media such as internet, smartphones, and satellite television (Meredith & Schewe, 2002). Those luxury products’ marketers contributed to the matter of influencing consumer behaviour through the knowledge of fashion and it caused generation Y are more concerned about fashion value compare to other generation (Koester & May, 1985). From here, generation Y consumers have affected them in relation to materialism among adolescents (Meredith & Schewe, 2002; Nielsen, 1995). Strauss & Howe (1992) described generation Y is seen independent, confident, diverse, collaborative and selfish. This new and young generation has grown up with technology, computers, mobile phones and the Internet. In the social of mass media influences, materialistic and brand conscious world, generation Y has become more materialistic personality, status consumption oriented and less consumer ethnocentric when compare to previous generation (Wolburg & Pokrywczynski, 2001; Bakewell & Mitchell, 2003; Belk, 1985; Cleveland et al., 2009; Park et al., 2008; Phau & Leng, 2008). There was an example that showed generation Y consumers seek celebrities to act as role models and it had point the way in the unapologetic conspicuous consumption of luxury international status brands, from luxury designer apparel to motor cars (Naidoo, 2011). The media reports that generation Y has strong status consumption and a materialistic outlook (Naidoo, 2008). They were also self-absorbed, higher self-esteem, less needs of social approval, more demanding of authenticity, and have a greater expectation of being treated as individuals in their own right (Twenge & Cambell, 2008).

## 2. 3. 1Gender

Mostly women were purchase luxury products more than men and it is important in their life as they will have more personal space and a sense of self towards latest fashion trends and gain identity (Falk & Campbell, 1997; Phillips, 1997). Research shown that women prefer shopping because they will able to feel the process of gaining an identity (Fischer & Gainer, 1991). On other side, Mintel (2011) concluded that men who were less than 35 years old are the most image-conscious because men between 18 to 34 years old are most regularly shopping most and which is most concerned about others perceiving them as fashionable meanwhile they also enjoying the experience (Mintel, 2011). Bakewell et al. (2006) mentioned that mostly males’ Generation Y does not actively embracing fashion or regularly adopt new styles but are still aware of the overall concept of fashion. However in current trend of generation Y consumers, both men and women consider luxury products to be identified with their individual status and materialistic consumption.

## 2. 3. 2Generation Y’s Purchasing Behaviour

As Taylor and Cosenza (2002) mentioned that generation Y consumers' purchasing behaviour were more in impulse characteristic and ignoring information search. They prefer seeking branded product for satisfied and express themselves. The researchers shown that generation Y consumers indicated " brand" as main factor when purchasing a luxury vehicle and they agreed the impressions of other consumers that owned the luxury vehicle would affect their purchase decision (Deloitte, 2012). Beside this, researchers also pointed out most of the generation Y consumers prefer purchasing used luxury vehicles instead of new mass brand vehicles because they seek enjoyment on the vehicle’s premium features (Deloitte, 2012). Fernandez (2009) stated generation Y consumers has own natural inclination to spend for their embrace products to promote their lifestyle because these able to associate with their peers. They prefer on branded product because those brands were more trendy, cool and classy to promote as a symbol of success (Fernandez, 2009). Generation Y consumers were gratification and high demands on latest tech gadgets. It was a need but not want in their tech lifestyle (PricewaterhouseCoopers, 2009). Beside this, they also have better spending power and capable of influence their family purchase decision making and they also considered as savvy consumer (Harris, 2003; Wilson, 2007).

## 2. 4Materialism

Materialism can be defined as the result in happiness through possessions and success which were related to the consumer value that ownership and acquisition of material goods in achieving importance life goals (Richins & Dawson, 1992; Richins, 2004). Belk (1985) defines the three dimensions characteristics of personality trait in conceptualizes materialism that consist envy, non-generosity, and possessiveness. He also indicated that the consumers who more materialistic will consume more luxury products. However, this will depend on each individual consumer that consumes luxury products for status or non-status propositions (Belk, 1985). Materialism is a contentious issue among the discussion. Most of the religious and social critic showed materialism was a negative motive because it was consisted the characteristics such as envy, avariciousness, and miserliness (Richins & Dawson, 1992; Kamineni, 2005; Belk, 1985). Materialism also can be positive motives such as the need to succeed and achieve personal sufficiency (Richins & Dawson, 1992; Kamineni, 2005). Richins & Dawson (1992) argued that the acquisition of luxury products able to motivates people to work harder in order to increase consumers’ purchasing power and living standards. In this condition will increase entire market demand and higher earning for businesses because it improved society’s living standards and this may also show the differences of materialism between countries and culture (Schiffman et al., 2010). Richins & Dawson (1992) mentioned materialistic in economic term will caused consumer society in a significant proportion of non-utilitarian social consumption motivation. The western mass media and advertising had huge influence around the global and these has force the consumers duplicate the western society’s culture to reach higher material living standards (Cleveland et al., 2009). Materialism can be seen as different value between western and non-western cultures but the forces of globalization had groom to global materialism (Watchravesringkan & Yurchisin, 2007). It also as a continuous value that caused individuals tend to be materialistic which they consider the acquisition of possessions as central for their lives and it was a factor of happiness in their life to measure with other of own success (Richins & Dawson, 1992). In current trend, materialistic Asians think that luxury products are purchased will redefine their identity and social status (Chadha & Husband, 2006). For example, these people are wearing expensive clothes and jewelry, driving luxury cars, and they think that money is the symbol of success and rich (Chadha & Husband, 2006). Fitzmaurice and Comegys (2006) discovered the consumers who spent time on shopping and level of spending were the significant person who meets three dimension of materialism such as acquisition as the pursuit of happiness, acquisition centrality, and possession defined success.

## 2. 5Status Consumptions and Conspicuous Consumption

Luxury products have ability to attach social referencing and prestigious values, consumers will desire to own their luxury products in public which can indicate as personal satisfaction and symbolic sign that helps to be admired, recognized and accepted by others. (Wiedmann et al., 2007; Nia & Zaichkowsky, 2000). Status consumers purchasing certain products that it’s meet the requirements for status purposes which also can correlated the image of success and prestige. Kilsheimer (1993) defined status consumers would associate themselves to status quality products or luxury products that will enhance individuals’ status levels. This can be one of the factors that influencing consumers to purchase luxury products (Nueno & Quelch, 1998). The concept of social consumption was a driving force that reflects itself in the craving for status symbols (O’Cass & Frost, 2002). It represented those materialists may act as a motivator to achieve success and greater purchasing power (Fitzmaurice & Comegys, 2006; Richins & Dawson, 1992). It also showed that status consumption was positively related with materialism and each measurement a unique consumer’s characteristics (Eastman et al., 1999; Fitzmarice & Comegys, 2006). Eastman et al. (1999) defined status consumption refers to consumers motivated their purchasing behaviour by the desire for status on their owners by those significant others surrounding them and it is independent on certain specific factors such as actual income or social class position. Conspicuous consumption can be described as consumption behaviour that mainly display on wealth or social status (Veblen, 1899). Veblen (1899) described the affluent classes purchasing luxury products in order to show their economic superiority and they were not bought luxury products for functional purpose but for social purpose. Veblen’s conspicuous consumption theory was widely accepted but Campbell (1987) commented against to the efficiency of Veblen’s theory that it will fail if the target consumer is unable to translate the message affixed to the brand’s product. Mostly status consumption and conspicuous consumption are explained in literature but both are two distinction concepts (O’Cass & McEwen, 2004). O’Cass and McEwen (2004) define status consumption as " the behavioural tendency to value status and acquire consume products that provide status to the individual" and conspicuous consumption as " the tendency for individuals to enhance their image through overt consumption of possessions, which communicates status to others". In other words, product’s brand that fall into conspicuous consumption should be positioned as a critical status as given the results of their research that consumers choose the brand for status consumption and conspicuous consumption is significant degree of perception status depends on the brand (O’Cass & McEwen, 2004). A product’s brand required an identified characteristic that show a symbolic status reference and it must supported by marketing mass media that emphasize the expense, exclusivity, and unique of the brand (O’Cass and McEwen, 2004). Therefore, celebrities were suitable as prefect status brand endorsers to refer as symbolic status because their gilded and glamorous lifestyles (Schiffman et al., 2010). Both status consumption and conspicuous consumption cannot be fully identical constructs but it is still clearly shown the status is an important component for both the practices theories. As Bearden and Michael (1982) concluded that " luxury products consumed in public were more likely to be more better than privately consumed luxury products and the conspicuous consumption plays a significant part in shaping preferences for many products which are purchased or consumed in public contexts." Based on above findings, the consumers purchasing on luxury products were purposely for social status and representation in a society. If the consumers want to be achieving higher social status then they have to expose the higher conspicuous consumption and status consumption.

## 2. 6Motivations of Purchasing Luxury Products

On this following research had found that demand of products and services consumption has classified into two main aspects which were functional and non-functional demands (Leibenstein, 1950). Functional demand for a commodity which is due to the inherent quality of the product itself requires and Non-functional demand is product consumption that comes from other factors but not its product quality (Leibenstein, 1950). Leibenstein (1950) mentioned the values of external effect are most important on non-functional demand because the product can be decreased or increase due to the quantity of consumers purchasing the same products and also the product has a higher value. Therefore, Leibenstein (1950) had described in his studies on the role of interpersonal effects towards luxury products consumption and he has derived it into three main effects; Veblen, Snob, and Bandwagon. Vigenron and Johnson (1999) had investigated a research study which was focus on motivations of purchasing luxury products. He had conceptualized framework into two personal effects and he has derived it into Hedonist and Perfectionist (Vigenron & Johnson, 1999). Fenigstein et al. (1975) defined " Self-Consciousness is the consistent tendency of persons to direct attention inward or outward". However, self-consciousness can be classified into two types; Firstly, the publicly self-consciousness person is concerned on individual appearance, and secondly the privately self-consciousness person is concerned on individual inner feelings and thoughts (Vigenron & Johnson, 1999). There will be more discussion for interpersonal effects and personal effect for more details as below. These five effects can explain the motivations of consumers purchasing the luxury products and this strategy are applied worldwide.

## 2. 6. 1Interpersonal Effects

The luxury consumption appears to have strong social function in generation Y consumers. The interpersonal effects on luxury consumption as below (Figure 2. 1) shown the effects will significantly affect the generation Y consumers’ propensity to purchase on luxury products.

## 2. 6. 1. 1The Veblen Effect

Leibenstein (1950) explained the conspicuous consumption played as a significant part in the Veblen effect which consumers feel purchasing luxury product was necessary because those products have a high price. Vigneron and Johnson (1999) have showed the positive relation between conspicuous consumption and peer groups that influences the consumers purchasing on luxury products. The researchers concluded that the luxury products that publicly consumed were more to conspicuous products if compare to the products that were privately consumed (Bearden and Michael, 1982). Conspicuous consumption was used by consumers who want to show their wealth, power and status (Veblen, 1899). There was a positive significant role that determined product’s quality by its price (Vigneron & Johnson, 1999). The consumers will based on the price and judge the luxury product’s quality by compared to other brands (Erickson & Johansson, 1985). Mostly consumers will think that the product with higher prices will have better quality and also high prices were a positive significant aspect for the level of luxury products (Lichtenstein et al., 1993). Vigenron and Johnson (1999) mentioned the conspicuous consumption was only partially explains perceived values of luxury products and mostly those products are consumed products in private; for example, a person consumes fine wine at home.

## 2. 6. 1. 2The Snob Effect

The snob effect was complex because it was base from personal effects and interpersonal effects (Leibenstein, 1950). The snob effect takes into consumer’s personal and emotional desires to purchase luxury products and it will also influence other peoples’ behaviours (Mason 1992). The snob effect appears in two circumstances. At first, new product launched can cause the snob immediately purchase the product because there was limited amount of consumers at that particular time (Vigneron & Johnson, 1999). Solomon (1994) mentioned the perception of snob consumers think that " Rare items demand respect and prestige" therefore they only purchase limited items that have a high value but those available items are less desirable for them. Second, the products viewed as unique, popular, expensive and high demand will caused snob consumers in status sensitive and they would reject those products due to the mass consumers purchasing on it because they feeling the product’s value has decreased (Mason 1981). Verhallen and Robben (1994) statement was support by Snyder and Fromkin (1977), they suggested those consumer was desire to be unique.

## 2. 6. 1. 3The Bandwagon Effect

The bandwagon effect is an effect that influences the lower end brand extension and it also can be conceptualized as the antecedent of the snob effect (Leibenstein, 1950; Miller et al., 1993; Berry, 1994). Berry (1994) mentioned those bandwagon consumers who purchased luxury products because they wish to associate and fit themselves into that particular group and showed that they are fashionable and stylish. The similarity part between bandwagon and snob effect is those people wish to enhance their self-concepts but it still have certain differences because both type of consumers purchase luxury items for different reasons (Dubois & Duquesne, 1993). The bandwagon of consumers will purchase products to fit with others or group but snob consumers purchase products to be unique and stand out. Vigneron & Johnson (1999) described the bandwagon effect influence the individuals that fit into the groups that purchase luxury products and they wish to differentiate themselves from others who do not purchase luxury brands.

## 2. 6. 2Personal Effects

The personal effects as below (Figure 2. 2) shown that the consumers who purchasing luxury products was due to personal’s aesthetic taste and sensory emotion on luxury product requirements.

## 2. 6. 2. 1The Hedonic Effect

The hedonic effect viewed the consumers who purchase luxury products and value the item for self-fulfilment. Those hedonic consumers can be assumed as inner direct consumers or role relaxed consumers (Riesman, et al., 1950; Kahle, 1995). However, they does not affected by interpersonal influences which conforming themselves to group (Bearden, et al., 1989). The motivations of non-cognitive and unconscious were able to persuade consumer with their preference products (Dichter, 1960). As Vigneron & Johnson (1999) described those products are known to have an emotional value is added to their character therefore, the consumers purchase the luxury products will expect it offer benefits such as exclusiveness. These products create an emotional value for consumers and also represents it’s beneficial and characteristic (Dubois & Laurent, 1994). Dubois & Laurent, (1994) mentioned the hedonic consumers purchasing luxury products which their motive was " one buys luxury goods primary for one’s pleasure and refutes the snobbish argument". Vigneron & Johnson (1999) stated some examples of emotional value that influences consumer purchasing luxury products which are sensory, pleasure, excitement, and aesthetic beauty; for example, BMW describes the feeling of luxury automobiles by applied the emotional value " Sheer Driving Pleasure" as its slogan.

## 2. 6. 2. 2The Perfectionism Effect

The perfectionist effect occurs when consumers purchase luxury products and expects it is superiority, high performance, and high quality (Vigneron & Johnson, 1999). " Excellent quality is a sine qua non, and it is important that the premium marketer maintains and develops leadership in quality" (Quelch, 1987). The perfectionist consumers are associated to personal values and judge the value of a luxury product that they needs; for example, a perfectionist consumers are expect to purchasing luxury automobile that provided comfort and speed. Garfein (1989) and Roux (1995) mentioned the luxury products are expected to show high level of quality. Those perfectionist consumers view the high prices product will have greater quality (Rao & Monroe, 1989). So, the researchers stated " high prices may even make certain products or service more desirable" (Groth & McDaniel, 1993). Vigneron and Johnson (1999) concluded the perfectionist consumers determined the level of luxury product by its quality.

## 2. 7Chapter Summary

In the world of luxury market, the consumers demand on luxury products has been increased. However not only upper class that consumes the luxury good but middle class are also moving towards the direction as well (Janciauskas & Tervydyte, 2006; Hauck & Stanforth, 2007). Generation Y consumers are age around 18 to 35 years old (Horovitz, 2002). Most of the generation Y consumers are wealthy groups in full time jobs or part time work that find extra funding for their excessive spending (Martin & Turley, 2004). They had change towards the view of shopping, where men and women have taken part in this leisure activity and express themselves by consuming luxury products. Those luxury products has characteristic such as excellent quality, very high price, scarcity and uniqueness, aesthetics and poly-sensuality, ancestral heritage and personal history, and superfluousness. It used premium raw materials, specialized craftsmanship and builds quality that provided more durability and reliability compared to mass-produced commercial product (Suvarnasuddhi, 2007). Generation Y consumers’ purchasing behaviour on luxury products were influenced by mass media such as internet, smartphones, and satellite television (Meredith & Schewe, 2002). These influences had changed the generation Y consumers become more materialistic personality and status consumption oriented (Cleveland et al., 2009; Park et al., 2008; Phau & Leng, 2008). Meanwhile, they has own natural inclination to spend for their embrace branded products to promote their lifestyle because these able to associate with their peers which they were more trendy, cool and classy (Fernandez, 2009). Each individual of generation Y consumers have different purposes on purchasing luxury products such as status consumers only associate themselves to products that have status qualities and materialism affiliate themselves will all products either with status or non-status (Belk, 1985). Status consumers motivated their purchasing behaviour that mainly displays on wealth or social status by the desire for status on their owners by those significant others surrounding them and it is independent on certain specific factors such as actual income or social class position (Veblen, 1899; Eastman et al., 1999). Materialism in consumer purchasing behaviours was ownership and acquisition of material goods in achieving importance life goals as the result in happiness through possessions and success. (Richins & Dawson, 1992; Richins, 2004). Finally, the main attentions have focused on the motivations that influence generation Y consumers of purchasing luxury products because there were five different individual luxury consumers that are affected by five different values and self-consciousness. The self-consciousness in the process of decision making were dependent on individuals that influenced by interpersonal effects. However, the conceptual framework that included in the personal effects such as perfectionist and hedonist motives are two additions constructs which added to traditional three characteristically structures in the interpersonal effects such as snob, veblenian and bandwagon motives (Leibenstein, 1950). The nature of generation Y consumers purchasing of luxury products in Penang, Malaysia was highly complex that concerned on many internal and external factors. As a result, there was numerous gaps still remain to be further researched, which will be addressed in the following chapter.

## CHAPTER 3

## Theoretical Framework and Research Methodology

## 3. 1Introduction

This chapter discusses the sections of research methodology and theoretical framework. Additionally, the suitable methods and framework will be applied to achieve accurate results in research findings (Silverman, 1993). The quantitative research methodologies were selected in this research study (Perry, 1998). The research method will be explained and discussed by shown the quantitative method was suitable in this study. Secondly, the theoretical framework will be set for the research study process and discusses the research questions to determine the hypothesis. Thirdly, the questionnaire design was carried out, the method of data collection and sampling will be discussed. Finally, the method of statistical data analysis was discusses on how to analyse all the results finding. At last, the end of this chapter summarized the chapter.

## 3. 2Research Methodology

Perry (1998) defined that there was two options can be applied to conduct in research study and these two methods are quantitative and qualitative. Currently the research was focus study on generation Y consumer purchasing behaviour of luxury products in Penang, Malaysia. This research was in order to find out between gender differences, materialism, status conscious and motivations of generation Y consumers behaviour such as Veblen Effect, Snob effect, Bandwagon Effect, Hedonic Effect, and Perfectionism Effect. Since there are large numbers of generation Y consumers purchasing luxury products and the method of quantitative research is more suitable for collecting data from large sample sizes. From here, researcher find out the quantitative methodology is more suitable than qualitative methodology. The quantitative methodology uses numerical values for explained research and problem solving and it is important to be focus on the collection of numerical, statistical analysis, and the results of the data (Curwin & Slater, 2002). However, there are disadvantage on quantitative methodology. Silverman (2000) defined by using quantitative methodology may cause ignore on the social and cultural variables of the information acquired. For example, consumers’ attitude cannot be easily explained by using a series of numerical analytical assumptions (Kirk & Miller, 1986). However, the purpose of current research is to examine the relationships between the variables that " have been previously identified and measured" rather than to explore " what are the variables involved" (Perry, 1998). Therefore, this is the reason that quantitative method was suitable to be for collecting large sample sizes data and it is also easy for generalize respondent’s explicit and implicit claims (Dillman, 2000). In additionally, there is a limitation of time for conducting in this current research. So, the quantitative questions are the easiest way for those generation Y’s respondents to answer and understand. It is also easy for researcher to simplified and interpret all of the data results. As a result, this study has chosen the quantitative method strategy to conduct research questions, which will be justified on next topic.

## 3. 3Theoretical Framework

The theoretical framework is a strategies and plan structure which used in investigations for obtain answers to the questions that related to a research study and control the variance (Emory, 1985). Currently this research study is to examine and investigate on generation Y consumers purchasing behaviour of luxury products in Penang, Malaysia. There are two variables in this in this research study, which are dependent variable and independent variables. For dependent variables, it is generation Y consumers’ purchasing behaviour of luxury products in Penang. For independent variables, it is the various factors such as Materialism, Status Conscious, Veblen Effect, Snob Effect, Bandwagon Effect, Hedonic Effect, Perfectionism Effect, and gender differences between generation Y consumer purchasing behaviours. Refer figure 3. 1.

## Dependent Variable

Generation Y consumers’ purchasing behaviour of luxury products.

## Independent Variables

Status ConsciousMaterialismVeblen EffectSnob EffectBandwagon EffectHedonic EffectPerfectionism EffectGender DifferencesFigure 3. 1: Schematic Diagram of the Theoretical Framework.

## 3. 3. 1Hypotheses Statements

Based on the theoretical framework has showed both of the variables in this research study. Therefore, the research hypotheses are stated as follows. Hypothesis 1: Status Conscious toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 2: Materialism toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 3: Veblen Effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 4: Snob Effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 5: Bandwagon Effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 6: Hedonic Effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 7: Perfectionism Effect toward purchasing luxury products has positive causal effect on Generation Y consumers’ intention to purchasing luxury products. Hypothesis 8: There are differences in consumer behaviour factors when considering gender between generation Y consumers’ intention to purchasing luxury products in Penang.

## 3. 4Questionnaire Design

This research study is used structured questionnaires with closed ended questions and all of the data that will be gathered with quantitative method. Currently this research study focused on 100 respondents with a limited timeline for data gathering and analysis therefore closed ended questions are needed. This is due to the researcher can easily assign numerical value or rating to the research questions and the data are easy to analyse the results. However, closed ended questions has disadvantage in research study because the questions that had been set is possible limit the respondent’s answers. This might not able to reflect respondent’s own opinion and they only allow choosing set alternatives (Sauners et al., 2003). Currently the research study is a replicated and combines the study of Tovikkai & Jirawattananukool (2010), Sriviroj (2007), and Ming (2011), each of the researchers’ questionnaires was adopted into this study. However, this research study did not adopt all the scale items used in the Tovikkai & Jirawattananukool (2010), Sriviroj (2007), and Ming (2011) study. The questionnaires for the current research study are attached in Appendix 2. The questionnaires were divided into two parts. The first part consists of demographic questions contains personal details of respondents including: age range, gender, marital status, education level, currently social roles, and other sources of income. Additionally, the question 7 was to indicate the respondents’ personal frequency of purchasing luxury products and question 8 was to find out what are the sources that respondents get influences to buy luxury products. The part two section is consists lists of forty quantitative questions, which requires rating from 1 to 5 (1= strongly agree, 2= agree, 3= neutral, 4= disagree, and 5= strongly disagree) on the questionnaire’s answers. The flow of the questionnaire moves from topic to topic that involves questions that are directed towards generation Y consumers’ purchasing behaviour of luxury products, materialism, status conscious, Veblen Effect, Snob effect, Bandwagon Effect, Hedonic Effect and Perfectionism Effect. Firstly, the questions from 1 to 5 target on generation Y consumers’ purchasing behaviour of luxury products. Secondly, the questions from 6 to 10 were target on status conscious and the questions from 11 to 15 were target on materialism. Thirdly, the questions from 16 to 40 were focused on motivations of generation Y purchasing luxury products. The questions from 16 to 30 were target on interpersonal effects in three main effects; Veblen effect from question 16 to 20, Snob effect from question 21 to 25, and Bandwagon effect from question 26 to 30. Additionally, the questions from 30 to 40 were focused on personal effects of generation Y consumers. It was deeply into two main effects such as Hedonist effect from question 31 to 35 and Perfectionist effect from question 35 to 40. Finally, all the forty questions were gathered and find out the differences between male and female generation Y consumers’ purchasing behaviour of luxury products.

## 3. 5Data Collection

This section discussed about the data that needed in current research study and method that use to collect the data. Nowadays there are many ways of data collection that related to research such as email, internet social network, surveys, interview, databases and etc. However, there are some conditions that needed for certain situation to specific the method of data collection to be approached (Fowler, 2002). The data will be used has a huge influence, will affect how the data will be collected (Walters, 1994; Sauners et al., 2003). In this research study, data collection is separated into two sections, primary and secondary data collection. Primary data was collected in order to investigate the research questions. Secondary data was collected from journals, articles, magazines, and books as a source of information in this research study.

## 3. 5. 1Primary Data

The primary data was gathering information from consumers through online survey questionnaires by using emails and social network (Facebook). Beside this, there is also face-to-face interview on those designed questionnaires. It was part of the quantitative research method that gathers data from a large population (Bryman, 2008). Face-to-face interview has huge advantage of data collection because it can correct misunderstood of the questions that is being asked and missing information that has not been filled by the respondents. However, there is limitation in face-to-face interview because this method of data collection might not able to provide a large amount of sampling therefore online survey questionnaires required to apply in a same time. Based online survey questionnaires, it can improves response rates and it is also inexpensive method for collecting data which has large amounts of respondents (Churchill, 1999). Beside this, the online survey method will shorten time for researcher to implement survey questionnaires to gathering information (Dillman, 2000). Although online survey may help researcher collecting large sample data but it does not mean those respondent might participate or answer the questionnaires.

## 3. 5. 2Secondary Data

The secondary data was collected from journals, articles, magazines and books which are those previous researches that provided useful information of Generation Y in luxury products market. However, the latest situation that previous studies have not been explored before in the research. News and magazines are the best sources to update latest information of generation Y consumer behaviour in luxury market. Secondary data is important because it provides related information for researcher designing the survey questionnaires and identifying the problems that has appeared significant outcome.

## 3. 6Sampling

Sampling is a method that used for represents a group of whole population. In most of the research findings, those questionnaires will use as group of samples because it is impractical for gather the data from entire population (Walters, 1994). Fink (2003) mentioned it is only needs a small size of reliable and accurate samples of items or people to represent an entire population. Based on this research study, the target sample is focus on male and female generation Y consumers who live in Penang, Malaysia. The participants are target at ages range from 18 to 35 years old for completing the questionnaires. There were 100 people who completed the questionnaires, 50 people were male and another 50 people were female which both consist of an equal proportion gender. Researcher required to identifying the characteristic of the Generation Y consumers for interview therefore non-probability sampling is used as the method to select some number of respondents in the population is more likely to be selected than the others (Bryman, 2008). However, there were different types of non-probability sampling methods but only two types of the sampling methods are suitable for this research study, It was snowball sampling and purposive sampling. Snowball sampling is a sampling process that involved a small group of people who are related with the research study and follow these people to build up contacts with others in same related field but this might cause problem for the result’s sample might not accurate to representatives of the whole population (Bryman, 2008). As Bryman (2008) mentioned " The very notion of a population may be problematic in some circumstances". Therefore, researcher prefer to select purposive sampling method to conduct this research study because it can representatives most of the population which can achieve more accurate result. Tashakkori and Teddlie (2003) defined the purposive sampling is a method that selecting samples from the target group for representatives the whole population. Finally, researcher has a clear characteristic of the generation Y consumers in luxury market. So, purposive sampling method will be effective for this research study.

## 3. 7Data Analysis

The research purpose is to study on generation Y consumers purchasing behaviour of luxury products in Penang, Malaysia. All the questionnaires’ data were collected from the online survey (email and social network such as Facebook) and face-to-face interview that target to those generation Y consumers in Penang, Malaysia. The data were analysed by statistical method. If the data is using by the corrected method to analyse, it will able to produce useful information, which will be enhance decision-making process and gain competitive advantage in organization (Thomas et al., 1997). In this research study, researcher used SPSS software to analyse the data that collected from the respondents. However, Microsoft Excel software also will be used as a tool for applying a method of descriptive statistics-frequency analysis, T-tests, reliability tests, correlation analysis, one-way annova analysis, and regression analysis. Finally the data were analysed and presented in table’s format. The information have been gathered from the secondary data can be compared with the primary data from survey questionnaires in order to find out the study has gained any relevance or not at generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia.

## 3. 8Chapter Summary

This chapter summary shown that the research study is based on quantitative method research for conducted to examine. Firstly, researcher defined characteristic of generation Y consumers and their purchasing behaviour of luxury products. Secondly was to find out the generation Y consumers were materialism and status conscious that cause them purchasing on luxury products. Thirdly, what was the motivation behind of these generation Y consumers behaviour that cause them purchasing luxury products because due to interpersonal effects such as Veblen Effect, Snob effect, Bandwagon Effect and also personal interests such as Hedonic Effect and Perfectionism Effect? Beside this, the researcher found out the main sources of mass media that influence generation Y consumers purchasing luxury products. Finally, researcher also compared the differences between genders of generation Y consumers’ purchasing behaviour of luxury products. Therefore, researcher analysis the characteristic of generation Y consumer’s purchasing behaviour of luxury products in Penang, Malaysia. This questionnaire survey mainly focuses on online questionnaire and face to face interview. It totally consisted of forty close questions with a help of purposive sampling method to collect raw data. The raw data were obtained from consumers who are age between 18 to 35 years old in Penang, Malaysia. All the collections of data uses of SPSS and Microsoft Excel to analyse that met the sampling criteria.

## CHAPTER 4

## CHAPTER 5

## Conclusions and Recommendations

## 5. 1Introduction

In this chapter summarises the findings of Chapter 4. The final conclusions and recommendations were made in this chapter. The relationship between the dependent variable and independent variables were elaborated into details. The discussions on the hypotheses were also carried out at the following sessions. In this research study, the dependent variable is generation Y consumers’ purchasing behaviour of luxury products and the independent variables are Status Conscious, Materialism, Veblen Effect, Snob Effect, Bandwagon Effect, Hedonic Effect, Perfectionism Effect, and Gender Differences. Both dependent and independent variables are validated to find out the reasons and behaviours behind the generation Y consumers purchasing of luxury products. Meanwhile, researcher provided some suggestions and recommendations for generation Y in Penang, Malaysia.

## 5. 2Recapitulation

This research study was to investigate and examine their motivation, status consumption, materialism, and gender differences that influence generation Y consumers’ purchasing behaviour of luxury products in Penang, Malaysia. The researcher analysed the concept of luxury products and its relationship to established theories. The tests done were frequency, T-test, reliability analysis, correlation analysis, one-way Anova, and regression analysis. They were carried out to analyses the independent variables with dependent variable. The findings of the research confirmed that eight independent variable had significant affected on generation Y consumers’ purchasing behaviour of luxury products (dependent variable). The accepted variables are status conscious, materialism, Veblen effect, Snob effect, Bandwagon effect, Hedonic effect, Perfectionism effect, and gender differences.

## 5. 3Discussion on the Findings and Conclusions

The findings showed that the generation Y characteristics of all respondents were age between 18 to 35 years old. The result showed that generation Y has high education levels which were 73. 9% of bachelor’s degree holder and 11. 4% of master’s degree holder. This finding is consistent with the statement by Dalton (2007) who stated that generation Y were most educated generation group of peoples when they were comparing to group of generation X and baby boomer. Most of the generation Y consumers were in single status and they already have their own part-time and full-time jobs which were either employed or self-employed. From here, they can be seen as having a free spending spirit because their single status without commitment had shown they were the wealthiest groups of people that employed in full time jobs or part time that find extra funding for their excessive spending. This following statement were supported by Martin & Turley (2004) and Horovitz (2002) which matched the outcome of the researcher’s analysis. As the research study find out most of generation Y that purchasing luxury products does not have any other source of passive income and does not have any investment plan or other sources of income. Liang (2005), in his research matches the outcome of the researcher’s findings which found that when compared them with the older generation and they willing to spend all of their savings on luxury products and enjoy life. The results showed generation Y were frequently purchasing luxury products in monthly, every six months, and once a year because they have own natural inclination to spend on brands’ product which were trendy, cool and classy for them to promote their lifestyle. Beside this, generation Y consumers are most regularly shopping, they also most concerned about others perceiving them as fashionable and enjoying the luxury experiences. Based on the result findings, internet websites, generation Y personality, celebrities and stars, social network, movies or TV programs, magazines, and friends has huge influenced on them to purchase luxury products. Most of the generation Y were seeking branded products for satisfied and express themselves and also associate with their peers into particular group. Beside this, they also are seeking the celebrities and star as role models for them to follow on. These young generations has grown up with technology such as computers, smartphones, satellite television and the internet. Therefore, it was the best medium of mass media for the luxury products’ marketers to take opportunity influencing generation consumer behaviour through the knowledge of the products and caused the generation Y were more concerned about luxury products compare to other generation. As above statement were supported by Fernandez (2009), Meredith & Schewe (2002), and Naidoo (2011) which matches the research’s findings and analysis in this study. From the hypotheses, the Status Conscious and Materialism significantly affected generation Y consumers’ purchasing behaviour of luxury products. These findings shown that it is consistent with the findings by Naidoo (2008) stated that generation Y has strong status consumption and a materialistic oriented. Beside this, the interpersonal effects such as Veblen, Snob, and Bandwagon effect were significantly affected generation Y consumers’ purchasing behaviour of luxury products. As Deloitte (2012), and Fernandez (2009) found that generation Y consumers indicated " brand" as main factor when purchasing a luxury items and they agreed the impressions of other consumers and they prefer luxury items instead of new mass brand. They spend for their embrace products to promote their lifestyle because these able to associate with their peers and prefer on branded product because those brands were more trendy, cool and classy to promote as a symbol of success. These findings matches the outcome of the researcher’s analysis. The personal effects such as Hedonic and Perfectionism effect were significantly affected generation Y consumers’ purchasing behaviour of luxury products. The finding is consistent with the statement by Taylor and Cosenza (2002) that mentioned generation Y consumers' purchasing behaviour were more in impulse characteristic and they prefer seeking branded product for satisfied and express themselves. Beside this, Deloitte (2012) was also stated that generation Y consumers were seeking the luxury product’s enjoyment and the premium features. Both of the findings match the outcome of the researcher’s analysis. Finally, there are differences in consumer behaviour factors when considering gender between generation Y consumers’ intention to purchasing luxury products in Penang. Hypothesis, H8 was accepted. The hypothesis is consistent with the findings by Mintel (2011) who stated men were less than 35 years old are the most image-conscious and concerned about others perceiving them as fashionable meanwhile they also enjoying the experience. However, other findings by Phillips (1997) had stated women prefer more personal space and a sense of self towards latest fashion trends and gain identity. The findings matches the outcome of the researcher’s analysis above.

## 5. 4Implication of Study

The benefit of this study is priority for marketers to reach luxury markets of generation Y customers in Penang, Malaysia with maximum efficiency. In current globalisation, new marketing tactics are needed to attract and serve new generation Y consumers. This will help the marketers to standardization or modification the luxury products to meet young consumers’ markets need. As marketers have to understand their consumers. The benefits of this research was that it is able to help and understand the Generation Y consumers’ purchasing behaviour because by using a proper segmentation in certain group of consumers will be great advantageous to marketers to positioning their product’s brand and creating appropriate marketing communication messages. Therefore the positive influences of generation consumer Y perceptions affecting their potential purchasing behaviour. The generation Y consumers in Penang have placed overall performance, design and quality as one of the main reason to purchase luxury products. Research has indicated that when purchasing luxury brand products, young consumers consider quality as one of the main priority. Marketers should use these findings to improve its products’ quality because more quality able to beneficial to retailers and consumers. As the product’s quality increased, the price has increased as well in luxury products. However, it does not affect generation Y consumers because they preferable themself in upper status class, exclusive and high in quality of living lifestyles. Marketers should note that, internet websites, generation Y personality, celebrities, social network, movies or TV programs, magazines, and friends have huge influences on them to purchase similar luxury products. The mass media has a big influence on generation Y consumers. Based on marketing perspective, these findings will help for advertisement and presenting the luxury brand products to maximum efficiency in attracting generation Y consumers in Penang. Another discover in this research shown that majority of generation Y consumers purchase luxury products to fit in with friends or in particular group. This research had provided suitable information for Malaysia government to take consideration in current young generation consumers. As now, the generation Y consumers are purchasing luxury products with their own financial capabilities from their part-time or full-time job but some of them were using credit card and bank or student loans to purchase luxury products. Therefore, this had cause younger generation consumers are facing bankruptcy issues due to their uncontrollable and over spent on unnecessary luxury products. Most of these new generation Y consumers are lack of financial planning and no addition investment or income.

## 5. 5Limitation of Study

In every research study have its certain limitation of the research. There are several limitations are encounter in this study must be recognized. Firstly, there is lack of literature in this research study that was used to explain the gender differences between generation Y consumers’ purchasing behaviour of luxury products. Secondly, time constraint and lack of financial are one of the major impacts that limit the research. It only managed to get feedback from 88 respondents in Penang for data collection and analysis. Research not able to collected enough samples from different location at luxury shopping mall in Penang, Malaysia for precede more depth into this study. Beside this, researcher have not enough time to closely face to face interview with the respondent and it also restricted researcher’s time to interview balanced and different races of respondents in Penang. Thirdly, this scope of research study was targeted in Penang only. It limits the researcher to gather all the data from entire. Consumers residing in other states of Malaysia were excluded from the study due to time and financial constraints. Fourthly, culture is not included in this study because it was too complex to apply in Penang, Malaysia because there are different type of races and culture such as Malay, Chinese, Indian, Singh, and other that already mix among each other. Some of the cultures had influences by western culture as well which cause the researcher has limitation to study and compared differences type of culture in generation Y consumers’ purchasing behaviour of luxury products. Finally, another drawback in this study was the research questionnaires were used in close ended form. It limits the respondents with no other options to select their preferable and honest feedback. This scenario might indirectly cause affect the integrity of collected data.

## 5. 6Suggestion for Future Studies

The researcher is necessary to extend longer provision time period to conduct an effective research and this can increase the accuracy of the findings. Beside this, a large sample size need to be used for getting more accurate and equal data collection. Beside this, the research should also expand to entire states in Malaysia. So, the results will be more relevant and representative to the whole target of generation Y population in Malaysia. Meanwhile the literature review needs to be further improved and more related article by other researchers’ opinions. This will give more detail view and findings on gender and culture differences between generation Y consumers’ purchasing behaviour of luxury products. Future researchers have to take more samples from different location at luxury shopping mall for getting more accurate data collection and depth into the research study. Researchers need to set qualitative methodology in open ended questionnaires and having face to face interview with the respondents because this will get preferable and honest feedback from the respondents’ opinion more freely. Researchers have to consider culture or races as part on the research because Malaysia has different type of races and cultures. This might be a reason behind that affected generation Y consumer purchasing behaviour, therefore the data collection from each races of respondents need to be analysis and compared it for show the accurate result findings. This will also able to determine whether the western culture had influences generation Y consumers’ purchasing behaviour of luxury product in Malaysia.

## 5. 7Recommendations

Based on the research findings, researcher recommends that the marketers from luxury goods companies should focus perfectionism effect of generation Y consumers which they have to take more innovation to design trendy, cool and classy products. Beside this, the luxury product must be in overall superior performance and high quality builds. However, the luxury product must be in rare and differentiate with others companies’ mass products. It must be in high price, limited edition and excellent service because Veblen and Snob effects within generation Y consumers thinks that high price in luxury products are expected as the following requirements. These will let the consumers prefer on luxury products because those brands are a symbol of success if they owning it. The marketers need to focus on generation Y consumers in bandwagon effect by seek celebrities, stars and successful entrepreneur as role model for brand ambassador by promoting the prefect and symbolic status that differentiate themselves with others. Marketers also need promote their products that based on generation Y consumers in hedonic effect which show its uniqueness, passion, pleasures and excitement when using the luxury product. From here, marketers need to base on internet website, social network, and movies or TV program as a medium to advertising their luxury products. Malaysia government should take consideration in current generation Y purchasing behaviour towards luxury products. Currently Malaysia is facing high rate of bankruptcy and most of them were youngster because most of them were lacking in knowledge in investment and financial management and some of them were over spend on unnecessary luxury items which does not really need in their living lifestyle (The Star, 2012; New Straits Times, 2010). Government should embark a mission to educate generation Y on investment and financial management skills and avoid them towards materialism, over spending, bankruptcy and face financial difficulty in future. Parents of generation Y consumers have to take more depth in responsible to educate their young generation purchasing behaviour. This is in order to prevent them have the attitude of over status consumption oriented and materialistic because when generation Y turn into more status consumption and materialistic will caused them only care on the outlook that affiliate themselves with all the luxury products either with status or non-status without morale, family happiness, respectful, appreciate, and meaningful life.

## 5. 8Final Conclusions

As a final conclusion, the objectives and research questions of the study have been met. These had concluded that total eight out of eight hypotheses were accepted. The accepted hypotheses identified relationship between generation Y consumers’ purchasing behaviour of luxury products with Status Conscious, Materialism, Veblen Effect, Snob Effect, Bandwagon Effect, Hedonic Effect, and Perfectionism Effect were positive significantly affected. In respect to Status Conscious and Materialistic, Generation Y consumers in Penang are frequently purchase luxury products to show that they are upper class. They also think that luxury products are for wealth purposes, and they envy others that owed luxury products as well. In terms of motivation in interpersonal effects and personal effects, this research has shown that the Veblen Effect, Snob Effect, Bandwagon Effect, Hedonic Effect, and Perfectionist Effect motivate Penang’s generation Y consumers into purchasing luxury products. On the other hand, the hypothesis was accepted in the differences in consumer behaviour factors when considering gender between generation Y consumers’ intention to purchasing luxury products in Penang, Malaysia because between male and female of generation Y consumers shown the differences of hypothesis description in positive causal effect. Status Conscious, Snob Effect, and Perfectionism Effect had positive causal effect on male generation Y consumers’ intention to purchasing luxury products. Materialism, Veblen Effect, and Bandwagon Effect had positive causal effect on female generation Y consumers’ intention to purchasing luxury products. However, Hedonic Effect had same positive causal effect on both male and female of generation Y consumers’ intention to purchasing luxury products.