

# Luxury goods: definition and literature



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## **Chapter 2: Literature Reviews**

### **2.0 Definition of Luxury Goods**

The word ‘luxury’ can be defined as state of life in which has uses things that please the senses or pleasing to have but not essential. “A good attains the label as a “luxury” when it has a particular design, quality, performance or durability that is remarkably superior to the comparable substitutes” (Snapshot of U. S Luxury Good Market, 2007).

Dubois, Laurent and Czellar (2001) and Survanasuddhi (2007) stated a definition of the nature and characteristics of the concept of luxury. The six facets are excellent quality, very high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history and superfluosness.

Luxury goods are rising in popularity especially as consumers’ buying behavior is becoming more symbolized. Consumers feel that by owning luxury products can express their personality and set them apart. Thus, “luxury goods have been defined as goods for which the mere use or display of a particular branded product brings prestige on the owner, apart from any functional utility” (Nia and Zaikowsky, 2000)

The term ‘prestige’ was defined as it consists of consumers’ motivations for chasing technical superiority, uniqueness, signaling wealth and status well as aesthetics appeal (Vigneron and Johnson, 1999). ‘Prestige’ and ‘luxury’ are used synonymously in the Vigneron and Johnson’s research. Vigneron and Johnson (1999) categorized three types of prestige brand as upmarket brands, premium brands and luxury brands, respectively in an increasing

order of prestige. Hence, it was expected that people would have different perceptions of the level of prestige for the same brands, and that the overall prestige level of a brand would consider the prestige perceptions from different people.

Source: Vigneron and Johnson (1999)

“Luxury brands can be described as premium priced brands that consumers purchase for their psychological values (symbolic and hedonic), and not predominately for their economical and functional value” (Nueno and Quelch 1998; Stegeman, 2006).

However, the definition of luxury goods or brands cannot be fully recognized. The definition of luxury will be different and may not be the same for another researcher. Chadha & Husband (2006) definition limits itself in that it only pertains to luxury fashion goods instead there are other luxury goods that are also both universally available and accepted as luxury. The definition of luxury brands have been defined as fashionable and high quality consumers' goods made by reputed luxury brands which contained wearable fashion goods such as handbag, wallet, shoes and belt (Chadha and Husband, 2006; Heinemann, 2008). Fashion can be reflection of the social, economic, political and artistic forces of the time.

According to Gao, Norton, Zhang, To (2009), “luxury fashion goods are apparel, accessories, handbags, shoes, watches, jewellery, and perfume for which use or display of particular branded products brings prestige to owners, apart from any functional utility”. Snapshot of U. S Luxury Good Market (2007) stated fashion group represent the major product sector in the <https://assignbuster.com/luxury-goods-definition-and-literature/>

luxury goods market. It is important to know that the survey showed that “one sixth (16%) of the world’s consumers claim to buy designer brands” (ACNielsen, 2008).

For this research, the term luxury goods can be defined as the brands that are defined as luxurious in the annual “ Consumer and Designer Brand Report 2008” by the global Nielson firm which the survey is the largest and it identified the following goods as the luxury fashion goods.

Calvin Klien Giorgio Armani Celine

Ralph Lauren Louis Vuitton Ferragamo

Diesel Burberry Chloe

Chanel Versace Marc Jacobs

Christian Dior Prada

Gucci Givenchy

DKNY Emporio Armani

Valentino Hermes Fendi

Yves Saint Lauren Max Mara

The fashion goods that show above are not the only goods that are stated as luxury in this research. Consumers allow to evaluate and include other brands which they think is luxury fashion goods for them.

Furthermore, there are many opinions and views of luxury from different leaders' viewpoint stated in KPMG research (Managing Luxury Brand Growth, 2006). Luxury is explained in the table below as following:

Leaders' Name and Company

## **Definition**

### **1. Guy Salter**

\* Private Investor, Deputy Chairman of Walpole, the British Luxury goods organization

Because luxury matters in a way that didn't matter before. Increasingly, luxury is big business: the luxury segment is growing and according to most projections it will continue to grow for the next ten to fifteen years.

### **2. Belinda Earl,**

\* Jaeger Group's chief executive

\* Jaeger is a luxury British brand renowned for designing stylish, innovative and superb quality womenswear, menswear and accessories.

None of us are in the business selling necessities; luxury is the business of creating and satisfying desires.

### **3. Richard Purdey of gun makers James Purdey and Sons**

\* Famous British gun maker of London, and the name is synonymous with the very finest sporting shotguns and rifles. Purdeys hold or have held numerous warrants of appointment as gun and rifle makers to the British and other European royal families.

A real luxury brands has got to have total integrity. It has to be the buyer that says ‘ this is luxury’.

#### **4. Theo Fennell**

\* Theo Fennell is the jewellery maker by using his name for his company ‘ Theo Fennel’ in London

Luxury is something that everyone wants and nobody needs.

#### **5. Joseph Wan of Harvey Nichols**

\* CEO of retailer Harvey Nichols

\* Harvey Nichols is an international luxury lifestyle store, renowned both in the UK and internationally for the breadth and depth of its exclusive fashion merchandise. It offers many of the world’s most prestigious brands in womenswear, menswear, accessories, beauty, food and home.

Luxury is about history. A luxury brand is a lifestyle concept and to be sustainable it has to have history, including a history of quality merchandise and of real luxury customers..

#### **6. Raphael le Masne de Chermont, of Shanghai Tang**

\* Executive Chair of Shanghai Tang

\* Shanghai Tang is the first luxury brand emerging design from Chiana

It is not in the price, it is in the pleasure you give to the customer. It is to do with creativity, a harmonious aesthetic with attention to details.

#### **7. Christian Hafner**

\* Head of Branding at Swarovski

Luxury is about history, authenticity, depth and being a partner. Buying a luxury product is like a love affair.

## **2. 1 Generation Y**

Generation Y are also referred as the Millennial Generation or Generation Next or Net Generation describes the demographic cohort following Generation X. Its members are often referred to as Millennials or Echo Boomers. According to Shareef Mahdavi (2008), Generation Y is the term used to describe children of the Baby Boomer generation, typically born between 1977 and 1995. McCrindle (2008) described the generation Y born in between 1980 and 1994. They are also referred to as ‘Millenials’ and ‘Echo Boomers’ in the western society, especially American Society.

Generation Y are individuals who born between 1977 to 1994 that have a free spending spirit and consist of 71 million 8 to 25 year olds (Horovitz, 2002; Sriviroj 2007). The wealthiest groups of people are between the ages of 19 to 25 year olds who are either employed in full time jobs or part time work even though there are group amount of generation Y consumers. The greatest purchasing power in the Generation Y college student takes place within the part-time student, who spends over \$400 monthly on discretionary purchases while often maintaining full-time employment (Gardyn, 2002). Those who are either part time or at full time work are college students (Martin & Turley, 2004). Students always work as part time work to find extra funding for their excessive spending during the university holidays or breaks. There are average 80% of students attending college or university are employed (Martin & Turley, 2004).

The financial knowledge of the average Generation Y consumer also earns them the awareness and respect of marketers even though their spending power alone is enough reason to pay significant attention to this group of consumers. The financial knowledge of the average Generation Y consumer also earns them the respect of marketers today. Generation Y consumers have a remarkable amount of disposable income due to the increasing of greater level in the economy over the past decade (Martin & Turley, 2004). Besides that, the research suggested that “ Generation Y has more discretionary income than the previous generations and prefer to spend it on themselves rather than others. A reason for this may be because they are starting families later in life and therefore are able to spend their income on themselves without having to worry about others” (Angela Hughes, 2008)

The important of this group of consumers has taken on the greater level of meaning for marketer. “ While the Baby Boomers grew up with television advertising influencing how they were marketed to and how they bought products, Generation Y has many different mediums that they grew up with, which is what makes marketing to them so much more difficult” (Angela Hughes, 2008). Marketers are playing the large part influence consumers’ behaviour through the knowledge of fashion. The reason is that teenagers are concerned about fashion value more than any other age groups (Koester and May, 1985; Sriviroj 2007). One of the most influencers is the media because of media consist of a wide range of technology such as television, internet, mobile phone and DVD. (Angela Hughes, 2008, Sriviroj 2007). The internet has permanently changed the way that this generation shops by giving the information about products than the companies give the



consumer. According to Angela Hughes (2008), the internet is also a powerful tool for this generation in spreading opinions about products to their peers. The largest differences between Generation Y and those that preceded them are Generation Y's tremendous awareness and confidence. Generation Y is more likely than any previous generation to look up information before purchasing a product. Generation Y is more desirable to own the products that they know their peers will accept just to show they are part of the group. On the other hand, in the research of Sriviroj (2007) stated that television is strongly influence these generation which affect them as they will reflect their perceptions in "reality" as they have seen in television world. "Of the paid advertising channels of online, outdoor, newspaper, magazine, radio, TV and Theatrical, TV and newspaper are the most trusted media" (Nielsen Global Online Consumer Survey, 2009).

"Generation Y is poised to take over as the largest and most lucrative consumer group for marketers, a position that has long been held by the Baby Boomer generation" (Angela Hughes, 2008). In order to understand the generation Y consumers, it is important to think about factors that motivate these individuals towards the purchasing of luxury goods.

## **2. 2 Social Influence**

Previous research shows that group influences play an important role in influencing the purchase decisions (Brinberg and Plimpton, 1986; Martin and Bush 2000; Mascareches and Higby, 1993). The group members have been recognized as determinant of behavior. The fact that the people act in accordance with a frame of reference produced by the group to which they belong is a long accepted and sound premise (Merton and Rossi, 1949).

However, many individuals did not behave like the majority of people in their recognized group (e. g., social class or educational level). The casual observation showed perplexing contradictions between group membership and behaviors. According to Merton and Rossi (1994), “ a partial solution was found in the concept of “ reference group”, which recognizes that people frequently orient themselves to other than membership group in shaping their behaviors and evaluations and that reference groups can perform a diversity of functions.”

Reference groups are generally defined as “ actual or imaginary institutions, individuals, or groups conceived of having significant relevance upon an individual’s evaluations, aspirations, or behavior” (Lessig and Park, 1975; Pertina, Prybutok, Zhang, 2008). Besides that, reference group also can be defined as “ a group of people that significantly influence an individual’s behavior” (Bearden and Etzel, 1982). Reference group are important because they make the individual aware to a specific goods or brands and influence individuals to adopt attitude and behaviour that are consistent with the norm of the group.

The normative and informative social influences are the most widely accepted influence. Normative social influence is based on the tendency to conform to the expectation of others while informational influence is based on the desire to make informed decisions and optimize the choice (Stephen Yang and He, 2009; Khan and Khan, 2005). Berden and Etzel (1982) examined that the reference group influence by product and the brand purchase decision. Previous research studied group influences in marketing strategy and consumer’s purchasing behaviour. Specifically, three types of

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group influences are studied which is information, utilitarian and value expressive influences (Stephen Yang and He; Bearden and Etzel, 1982; Makgosa and Mohube, 2007; Pertina, Prybutok, Zhang, 2008). Informational influence is reflected when an individual perceives enhancement of knowledge and ability to cope with environment when using information from opinion leaders, experts, or product users. Utilitarian influence manifests through the process of compliance with those who can exercise reward or punishment power. Value-expressive reference group function is based on the identification process whereas an individual who associates oneself with a group to enhance self-concept adopts this group's consumption patterns. Reference groups have been found to specify what the desirable and undesirable goods are (Bristol and Malengburg, 2005; Khan and Khan, 2005). Many researchers have argued that individuals are more susceptible to reference groups influence when the goods is conspicuous and publicly consumed (Bearden and Etzel, 1982; Makgosa and Mohube, 2007; Batra, Homer, Kahle, 2009; Morris and White, 2009).

The influence of a reference group on consumer behavior can be done in one of two ways, either directly or indirectly. In the research Stephen Yang and He (2009), reference groups refer the group that individual has frequent contact with (such as family members, work associates, classmates, friends, etc.). These group is refers to the groups used by an individual to direct one' purchasing behaviour in particular situation. These are generally referred as direct reference group (Schiffman and Kanuk, 1994). On the other hand, it included “ the groups that does not have the membership in or direct contact with, such as certain expected groups or people in a certain social

level (Stephen Yang and He, 2009). Based on the work of Khan and Khan (2005), the direct reference group influence was illustrated as “ families, friends, co-worker, formal social groups and other leisure groups”. This differs from the indirect reference groups comprise of “ individuals and groups that influence consumers’ purchase intentions without having and direct contact such as celebrities and sport personalities” (Khan and Khan, 2005).

### **2. 2. 1 Direct Reference Groups**

Direct reference groups can be defined as direct contact from the individual or groups with the consumers. With the reference from ....., it showed that families, friends, co-worker, formal social groups and other leisure groups are under this categories. A person has several reference groups for various subjects or different decisions normally. For example, “ a woman may consult one reference group when she is purchasing a car and a different reference group for lingerie” (Consumer Behaviour, no date). These direct reference groups are the one who frequently contact with the consumers, It can be seen that the groups views from direct reference groups whether purchase the goods in order to be like group members, believing in group members’ decisions or a sign of wanting to fit in the group.

The previous researchers have carried out the investigations on how the role models (parents, relatives, peers) influence teenagers’ purchase intentions and behavior (Martin and Bush; Subramanian and Subramanian, 1995)) and how parents and peers influence various products and brands’ purchase decisions (Bearden and Etzel, 1982). Researcher has shown that overt family

communication can and often does influence younger consumers' attitudes toward purchases and their consumption patterns (Martin and Bush).

Consumers always do not feel confident enough to evaluate alone. They will consult a friend or partner by inviting them along to a potential purchase can enhance the process. " Having a peer present meant that shop assistants become largely irrelevant and that evaluation of a brand centered largely on initial peer reaction to fit, style and price-based decisions" (Guy W. Mullarkey, 2001). " It is also interesting to note that of all the three direct reference groups, friends tend to exert the greatest influence where individuals purchase brands because they identify themselves with their peers" (Khan and Khan, 2005).

From the numerous researches that have been done, direct reference groups influence make an immediate impact to the consumers. Therefore, it can be concluded that direct reference groups play a significant role in providing relevant information, deemed necessary to make a purchase and conform the group norm.

### **2. 2. 2 Indirect Reference Groups**

Indirect reference groups is the group that influence consumers' purchase decisions without having any direct contact with the consumers such as celebrities and sport personalities. Khan and Khan (2005) defined celebrities as " individuals who are well known to the public for their advertisements in areas other than product class endorsed" and that they represent " an idealisation of life".

In luxury goods industry, it will be much easier by connecting the brand to a celebrity and is even viewed, in some instances, as a necessity. This is because a luxury goods company is in the business of building and selling dreams, and nothing is more helpful in making such dreams concrete and thus more believable in the eyes of the consumer, than communicating it through a famous personality. Celebrities are being increasingly used in marketing communication by marketers to lend personality to their products in India (Matrade Chennai, 2005).

Young consumers especially the generation-Y like advertisement more if they are attracted or admire the celebrities. Positive feelings toward the celebrities and the brand itself will develop more from the young consumers.

“ Research indicates that celebrity endorsements can result in more favorable advertisement ratings and product evaluations and can have a substantial positive impact on financial returns for the companies that use them” (Silvera and Austad, 2004). Besides that, previous research indicates that celebrities exert influence on consumers purchase intentions and decisions (Martin and Bush, 2000). “ Celebrities have also been found to enhance persuasiveness of messages and lead to actual purchases” (Khan and Khan, 2005). For example, Madonna and Demi Moore for Versace— beautiful, successful, mature women in their 40s, transgressive, independent, non-conformist, sexy, etc. (Roncaglia and Brevetti, 2006).

In conclusion, even there is no direct contact with consumers; indirect reference groups have the strong influence to the generation-Y which affects their brand choices toward the luxury goods.

### **2.3 Perceived Conspicuous Value**

Vigneron and Johnson (1999) defined five values of prestige behaviour combined with five relevant motivations, and from these identified five different categories of prestige consumers. According to his study, particularly emphasized the role of interpersonal effects on the consumption of prestige brands, and derived three main effects: Veblen, Snob, and Bandwagon. “ The Veblen, snob and bandwagon effects are evident with consumers who perceive price as the most important factor, with a higher price indicating greater prestige. They usually buy rare products and in this way emphasise their status” ((Husic and Cicic, 2008).

In addition, the study also conducted by Vigneron & Johnson (1999) included the conceptualized framework on two main personal effects: Hedonist and Perfectionist. “ Hedonists and perfectionists are more interested in pleasure derived from the use of luxury products, and less interested in the price than quality, product characteristics and performance. These consumers know what they want and use their own judgment while price exists only as proof of quality” (Husic and Cicic, 2008).

Perceived conspicuous value which known as Veblen effect is the consumption of the luxury product is viewed as a signal of status and wealth, whose price, expensive by normal standards, enhances the value of such a signal. (Vigneron and Johnson, 1999).

Several researchers demonstrated that price of product have a significant aspect in consumers’ opinion of quality (Vigneron & Johnson, 1999). The price of the product is use to judge quality of the luxury products between

different brands. Luxury is an expensive investment. Therefore, a high price has to be justified by an outstanding quality and aesthetics that mass produced goods can't guarantee (Barnier, Rodina, Florence, 2005). For some consumers, high price equals high quality; therefore, they are willing to pay more for high quality. " Brand exclusivity is the positioning of a brand such that it can command a high price relative to similar products" (Groth and McDaniel, 1993).

In addition, it is suggested that " consumers who perceived price as a proxy for quality, also perceived high prices as an indicator suggesting a certain degree of prestige" (Lichtenstein, Ridgway, and Netemeyer 1993). This statement is further supported in recommend the use of " prestige-pricing strategy" by the marketing literature when appealing to status-conscious consumers (Vigneron and Johnson, 1999; Luong Thi Bich Thuy, 2008).

Numerous researchers have conducted the original work from Bourne (1957), which focused on the influence of reference groups on the consumption of prestige brands (Mason 1981 and 1992; Bearden and Etzel 1982, Vigneron and Johnson, 1999). They found that there was a positive relationship between conspicuous consumption and reference groups. Studies on reference group influence have shown that the " conspicuousness of a product was positively related to its susceptibility to reference group influence" (Vigneron and Johnson, 1999). Additionally, Bearden and Etzel (1982) stated that luxury products that were publicly purchased are more conspicuous products in comparison to products that were privately consumed.



The studies also suggested that the luxury products may be used to communicate information about their identity. Veblen (1899) suggested that conspicuous consumption was used by people to signal wealth and by inference power and status. The utility of the luxury products may be to display wealth and one could consider that luxury brands would dominate the conspicuous segment of the consumers.

In conclusion, it can be concluded that conspicuous consumption of luxury goods is used to display wealth, power and status. It is playing a significant role that how individuals are motivated into purchasing luxury goods.

#### **2.4 Perceived Quality Value**

Within the field of marketing, the construct of perceived quality has been widely acknowledged as the primary driver of purchase intention (Jacoby and Olson, 1985). According to Vigneron and Johnson (1999), perceived quality value is defined as “luxury is partly derived from technical superiority and the extreme care that takes place during the production process”. Thus, Husic and Cicic (2008) stated perfectionism effect on perceived quality as “perfectionist consumers depend on their own perception of the product’s quality, and may use price as further evidence of quality”.

“Excellent quality is a sine qua non and it is important that the premium marketer maintains and develops leadership in quality” (Quelch, 1987; Vigneron and Johnson, 1999; Dubois, Laurent, Czellar, 2009; Barnier, Rodina, Florence, 2005; Srichan Sriviroj, 2007). In a survey conducted by ACNielsen (2008), it was found that on a global average, “28% believe that they are of significantly higher quality than standard brands”.

Source: ACNielsen Report (Consumer and Designer Brands), April 2008

Consumer might own prestige goods because they are likely to be of higher quality (Vigneron and Johnson, 1999). A consumer who owns a luxury fashion goods is likely to expect that the goods longevity and durability (Dubois, Laurent, Czellar, 2009; Barnier, Rodina, Florence, 2005; Srichan Sriviroj, 2007; Sarisa Suvarnasuddhi, 2007) compare with mass products. It should become better with time and should not lose its appeal (Barnier, Rodina, Florence, 2005).

According to the Nielsen survey (2009), designer brands stand for fashion and superior quality however in the developing markets of Latin America, Asia, South Africa and the UAE. A half of respondents in these countries think these brands are for fashion followers, and up to 40 percent believe they offer superior quality. Thus, it is interesting that the greatest percentage of people who believe designer brands offer significantly higher quality over non designer alternatives hail from Malaysia, Taiwan, Hong Kong and Turkey.

Source: ACNielsen Report (Consumer and Designer Brands), May 2006

Luxury and premium brands are expected to show quality and even greater quality as well (Garfein, 1989; Roux, 1995; Vigneron and Johnson, 1999; Srichan Sriviroj, 2007; Luong Thi Bich Thuy, 2008). Groth and McDaniel (1993) stated that “high prices may even make certain products or service more desirable”, because people take that products with high prices with great quality (Rao and Monroe, 1989). In fact, luxury products will lose their scarcity and uniqueness characteristics if luxury products are not priced high (Dubois and Duquesne, 1993). The studies and literature on luxury products

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suggested that the “ quality cue might also be used by consumers to evaluate the level of prestige of brands” (Rao and Monroe, 1989; Vigneron and Johnson, 1999; Luong Thi Bich Thuy, 2008). A low level of quality would play a negative role over the perception of the brand. In contrast, the person’s quality perception would play a positive role over his or her perception of prestige on the same brand if the buyer or the consumer perceives the brand as having an excellent level of quality. (Vigneron and Johnson, 1999; Luong Thi Bich Thuy, 2008)

According to Vigneron and Johnson (1999), it stated that the perfectionist effect exists when consumers purchase luxury items and expects superior products and performance as well as quality. People who represent the perfectionist effect are those “ who are assessed to personal values and judge a product according to their value of a luxury brand product” (Srichan Sriviroj, 2007; Luong Thi Bich Thuy, 2008) such as comfort and speed for luxury car or accuracy of the luxury watch.

Even previous researches showed that conspicuous value is more important effect and evident with consumers who perceive price is the most important factor. However, there were researchers stated that quality value is also important such as Jacoby and Olson (1983). In conclusion, perceived quality value were found important to study and can be use to identify the luxury consumption.

## **2. 5 Brand Image**

Brand is a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers (www.

marketingpower. com; Iyiade Adedamola Taofik, 2009; Suvarnasuddhi, 2007). In the research of Korchia (1999), “ image creates value in a variety of ways, helping consumers to process information, differentiating the brand, generating reasons to buy, giving positive feelings, and providing a basis for extensions”. Cheng (2006) stated that brand is important because the consumers’ perception of a product can be affected by the added value of a brand. “ Brands signal to consumers the quality of a product, the image that it is meant to convey, as well as representing particular current garment styles and trends in a fashion context” (Keller, 1993; Guy W. Mullarkey, 2001).

Brand image can be defines as “ perceptions about a brand as reflected by the brand associations held in consumer memory” (Keller, 1993; Cheng, 2006; Rio, Varques, Iglesias, 2001). Many researchers have been agreed the important of brand image. Brand image is pivotal because it influences purchase intention and consumers’ preference as well as they are willing to recommend to others and willing to pay higher price (Forsythe, Kwon, P. Leone, Shannon, 2008; Aiello, Donvito, Godey, Pederzoli, Wiedmann, Hennigs, Siebels)

“ To succeed in the changing marketplace, a designer brand needs to sell its core brand values; the “ image” reflected in the design and the lifestyle it represents is what consumers pay a premium to buy into” remarked by Karen Watson, Chief Communications Officer, The Nielsen Company.

Consumers able to difference the product differentiation, decrease the purchase risks, obtain several experience and recognize the product and its

quality through brand image (Lin and Lin, 2007). “ The personal identification function is related to the fact that consumers can identify themselves with some brands and develop feelings of affinity towards them” (Rio, Varques, Iglesias, 2001). It refers to correspondence between consumers’ behaviour, self image and image of the product. Through the image of the products the consumers buy and use, his or her self image can be improve based on the theory. It also can be inferred that “ individuals prefer brands that have images compatible with their perceptions of self” (Chiu, Lin, Chiu, Chang). In addition, a positive brand image able to lower the products purchase risks and increase the positive feedback from consumers. “ Consumers are more likely to purchase well known brand products with positive brand image as a way to lower purchase risks” (Akaah and Korgaonkar, 1988; Aiello, Donvito, Godey, Pederzoli, Wiedmann, Hennigs, Siebels). Hence, consumers feel it is less risky by purchasing branded products.

“ The country of origin of a brand is also an influential factor for consumers choosing a product in both Asia and in Western countries” (Pervin). There are many researches suggested the country of origin influence on consumer perception and behaviour through the image of the product’s country of origin (Phau and Leng, 2008; Forsythe, Kwon, P. Leone, Shannon, 2008; Aiello, Donvito, Godey, Pederzoli, Wiedmann, Hennigs, Siebels). It creates positive brand image to increase the possibility for the products to be chosen and also raise the inferior image of the country of origin (Thakor and Katsanis; 1997 Lin and Lin, 2007). According to Grewal, Krishnan, Baker, and Borin (1998), the better a brand image is, the more recognition consumers give to its product quality.