

AN ANALYSIS OF LUXURY PRODUCT PURCHASING BEHAVIOR OF MALAYSIAN UNIVERSITY STUDENTS

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ABSTRACT

This paper examines the factors influencing the purchase of luxury products among Generation Y from the perspective of Malaysian university students. Self-administered questionnaires were distributed to 450 students in five Malaysian public universities. In addition to questions regarding reasons for purchasing luxury products, the influential factors investigated are (a) income and social class; (b) learning and memory; (c) motivation and value; (d) perception; (e) personality and lifestyle; (f) marketing mix; (g) group influence; and (h) the environment and situation. The results indicated that income and social class are the leading factors influencing purchase of luxury products in the sample population. Based on the findings, implications for companies are discussed and further research is suggested.

Keywords: Behavioural science, purchasing behaviour, group influence, Gen Y, luxury products

INTRODUCTION

According to Grossman and Shapiro (1988), notwithstanding any functional benefits, luxury products are goods for which the mere use or display of a particular branded product brings prestige on the owner. Luxury products do not necessarily have to be high in price, but it must fulfil the standard of luxury products that is, they must be of high-quality, high-performance, and emotionally satisfying (Munuz, 2002).

The study of luxury products among Gen Y is timely, because as stated by Munuz (2002), purchases of luxury products have become a phenomenon for the new generation to escape from the stress of modern life. Although the definition can vary, the term “Generation Y” generally refers to people born from the mid 1970s to early 1990s. With personalities and behaviors that differ from those of preceding generations, Gen is a challenge for the companies who would like to attract them. According to Gardyn (2002), the wealthiest members of the Generation Y consumption group are those 19-25 year-olds, where a significant number of these older Generation Y consumers are either part-time or full-time college/university students. Research on this market segment has shown that increasingly, university/college students are spending their time surfing and shopping online (Anderson, 2001). But they also spend money going to the shopping malls and the product categories heavily purchased by Generation Y college students include traditional mall-related products (food, clothing, computer games, and other electronic products). Even though it seems that the purchasing power of Malaysian university students is not high, they have various sources of income ranging from the government education financing (PTPTN), part-time work, family, scholarship, etc, that constitute a viable target of marketers in selling their luxury products. The relevance of using university students in this study is further strengthened by Yi-Nang chang’s (2005) study that showed students often use branded products to symbolize status and to be part of the so-called ‘in-group’.