LUXURY FASHION CONSUMPTION AFTER THE ECONOMIC CRISIS:

THE CASE OF TURKEY
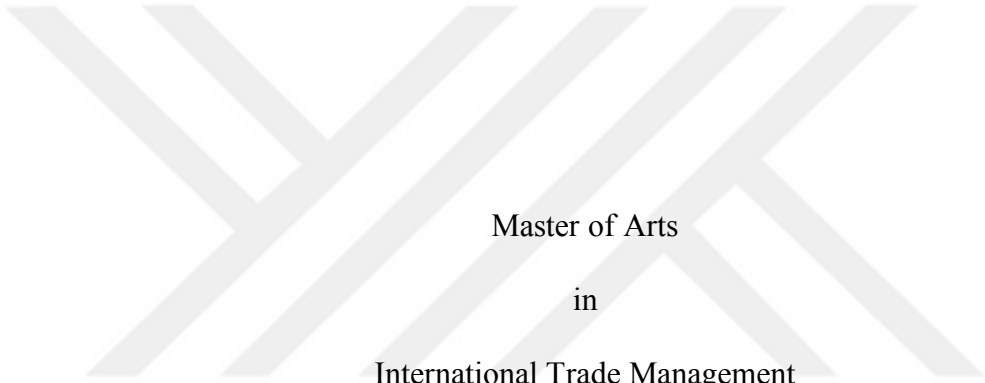
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LUXURY FASHION CONSUMPTION AFTER THE ECONOMIC CRISIS:

THE CASE OF TURKEY

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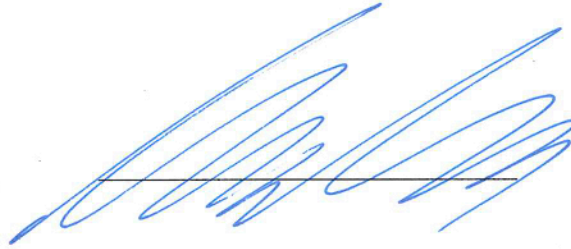
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DECLARATION OF ORIGINALITY

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ABSTRACT

Luxury Fashion Consumption After the Economic Crisis:

The Case of Turkey

Luxury fashion consumption has been examined as specific type of consumption behaviour in the literature exhibiting different characteristics, trends and dynamics. On the other hand, global economic situations affect almost all types of consumption habits in some extend. Therefore, determining the extent of economic effects on luxury purchasing behaviour in the country or region at issue is crucial for decision making processes in the firm and market levels. This thesis aims at analysing luxury fashion consumption in Turkey. The main objective is to analyse the factors on purchasing behaviour in Turkish luxury market after the economic crises period. An online-based questionnaire was designed to explore different dimensions of luxury consumption behaviour. Following the literature, data is statistically tested for four dimensions which are individual, social, functional and financial values. The results show that all of the four dimensions are significant for luxury consumption in Turkish market. The findings reveal that economic concerns and priorities are valid and meaningfully affect the consumption decisions. However, significancy level of financial values is close to the other dimensions and not significantly different. Harmful effects of the economic crisis are not likely very strong in the case of Turkey.

ÖZET

Ekonomik Kriz Sonrası Lüks Moda Ürünleri Tüketimi:

Türkiye'de Vaka Çalışması

Lüks moda ürünleri tüketimi sahip olduğu farklı özellikler ve dinamikler doğrultusunda ilgili literatürde özel bir tüketim alışkanlığı olarak nitelendirilip incelenmiştir. Diğer yandan küresel ekonomik koşullar neredeyse bütün tüketim alışkanlıklarını belirli bir ölçüde etkilemiştir. Dolayısıyla ekonomik etkileri ilgili ülke veya bölge düzeyinde belirlemek genel olarak önem teşkil etmektedir. Bu tez, Türkiye'deki lüks moda ürünleriniyle ilgili tüketim alışkanlılarını incelemeyi hedeflemektedir. Özellikle ekonomik kriz sonrası Türkiye'deki lüks moda ürünleri pazarı ele alınmıştır. Bununla ilgili olarak internet üzerinden gerçekleştirilen anket çalışması lüks tüketim alışkanlıklarının farklı boyutlarının analiz edilebilmesi için kullanılmıştır. Elde edilen veriler kullanılarak kişisel, sosyal, fonksiyonel ve finansal olmak üzere dört temel boyut istatistiksel olarak test edilmiştir. Bu çalışma neticesinde Türkiye'deki vaka sonuçları dört temel boyutun istatistiksel olarak anlamlı olduğunu ortaya çıkartmıştır. Finansal boyutun anlamlılık düzeyi diğer boyutlarla benzer özellikler taşımakla birlikte, ekonomik kaygı ve önceliklerin tüketici kararlarını anlamlı bir şekilde etkilediği gözlemlenmiştir. Diğer örneklerle karşılaştırıldığında ekonomik krizin yıkıcı etkileri Türkiye ile ilgili bu vakada çok güçlü ve belirleyici olmadığı gözlemlenmiştir.

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CHAPTER 1

INTRODUCTION

Understanding economic conditions of a country is a sophisticated issue. In order to demonstrate whole dynamics, a comprehensive study is required. When we look at today's global economic conditions, it is evident that economy of a country depends on both internal structure and external effects. Therefore, global economic crises are also important factors that we should take into consideration. At this point, it would be essential to note that for each country, effects of the crisis should be analysed according to its domestic economic variables and consumer behaviours. Moreover, while researching the effects of the global economic crisis in a country, specifying the related consumption item is very important because of the fact that each consumption item might show different trend or level of exposure according to its characteristics and special consumption behaviour. This thesis examines the perception of luxury consumption after the recent economic downturn in Turkey. The thesis contributes to the literature in the way that there has not been such a study for luxury products in Turkey with the new economic conditions in the world after the 2008 financial crisis.

The main idea and the motivation of the thesis is to explore the changing behaviour of a developing country, which is Turkey in this case, for luxury products. Despite global economic crisis, luxury market has shown incredible expansion both in developed and developing countries and was around $229 billion in 2009 (Jung Choo, Moon, Kim, & Yoon, 2012). This is surprising and distinct characteristic of the market. Although in developed countries, such as U.S., France or Germany, the primary meaning of luxury products has become more about its outstanding quality

and uniqueness, in the developing countries, like Turkey, prestige and symbolic meaning of luxury are still essential (Jung Choo et al., 2012). In addition to this, while pointing out the luxury market, narrowing down the content of luxury products and segmentation are necessary.

In the thesis, luxury fashion items, such as clothing, footwear and bags, are included in the research. Other than these, accessories and jewellery are excluded from the study, because without constrains, these items might be perceived as investment instruments by consumers, thus this leads to totally different results for our main argument. Furthermore, as it is mentioned before, like other consumption goods, luxury products also require specific treatment. Sociologic aspects, consumers' attitude toward consumption of luxury products and economic factors play important role in total structure of the demand side. In this regard, the complexity of the consumers' behaviour and their attitudes toward luxury goods should be analysed carefully. When we look at the sociological issues, defining social status is frequently related to the luxury. Hence, it could be said that there is a link between consuming and buying luxury products and determination of social status. At this point, wealth is used by both upper and middle classes to determine and to show their social status in the society that they belong to (Walley, Custance, Copley, & Perry, 2013).

The literature widely agrees on that individual, social, functional and financial values are the main elements which compose the main dimensions of luxury consumption behaviour. Hence, in order to understand the economic factors effecting the luxury consumption, other values and their relation with financial and economic factors should be determined. Thus, in addition to our main objective, which is financial value of consumer perception, the same emphasis should be given

to other values as well. These four major values are inseparable. In order to analyse the effects of all these values, a survey was conducted. It is important to point out that in this thesis, the survey includes only Turkish consumers because of the fact that indication of the social status and the perception of luxury may differ one country to another. Thus, cultural and behavioural differences come into prominence, which means that overall description to this issue for all countries and cultures becomes difficult to achieve (Walley et al., 2013). Yet, contrary to country differences, there is also similarity between countries in the luxury markets. For example, a luxury consumer in Italy might show identical behaviour with another consumer, who lives in Japan. Therefore, determination of consumer types is very controversial issue, and it needs to be analysed in details. Relating this argument with global economic crises indicates that spending on luxury items declines during economic downturns. However, still no uniform trend exists to explain whole global structure in the world (Reyneke, Sorokáčová, & Pitt, 2012).

In brief, the thesis analyses the current situation in Turkish luxury market in accordance with possible different dimensions of consumption behaviour, which are defined by Turkish customers. Detailed analysis of dimensions of luxury perception is necessary because they are inseparable and related. Moreover, the results are tested to see the effects of economic downturns on luxury consumption decision, and related behaviour in Turkey. Examples of different counties and cultures may provide an insight to our Turkish case. The luxury markets of other countries and the measures of global luxury brands are taken into consideration to evaluate the results for Turkey, because of the fact that although differences between countries are undeniable, it is still evident that general consumer behaviour may not vary a lot, and markets are all around the world are related through dominant luxury brands.

CHAPTER 2

LITERATURE REVIEW

Defining luxury is a controversial issue. It is related to the time, culture, country, income level and even personal behaviour. The term is generally associated with products or services which have exclusive quality, aesthetic beauty, pleasure, rarity and high price due to there is no clear identification in academia (Jung Choo et al., 2012). In traditional way, luxury good is related with economic factors, but it is clear that although income is a necessary factor, it is not sufficient to explain purchasing behaviour. Different motivators exist to shape concept and perception of luxury (Tynan, McKechnie, & Chhuon, 2010). Because the utility driven from the luxury consumption is subjective and multidimensional, the term luxury is dependent on experience of consumer. Hence, it would be in different forms. Human involvement, recognition of the luxury value by other people and limited supply would be major characteristics of luxury. Moreover, being different than non-luxury products, in addition to functional needs, luxury goods satisfy consumers' psychological needs (Wiedmann, Hennigs, & Siebels, 2009). Another view indicates that since a person's utility depends on other people's utility, bandwagon effect plays crucial role to define luxury. For example, if a bag becomes popular among celebrities, other people also want to own this bag. Overall demand, or desire, for the bag increases immediately. Thus, buying a good in order not to be old fashioned and to impress others are essential factors. It is indicated that social interactions affect economic decisions. Buying bigger houses, faster cars or very expensive shoes are all somehow related to ostentatiousness. For example, it is common belief that there is a relation between price and taste of the wine because of the fact that being luxury, high quality

and having high price tag are thought to be linked. However, the scientific results show that there is no evidence that expensive wines are the best ones in the market. Thus, for luxury goods, perception becomes key factor to define it (Rod, Rais, & Schwarz, 2015). Because individuals' perceptions and definitions for luxury vary according to consumers' own values, in order to define luxury, critical success factors for luxury brands are needed to be understood. These values shape critical success factors that are excellence, brand aura and desirability (Brun & Castell, 2013). Excellence is about superior quality. It would be accepted as the major characteristics of a luxury product. Brand aura is about continued excellence. It is essential factor for consumers because it maintains luxury status of a brand. Desirability is about aesthetic appeal, high price and uniqueness. Both of them strengthen the desirability of a brand for a consumer (Brun & Castell, 2013).

Conspicuous consumption, which is a term to describe procession of a good to show off to others, provides different benefits to the consumers. Apart from direct welfare effect, it has also indirect effect. Consuming luxury products is associated with social status. Hence, the people who need to or want to increase social status in the society use such products. When we observe the society, it is shown that certain ethnic groups, such as Blacks and Hispanics, tend to spend higher portion of their income on visible and status goods (Rod et al., 2015). Moreover, another group of luxury consumer exists in the society. Green people's idea is to consume products which have lesser harmful effects on the planet. However, when we look at their consumption behaviour, we could also notice that there is a tendency to buy more expensive products to underline and to show their environmental friendliness. Even if two products have the same quality related with environmental concerns, green people might not choose to buy cheaper one because they may think that

demonstration of being environmentally friendly is still related to choosing the expensive alternative (Rod et al., 2015).

Classification of luxury products has been changed over time. Luxury is traditionally classified in four groups: Clothing, cosmetics, wines and accessories, such as watches and jewellery. Over time, this categorization has been widened and enhanced. Some types of cars, holidays and some services has been added to content of luxury (Wu, Chen, & Nguyen, 2015). At that point, it would be said that the content of luxury varies a lot. Even in today's world, it includes clothes, shoes, jewellery, cuisine, holidays or even personal care. Therefore, this thesis needs to choose which specific items to focus on. Hence, in the thesis, only luxury fashion items, such as clothing, footwear and bags, are taken into consideration. Accessories, like jewellery or watches, are excluded from the research. Moreover, the luxury brands can also be categorized. For example, for logo, signature and trading marks issue, there are two main paths. Firstly, some brands may use bigger, more visible logos on their products. Consumers, who want to use these types of brands, would be accepted as pretentious consumers. In addition to these brands, there is second type of brands, which prefer not to use clear or eye-catching logos on their products. Consumers, who use these types of brands, would be defined as more functionalist or less pretentious consumers. Besides, while some brands prefer to protect and maintain their exclusiveness by reducing their number of stores, other type of brands may decide to increase their number of stores to extend their consumer range (Wu et al., 2015). At this point, distinction between accessible and inaccessible luxury should be done. Related with brand strategies, which will be scrutinised later, some brands and products would be accepted as accessible luxury. These are still exclusive but they aim to appeal interests of wider range of people. On the other hands,

inaccessible luxury is much more elitist. It would be referred as ultra-luxe. Products of inaccessible luxury sold in limited numbers and in limited stores. (Walley et al., 2013). In order to obtain better results, this thesis also includes these two types of luxury in the survey. For accessible and inaccessible luxury, different brands were included in the survey. It is important to notice that even brands under the name of accessible luxury still demonstrate luxury product features.

The concept of luxury has been shaped by time and culture. Related dynamics of a country, general perception of the concept within the society and the base period are essential elements to understand the basics of luxury consumption. Therefore, it is not wrong to say that different economic, cultural and social conditions are also effective in attaining different data and results in different centuries or economic periods. On the other hand, in order to analyse current luxury consumption behaviour, the evolution and changes of the concept in the course of time should be understood and known. Historical background of luxury and its consumption behaviour are not only important, but also necessary because of the fact that like many other static analyses, this thesis aims at giving broad knowledge about luxury fashion consumption in the case of Turkey.

Compared to France in the eighteenth century, where luxury was more about nobility and was related with high quality champagnes, gourmet cuisine, silk fabrics or precious stones, nowadays, with increase in affluence, it is related with experience, authenticity, well-being, quality of life and more about non-monetary value (Yeoman, 2011). At that point, it may be stated that content and perception of luxury is very dynamic issue and needs to be updated according to current requirements.

With revolutions or socio-economic movements, shifting the purchasing power and changing in the total welfare share within the society could cause such alterations. Related with this issue, social movements in one country might affect another country in a kind of way. That means political and social changes may cause a domino effect. To illustrate, French Revolution in 1789 affected not only French society, but also other European or even eastern societies in sociological and economical extent. Social and industrial revolutions, wars, coup d'états, financial crisis, economic booms, or even natural disasters might influence a community's socioeconomic behaviour. In late eighteenth century, emerging merchant class with increasing manufacturing activities allowed other classes to consume luxury items in France. The aim of lower classes to reach upper classes' standard of living triggered economic growth and luxury consumption (Ramos, 2011). In the twentieth century, increase in women's buying power, which means shifting wealth and social order, shaped new meaning of luxury consumption in western societies, while in developing or underdeveloped countries, the old understanding might still exist. Luxury is not underlying status or elitism anymore. It is more about pleasure and self-fulfilment (Yeoman, 2011).

The historical development process of luxury dates back the Ancient Greek and Rome period. Since then, the definition and the consumption behaviour have been argued. Until the late seventeenth century, luxury consumption has been related with moral and economic distortion. However, in 1690, Nicholas Barbon underlined the positive effects of luxury on whole economic life in a society (as cited in Ramos 2011, p. 55). After his studies, being stingy and thriftiness were also related with harmful behaviour for economic situation in a country. Their objective were about economic growth, not moral aspects or concerns. In 1767, Sir James Steuart was in

favour of promotion of luxury, and mentioned the necessity of luxury goods in order to obtain shift from agricultural to manufacturing society while preventing economic crises (as cited in Ramos, 2011, p. 55). Although different views and thoughts existed at that period of time, while looking at political economic perspective, Steuart was on the optimistic side of this debate and he thought that luxury consumption brings positive impact on economic growth. This betterment also provides increase in productivity and relations within the society. Hence, that would be mutual advantage for state and community (Ramos, 2011). Therefore, it can be said that with underlying the importance and incentive aspect of luxury consumption in different social and economic classes in the society, the ancient negative thoughts about its hazardous effects for moral and economic issues have been somehow eliminated or shifted. On the other hand, Thorstein Veblen relates conspicuous consumption, which is a term to describe procession of a good to show off to others, with wasteful consumption, which is useless both for individuals and for whole economy in a country (as cited Rod et al., 2015, p. 452). To detail Veblen's idea, it could be mentioned that generally, there are two type of users who pay for luxury products. Firstly, the snobs, who pay extra money to flaunt and to feel richer than they are. Secondly, the followers, who pay extra money to follow their role models. Hence, demand for luxury might be derived and shaped from demands of other people. That is also valid for one's utility related with luxury consumption. The main idea behind wasteful consumption derives from sociological concerns since it is important for determination of social status (Rod et al., 2015). In brief, whether luxury consumption is good or bad thing for an individual and whole economy, there are so many hidden reasons depending on the point of view. This is not a simple

question that one can easily find an answer. More than one different element, and their internal effects should be taken into consideration at the same time.

Changing economic situations and generations cause alterations in consumers' behaviour. Willingness to obtain premium quality products is becoming more common especially in younger generations. In addition to this, developing technology leads to drastic changes for this market. In our days, a lot of web sites offer discounts or option to rent a luxury item. Hence, in addition to increased demand for these types of items, the new feature of being easily accessible may change perception of superior goods. From suppliers' viewpoint, this may be a threat because new order results in losing their brand's reputation and exclusivity (Yeoman, 2011). Thus, luxury brands might be required to take some precautions for those changes to protect their authenticity and value.

There is also one more essential issue which is related to both demand and supply side of luxury product consumption, that is counterfeit goods. With changing consumers' behaviour, searching better alternatives for luxury products has increased, and became more important. It is observed that luxury market growth followed by counterfeit market expansion (Hennings et al., 2012). In 2017, the overall luxury market grew by 5%, and reached almost 1.2 trillion Euros globally (D'Arpizio, Levato, Kamel & de Montgolfier, n.d). Consumers' attitude toward luxury products is affected in various ways. Related with awareness and perception of luxury, the demand side is shaped. Inevitably, for suppliers, it may become threat, problem or advantage. Consumption of counterfeits is resulted from consumers' aim to get almost the same looking products with spending smaller amount of money. Instead of buying substitutes of original luxury goods, people still prefer to buy counterfeits because of their desire to imitate role-models' consumption patterns

(Rod et al., 2015). For some people, using and owning imitations of luxury products is not ethical. But for some others, it is about preventing wasteful consumption. This is the choice in between original, which is authentic and expensive, and fake, which is imitation and cheap. While observing growing luxury market in the world, at the same time, flourishing counterfeit producers has increased. Both behavioural changes and purchasing power concerns play important role in this issue. Thus, it would be said that counterfeits have become real competitors for luxury brands, and they have serious implications on genuine brands and total economy. On the other hand, another point of view underlines that existence of counterfeits helps the original brand to increase awareness of its name. In order to analyse consumers' behaviour for this topic, multidimensional comparison and tests are required. Awareness of brand counterfeiting on brand equity to defend the original brand and emotional attachments to luxury brands are two pillars that affect each other. In the research, there is a positive relation between these two pillars, and it is shown that advocacy behaviour towards genuine brand increases when consumers' emotional attachment to the original brand is higher (Baghi, Gabrielli, & Grappi, 2016). Possibility to purchase counterfeit would increase when consumers' attitude towards luxury is shaped by social oriented function (Olorenshaw, 2011). In order to understand counterfeit consumption, it should be also underlined that although the main argument behind that is motivated by almost the same functions, which are financial, functional, personal and social factors, relative portion of these may differ among countries. It is also expected that to explain the logic for this expenditure, personal, cultural and regional differences should be taken into consideration. Cross-country differences are important. For example, in the United States, Brazil and Italy, personal dimension plays crucial role. In Germany, quality and performance issues

are dominant factors. Contrary to Spain, in India, perception of others is essential. There is a strong belief that being expensive and exclusive are highly correlated in France. Basically, in developing countries, consumers are less likely to consume for functional reasons. Moreover, age is also very crucial because researches implies that younger consumers tend to consume more for its prestige and social reasons. It was also shown that while wealth increases, willingness to purchase counterfeit goods decreases (Rod et al., 2015). For this issue, it should not be neglected that luxury consumption and wealth are related, and thus to analyse counterfeits, a person's income also play very important role in his/her decision. When a person believes that his/her social status depends on luxury and conspicuous consumption, he/she would probably prefer to buy imitation products if he/she has limited income. This is kind of inevitable result. However, a person might earn higher money than average, but he/she may still prefer to buy fake goods since he/she may think that luxury products does not deserve its price tag because of the quality or authenticity. This situation shows that because of human nature, each person has his/her own characteristics and cast of mind and thus a single question cannot answer the reason of luxury and counterfeiting consumption.

In order to demonstrate consumer motives for luxury products, comprehensive view is needed. Therefore, in this thesis following Wiedmann, Hennigs, and Siebels (2007), individual, social, functional and financial aspects will be taken as the main four values of this process to understand consumer behaviour. Apart from these four major values, there are nine sub-values, creating our major variables, which are self-identity, hedonic, materialistic, conspicuousness, and prestige and price value.

Firstly, individual dimension focuses on personal reasons, such as hedonism or materialism. In this type of consumption, consumer consumes to feel better while catering for internal desires. This variable is composed of self-identity, hedonic and materialistic values. Self-identity value is combining symbolic property of a luxury product with person's own identity. While shopping from such brands, one can easily contribute that identity. Hedonic value specifically belongs to the user. Using these brands makes him/her feel more satisfied since they give pleasure and personal fulfilment. Materialistic value is material needs or desire to possess products (Wiedmann et al., 2007).

Secondly, social dimension focuses on needs for being socially accepted. Prestige of a product, status seeking in a society and following role-models are the basic characteristics of this dimension. This variable is composed of conspicuousness and prestige values. Conspicuousness value is the thought relates the social status and brand. So, consuming luxury products is important to represent one's place in a society. The main way to show it is consuming luxury products in public. Prestige value is perceived as a sign of lifestyle which determines one's membership in a social group (Wiedmann et al., 2007).

Thirdly, functional dimension is derived from a product's real benefits, such as quality, aesthetic value, being user or environmentally friendly, usability or durability. This variable is composed of usability, quality and uniqueness values. Usability value is the expectation that a product satisfies consumer's needs. This product is expected to work properly, to be durable and aesthetically pleasing. Quality value is the expectation that a product's promising brand name conforms to what actually it offers. This is basically the perception of superior brand and product quality. Uniqueness value is about exclusivity and rareness. This is the perception

that bought item is to be differentiated from ordinary goods and not to be owned by everyone (Wiedmann et al., 2007).

Fourthly, financial dimension is resulted from economic concerns. This variable is related with price value. This is a thought or common belief that there is a positive relationship between being high quality and being expensive. Nevertheless, some items, such as goods with sentimental or investment values, are accepted as luxury not because of their high prices. Thus, there should be proper distinction and identification of luxury product category while using this value (Wiedmann et al., 2007). Whether the product deserves value of its price or not is the main argument of this dimension. While combining these four major topics, this thesis will figure out the consumers' behavioural decision-making process for luxury products in Turkey in current situation. Comprehensive and separate analyses are also necessary to evaluate whole scenario. However, age, level of income, sex and socio-economic situation in Turkey will also be taken into consideration to show how these factors affect the major elements. At the end, correlation in between these four values and other factors will illustrate conclusive results.

In this thesis, classification for luxury value is gathered under four major elements, which are individual, social, functional and financial values. On the other hand, different classifications, denominations or explanations would be done to expand values. It would be more specific or superficial but the final result would be nearly the same. For example, in a different work, Tynan et al. (2010) divide customer value for luxury goods into five major values, which are utilitarian, symbolic/expressive, experiential/hedonic, relational, and cost/sacrifice. These values consist of many sub-theoretical sources. Utilitarian value includes excellence and craftsmanship sources. Symbolic/expressive value includes outer-directed

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sources, which are conspicuous consumption, bandwagon, snob and Veblen effects, perfectionism effect, signs, status/esteem, prestige, social identity, uniqueness, authenticity; and self-directed sources, which are bandwagon effect, personal identity, aesthetics, self-gifting, uniqueness, nostalgia, authenticity. Experiential/hedonic value includes hedonic effect, aesthetics and the experience sources. Relational value includes consumer-brand relationships and brand community sources. Cost/sacrifice value includes perfectionism effect, exclusivity and rarity sources (Tynan et al., 2010). In this study, different theoretical thoughts, backgrounds, value identifications and classifications are combined and used for a specific goal. Moreover, in another study, Jung Choo et al. (2012) in order to explain customer value and brand relationship, a survey was conducted in South Korea. In this structure, customer values are divided into eight sub-values, which are excellence and functional values constituting utilitarian value, aesthetics, pleasure and experience values constituting hedonic value, self-expressive and social values creating symbolic value and economic value. The result supports validity of four-value structure model. The survey's result implies that self-expressive, social, experiential and especially economic values affect brand relationship. On the other hand, effect of functional value is not much significant (Jung Choo et al., 2012).

Nowadays in order to buy luxury products, the wealth accumulation is not necessary. Youngers use credit cards, are subsidised by their parents, or save up their money to buy their desired items in the future. Hence it can be easily said that luxury products are now easier to achieve or afford for less wealthy people. Giovanni et al. (2015) analyse the subject. While comparing parameters, which are personal traits, brand consciousness, consumption motivations and consumption behaviour, the relation between luxury fashion consumption and generation y consumers is shown.

In order to examine this, a survey was conducted for younger generation's luxury consumption trends in the United States luxury market. The findings show that all parameters are significant. There is positive correlation between public self-consciousness and brand consciousness, brand consciousness and brand self-congruency, brand consciousness and brand loyalty. With these attitudes, new generation is one of the most important reason for expansion of the United States luxury market because generation y starts to consume luxury goods in early ages compared to their parents. They tend to spend their money on luxury products much more easily than older generations (Giovannini et al., 2015). Wu et al. (2015) aims at figuring out different behavioural reasons and motives of luxury consumption in two different country. In this cross-cultural comparison, in both countries, selected people's age and sex were almost the same. The study is important since as it was mentioned before, some behavioural motives among countries or cultures would probably differ from each other. Only young female consumers in the United Kingdom and Taiwan are compared following the study by Giovannini, Xu, and Thomas (2015). Moreover, female consumers tend to consume more than male consumers. Surveys are conducted to compare and contrast the result. In the survey, there should be given some brand names. In order to develop the survey, convenient brands should be chosen. To decide this, first of all luxury brand perception is analysed and it is shown that some brands is accepted as affordable luxury brands. While comparing answers, consumption intensity, spent budget and choices, it is found that in Taiwan, young females buy these types of items more often and tend to spend more than young females in the United Kingdom. In addition to this, young females in Taiwan buy luxury products to create identity. This situation is lower in the United Kingdom because of the fact that in eastern societies or in the collectivist

cultures, the issue of face becomes very crucial (Wu et al., 2015). The face issue can explain the basic motives behind this type of purchasing behaviour in less developed or less wealthy countries, which is also important finding for explaining the situation in Turkey because like in Taiwan, Turkey has also collectivist society. This may be one of the important driving force of creating identity by owning luxury products.

For the United Kingdom, Walley et al. (2013) focus on British consumers' perspective. As it has been discussed, culture plays very crucial role to shape a country's position for luxury consumption. Thus, the research done in the United Kingdom via street survey. First of all, two forms of luxury market were demonstrated. These are accessible luxury and absolute luxury. As a result of wealth increase in the middle class, the accessible market occurs. In this market, luxury market offers products for the masses. Compared to the absolute luxury, in the accessible luxury market, products are reasonably priced. On the other hand, the absolute luxury market represents the elitists, and it is for the superior class, not for the masses. Moreover, while using accessible luxury market, five major dimensions of luxury brands were conducted in the light of previous works. These are affect, characteristics, status, involvement and gifting. Affect dimension focuses on individual values. Buying luxury products because of brand name and to feel better are the main idea behind this dimension. Characteristics dimension mainly focuses on functionality, quality, design and aesthetics. This dimension explains the loyalty to the brand. Status dimension underlines the social value. The relation between purchasing luxury and status is explained by this dimension. These three dimensions have been already mentioned by different authors with different denotations. Besides these, involvement dimension explains the impulse purchase. It was mentioned that because of high involvement decision making, luxury is more about planned

purchase (Walley et al., 2013). Moreover, another interesting dimension exists in this work is gifting. The gifting dimension explains the idea that one would probably not prefer to buy high priced goods for herself but buys for others. Although she may think that luxury brands do not deserve their ticked price, she would still believe that they are symbol of status (Walley et al., 2013). This gifting dimension is new viewpoint and explanation for consumer behaviour.

In order to understand cross-cultural consumer perspective differences, Hennings et al. (2012) conducts a study executed in ten countries, which are Brazil, France, Germany, Hungary, India, Italy, japan, Slovakia, Spain and the United States. This is very comprehensive and cooperative work. Analysing ten cases with using four aspects of luxury consumption, which are social, individual, functional and financial, country based cultural and economic differences would be easily shown because of the fact that both eastern, western and developed, developing examples exist in this work. Evaluation of different countries may help this thesis to develop Turkey case. However, it is also shown that, with globalization, consumer segmentation within a country may vary more than consumer segmentation across countries. Thus, while dealing with global perspective, both cross-cultural customer segmentation and country-based understanding should be taken into consideration (Hennings et al., 2012). The main aim of the research is to determine validity of three questions. For the first question, with the help of surveys, it was shown that four-dimensional model for luxury consumption perceptions are applicable across countries. Although relative importance of each value might differ, all of these four dimensions are valid. On the other hands, within a country, personal consumption perceptions may vary. Secondly, it was clear that there is within country commonalities and between countries differences. Finally, with the help of survey

results and common structures, it would be possible to classify consumers and to create clusters across countries (Hennings, et al., 2012).

In study by Hennings et al. (2012), results of four major dimensions of luxury value perceptions, which are financial, functional, individual and social aspects, indicate that they are applicable for different countries. However, relative importance of each dimension shows different trend according to related country's dynamics. Results of financial dimension show that French consumers give the highest importance on this factor. They think that there is a strong relation between financial aspect and luxury perception. Common belief in France indicates that only few people can own the exclusive products, which can be sold only in specific stores. However, in Germany and the United States, this belief loses its importance. For functional dimension, especially in Germany, there is an association between quality and luxury brands. The major importance is given to the functionality, not to the prestige. In the United States, India and Brazil, individual dimension gains importance. People live in those countries think that using luxury products makes them happy. Importance of hedonic and materialistic issues are visible in those countries. On the other hand, Spanish consumers show opposite attitude. They think that there is no significant link between pleasure or self-satisfaction and luxury product consumption. When social dimension is taken into consideration, it is obvious that except for Germany, Italy, Slovakia and Spain, there is moderate level of importance. Although Italian consumers are not concern about other people's thoughts and perspectives, Indian consumers show opposite tendency about this issue (Hennings, et al., 2012). These results indicate that although some dimensions gain importance in some countries, when we look at overall evaluation, four factors are applicable for cross-country base. Furthermore, in the light of these findings, the

general categorization for consumers live in different countries was done. All consumers in ten countries were divided into four clusters, which are the luxury lovers, the status-seeking hedonists, the satisfied unpretentious and the rational functionalists. The luxury lovers constitute the biggest cluster, forming 28.8% of the whole sample. In this cluster, there is medium income level consumers. American, Indian, Hungarian and Brazilian people mainly constitute this group. For functional dimension of luxury value perception, this cluster gives the lesser importance, while giving highest importance on financial, individual and social dimensions. Using unique products and being different than others are major aspects of this group. The status-seeking hedonists constitute 19.5% of the sample. In this cluster, there are medium-to-high income level consumers. American, Japanese and Brazilian consumers constitute this group. It was shown that although social and individual aspects are essential, financial and functional aspects have minor effects. Impressing others is the main deriving point of this cluster. The satisfied unpretentious people, including Spanish, Hungarian and Slovakian consumers, constitute 26.7% of the sample. They are lowest income group. They purchase luxury products for individual reasons. Their aim is not to impress others. They show opposite tendency to the status-seeking hedonists. The rational functionalists are composed of American and German consumers. They are highest income group representing 18% of the total sample. Functional dimension is the most important element for this group. While not caring about impressing others, they give importance to superior product quality (Hennings et al., 2012). Therefore, four-dimensional model, which is also used in the thesis, is applicable for different countries and cultures. According to the country, the weight of each dimension may vary. Furthermore, comprehensive thinking show that it is also possible to create consumer groups in cross-country base since it is clear

that consumers in different countries may show similar consumption and luxury perception behaviour.

It is obvious that apart from behavioural aspects, consumers' decision process relies heavily on economic factors. In order to understand financial effects, major turning points, which might affect millions of people, should be taken into consideration. These are global economic crises. Furthermore, in addition to core financial effects, while reading out the results of the economic crisis, impacts of other factors on financial effects were analysed. This thesis adopts broad scanning to show different factors and their relations. For example, an economic crisis may result in not only real income decline, but also priority and mentality changes. For the luxury market, this situation is also valid since after recent economic crisis, consumers have needed to rearrange their priorities and attitudes toward luxury consumption (Yeoman, 2011). When we look at suppliers, their precautions, reactions to economic crises are also important to understand whole market. However, it is also essential to note that luxury market has its own specific characteristic, and the reaction to the economic crises might be different than reaction of other markets. We have observed expansion of global luxury market, especially in developing countries, in spite of the fact that in 2008, global economic crisis hit international markets severely (Jung Choo et al., 2012). Moreover, some reports about global luxury market show that after global economic downturns, it has seen that there was a quick recovery period with the help of Chinese shopping frenzy (D'Arpizio, Levato, Kamel & de Montgolfier, n.d.). In brief, not only do economic crises help us to focus on specific time period but economic crises also bring comprehensive thought to this thesis.

Related with recent economic downturn, it was noticed that consumers have behaved different than what they had done in previous recession times. Emotional attitudes encompassed rationality. When we look at aggregate consumption, even though some consumers left the luxury market, there was also newcomers to the market. These newcomers, forming younger generations, are more selective, trendy and sophisticated in their tastes. At this point, it is also important to say that during downturns, problems in European and North American societies were compensated with opportunities in China, India, Korea, Middle East and Turkey (Reyneke et al., 2012). The Chinese example also show that although luxury brands open new stores to attract these new consumers in China, statistics indicates that Chinese consumers still prefer to shop in European and American cities. However, it does not mean that stores in mainland China is unprofitable for brands. This result basically represents the behaviour of Chinese luxury consumers (Olorenshaw, 2011). Because of the new economic conditions, changing consumer behaviours and trends, it is no longer the truth that only super rich people can buy luxury products. Aspiring consumers, namely newcomers, constitute almost 60% of the total luxury market demand (Reyneke et al., 2012).

Consumers' attitudes and behaviours during recession shape reactions and actions of luxury brands. Broadly speaking, compared to the other markets, effects of economic crisis were less harmful for the luxury market (Reyneke et al., 2012). The effects of problematic condition are not the same for all of the luxury brands, and to crown it all, some brands even strengthened. It was observed that brands under the category of accessible luxury, like Burberry, was affected more than brands under the category of inaccessible luxury, like Louis Vuitton. In order to cope with difficulties in this period, some brands preferred to close some of their stores. On the

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other hand, some brands, like Tommy Hilfiger, chose to open grandiose stores (Olorenshaw, 2011). This attitude may contradict with the idea that luxury goods are accepted as unique and relatively scarce, and thus luxury items should be sold in limited number of stores (Olorenshaw, 2011).

There are also plenty of strategy that luxury brands used to overcome economic crisis. For example, some brands, like Chanel, presented unique limited editions to attract consumers. Some of them underlined the importance of limiting capital expenditures and necessity of being much more selective about distribution channels. Although some brands decided to limit their stocks or even to destock, some others expanded their lines to attract more people (Reyneke et al., 2012). Actions about pricing varies according to the brand strategy. Some brands may prefer to give discounts to maintain their current customers. On the other hands, many of them prefer not to give discount since it may damage the brand image, which is about being exclusive. Therefore, action about pricing should be taken very carefully because consequences of the action would be totally opposite than what had been aimed (Hassan, Husić-Mehmedović, & Duverger, 2015). Moreover, advertising activities have gained importance in this period to reach new client bases, such as independent women or younger generation. However, this should be done in accordance with dynamics of targeted country. For example, a campaign in France might not be successful in the Middle East. Apart from these strategies, economic downturns might be beneficial for some brands. To illustrate, world's biggest luxury group, Louis Vuitton Moet Hennessy acquired Bulgari to widen product portfolio (Olorenshaw, 2011). Furthermore, brand globalness affects perceived brand luxury. Hence, being globally available has positive effect on credibility and prestige of that brand. Authenticity and nostalgia make brands more preferable. Thus, country of

origin is essential issue for status seekers. In this regard being more available and known globally protects the brand against economic fluctuations. Brand globalness brings competitive advantage (Hassan et al., 2015). In short, whichever precaution has been taken, this period brings somehow positive outcomes to the market because it gave chance to reconstruct their marketing strategies to the brands (Reyneke et al., 2012). Nevertheless, it is necessary to point out that the strategy that a brand would follow should be in accordance with local requirements. At the same time, this strategy should not endanger its global authentic image (Hassan et al., 2015).

Turkey has been affected adversely by global economic crises. However, the effects of 2008 crisis was somehow different than what other European countries faced with. Emerging from the global recession of 2008 was relatively quicker because of the fact that in addition to the lessons from previous crises, the Turkish government supported the public optimism. Economic stimulus packages, incentives, commercial campaigns, which gave the messages of positive outlook and environment of trust (Kaytaz & Gul, 2014). The idea that lifting up consumer spirit and encouraging unity and citizenship during recession was analysed and measures were implemented quickly by the government (Kaytaz & Gul, 2014). This important threshold was overcome by encouraging Turkish consumers toward sustained consumption. The optimistic environment and consumers' confidence lessened the negative impact of economic downturn. Although it is not possible to say that there was no decline in aggregate consumption, compared to other European or American nations, the overall effect was minimal. Moreover, some global reports state that although there was a slowdown in economic growth in 2015, Turkey was in eleventh place in global retail development index. Urbanization and young population are the main factors which increase disposable income in Turkey. In addition to increased

disposable income, wealthy tourists mostly from Middle East region affect overall demand to luxury consumption in Turkey. Moreover, newly opened luxury shopping malls attract luxury fashion brands. For the luxury consumption, as it was mentioned before, for the global luxury brands, countries or regions, such as China, Russia, the Middle East and Turkey, gave chance to balance negative effects of recession. Thus, in the case of Turkey, for luxury consumption trends after economic downturn, we would expect the same or even better results with respect to the Western countries. Therefore, in accordance with the aim of this thesis, while evaluating the results, these findings should be taken into consideration.

CHAPTER 3

METHODOLOGY, ANALYSIS AND RESULTS

In order to collect the data for this thesis, a web-based online survey was conducted

during Fall, 2017. SurveyMonkey, which is an online survey software and

questionnaire tool, was used to form the survey (see Appendix). This online software

programme automatically collects, records and stores responses for further data

analysis. Respondents were obtained via personal contacts. A web link, which directs

users to the related survey, was sent to respondents. 100 completed and valid surveys

were targeted. The questionnaire was administered in Turkish in order not affect the

quality of the data. 106 completed questionnaires were obtained in total. Although

several open-ended questions existed, the main part of the questionnaire was

composed of 6-point scale that is 1 for absolutely disagree, 2 for disagree, 3 for

slightly disagree, 4 for slightly agree, 5 for agree and 6 for absolutely agree. 23

international and 2 local fashion brands were stated in the questionnaire. These

luxury fashion brands are selected according criteria related with the recent study

(Tynan et al., 2010). According to related literature, the same method has been

followed. In addition to locally well-known luxury fashion brands, global iconic

brands were especially included in the survey (Jung Choo et al., 2012). They are

currently available and well-known brands in Turkey. 13 of them, which are Armani,

Burberry, Chanel, Dior, Dolce & Gabbana, Fendi, Gucci, Hermes, Louis Vuitton,

Prada, Ralph Lauren, Versace and Yves Saint Laurent, represents the brands under

category of inaccessible luxury, and 12 of them, which are Beymen, Calvin Klein,

Diesel, Donna Karan New York, Fred Perry, Guess, Hugo Boss, Lacoste, Michael

Kors, Tommy Hilfiger, Paul & Shark and Vakko, represents the brands under

category of accessible luxury. This brand selection was done especially for underlining the inaccessible and accessible luxury. Moreover, the open-ended option was also included in the questionnaire. Respondents were asked to choose and answer this option if they use none of the stated brands. Moreover, in order to eliminate automatic answers and to minimize errors, some questions were reversed in the questionnaire.

Design of the questionnaire was chosen and executed so that error margin of responses would be minimum. First of all, questions about age, sex, income range, and income management appear in the questionnaire. Except for question about sex, there are several options for these questions. Moreover, there is a part about brands. In this question, respondents are asked to choose the brands that they frequently buy. As it was mentioned before, for this question, there are 25 different options and one open-ended option. The second part includes 6-point scale multiple-choice questions. Apart from one question, which asks the current income change of the consumer, these 26 multiple-choice questions are about consumer behaviour.

Designing a survey is very complex process, and it requires combination of different elements that constitute final form. More than one factor should be taken inti account simultaneously. When the details are examined, the structure, which was roughly mentioned before, necessitates in depth analysis. First of all, direct instruction model, which consists of a sentence in the imperative form, is adopted for the questionnaire. Despite the fact that sometimes this structure is accepted as impolite way to ask a question, the design in this questionnaire was formed politely (Saris & Gallhofen, 2014). Moreover, for the majority of the questions, the battery of request was used. In this form, instruction and the scale, which is out of 6 in this thesis, were mentioned before the first question as they were applicable for series of

question. Both the request for an answer and response categories were mentioned only one time. This type of battery was used in online survey because it is very convenient to online and mail surveys (Saris & Gallhofen, 2014). In addition to this, as it was mentioned before, 6-point scale was adopted. This means that a scale with six possible answers were offered. Instead of 5-point scale, 6-point scale was used in order to eliminate or at least minimize hesitant and neutral responses. Finally, because of the method used in this thesis, computers and thus technology were important. With the help of these, results were obtained quickly, answers were stored in a systematic way and desired number of respondents were achieved easily (Saris & Gallhofen, 2014).

Determination of the questions in the survey is another substantial issue. Since the aim of this thesis is to understand the customer behaviours about luxury fashion in Turkey, the questionnaire includes questions about perception of luxury. As it was mentioned before, individual, social, functional and economic values are main four dimensions on which this thesis relies, the questionnaire comprises of these elements. Therefore, it is right to say that majority of the questions were determined by the content of four dimensions of luxury perception. This is in line with related literature. However, these four dimensions were not stated in the survey. Respondents were not aware of this division. Furthermore, the complementary questions about demographic, economic situation, consumption patterns and preferred brands were also included in the survey. Shortly, the questionnaire consists of two main sections. The first section includes general subsidiary questions. The second section is the focus of this thesis. There are questions about luxury perception. It is also possible to state that the second section consists of four minor parts.

The first part focuses on consumers' luxury perception about individual value. The factors about aesthetic and experiential issues are presented. The questions about first choices, self-fulfilment, counterfeits and design are included in this part. In the second part, consumers' luxury perception about social value is evaluated. Understanding the relationship between possession and social status is the major point. The issues about prestige, and the other people's thoughts are questioned. In the third part, with the help of quality evaluation consumers' luxury perception about functional value is analysed. The questions about craftsmanship, durability and being environmental-friendly are included. Moreover, this part also includes question about counterfeit. But at this time, choice between quality and counterfeit and perception of quality with respect to counterfeit products are questioned. In addition to the question in the first part, this question about counterfeits provides opportunity to double-check. The fourth part underlines financial value of consumers' luxury perception. In this part, economic aspect of consumer behaviour is taken into consideration. Price tag of a product, effect of reduction period, expense amounts and store choices constitute the questions of this part. For the questions about store choices, it is also necessary to state that for foreign luxury brands, domestic shopping might be much more expensive compared to shopping from a foreign country or from country of origin because of the fact that generally these luxury items are imported to Turkish market. Willingness to spend more money on luxury product increases as consumers' luxury perception about financial value gets higher, because of the fact that people tend to believe luxury products deserve premium prices. As a result, these four parts, which consists of four dimensions of luxury perception, shape the survey of this thesis.

Using survey is a common way to obtain data for academic research. Similar to what this thesis does, there are some works adopting this method. Content of surveys and design of questionnaires show similar characteristics with what this thesis uses. For the cross-cultural consumer perspective comparison for value of luxury, comprehensive and detailed survey, which uses 5-point scale measurement method, was applied for 10 countries. This research also focuses on four main dimension of luxury value perception, which are individual, social, functional and financial values (Hennings et al., 2012). In order to explore international differences in luxury value perceptions, 1275 valid questionnaires were used. In these questionnaires, except for language, the questions were similar in all countries. In the individual value dimension of the survey, the questions about self-satisfaction, pleasure and gifting himself/herself to alleviate emotional burden exist. The social value dimension of the survey includes questions about impression, people's thoughts and opinions. In the functional value dimension part, superior product quality, quality assurance and quality standards are analysed. Moreover, the financial value dimension of this research focuses on questions about price (Hennings et al., 2012). In addition to this research, another research, which analyses cross-cultural comparison of young female consumers in Taiwan and the United Kingdom, for luxury consumption is also uses online survey method to achieve relevant results. In this case, the questions are mainly about relationship between luxury brand and identity (Wu et al., 2015). A study about luxury customer value for female consumers in South Korea was also conducted. In this case, web-based online survey was applied to 326 respondents. This survey uses more detailed questionnaire in terms of luxury values. In addition to brand relationship and behaviour; excellence, functional, aesthetic, pleasure, experiential, self-expressive, social and economic

values shape the questionnaire. Quality, design, functionality, self-satisfaction, prestige and price are the main components of the questions (Jung Choo et al., 2012). Moreover, in order to understand consumption motivations of generation Y consumers for luxury fashion items, a research benefitted from online survey. In this study, measurement items are public self-consciousness, self-esteem, brand consciousness, brand self-congruency, conspicuous consumption and brand loyalty. Thus, the questionnaire was shaped by those factors (Giovanni et al., 2015). Furthermore, a research was used surveys and street interviews to show the key dimensions of luxury in the United Kingdom. The relationship between willingness to purchase luxury goods and the issues about loyalty, design, affection, vanity, social-status, quality and price constitute the main part of the questionnaire used in this survey (Walley et al., 2012). Hence, it is possible to conclude that similar motives and methods have been used in different studies for designing the survey. Moreover, it is important to say that content of luxury brands is nearly the same in all studies. Being recognized internationally as a luxury brand is the major aspect of targeted brands. Almost the same brand names are used to define luxury market in different studies.

3.1 Method of factor analysis

Factor analysis is a statistical method which shows whether there is a linear relationship between set of variables of interest and small number of unobservable factors. In order to obtain more manageable and simple set of factors or components, this analysis is commonly used. The concept is formed by the idea that similar patterns of responses are obtained by multiple observed variables because they are associated with a latent variable. In this method, factors are shown according to

factor loadings. These are the amount of explained variations in the data set. Factor loadings can vary from -1 to 1. When their effect is higher, the factors are closer to -1 or 1. If there is a no effect, a factor loading gets 0 (Pallant, 2013). It is also important to state that more than one factor can explain a variable. Relative factor loadings may require broader and detailed interpretation.

There are two types of factor analysis, which are exploratory and confirmatory. Exploratory factor analysis is used if there is no idea about structure of the data and number of dimensions in set of variables. It is generally used in the early stages of a research. Confirmatory factor analysis is used for verification, if there is some idea about the structure and number of dimensions in set of variables. This technique is generally used in the later stages of a research. Related to the factor analysis, factor extraction is important. It is the determination of the smallest number of factors. These factors represent the interrelation between different variables. In order to decide number of factors, there are three main techniques, which are Kaiser's criterion, Catell's scree test and parallel analysis (Pallant, 2013). Kaiser's criterion is the most common way to do this. Another denomination of this technique is eigenvalue rule. The eigenvalue is the measurement method which shows the explanation power of variation explained by a factor. To use this method, a factor should have eigenvalue which is at least 1 (Field, 2009). After determination of number of factors, the factors are rotated to interpret the result. For this issue, two main method exist. These are orthogonal and oblique factor solutions (Pallant, 2013). If there is no correlation between factors, orthogonal rotation gives better results. This implies the idea of rotating factors while keeping them independent (Field, 2009). Although the most commonly used technique for orthogonal rotation is the Varimax method, different methods exist, which are Quartimax and Equamax.

Varimax method uses minimum number of variables which have high loadings on each factor (Pallant, 2013). Quartimax rotation tries to maximize the spread of factor loadings for a variable across all factors. Equamax is the method in between Quartimax and Varimax (Field, 2009). If there is some correlation between factors, oblique rotation works better, but interpretation of correlated factors is much more difficult. This method allows factors to correlate. Direct Oblimin method, which is the most common way, and Promax method are two main techniques for this factor rotation solution. They give the results of correlation degree between factors (Pallant, 2013). In general, both orthogonal and oblique methods give almost the same solutions. In Direct Oblimin, the degree of correlation between factors is determined by a constant variable, which is delta. The default value of delta is 0, which means disallowance of high correlation between factors. On the other hand, Promax method is applicable and much more useful for very large data sets (Field, 2009). After designing factor structure, analysing factor loadings is needed. This allows to place variables with factors. In general, loading of an absolute value less than 0.3 is accepted as insignificant. However, it is also important to note that there is a relationship between the significance of a factor loading and sample size. For example, for a sample size of 100 a loading of 0.512 can be accepted significant (Field, 2009). For the assessment of the suitability of the data for factor analysis, there are two main points. Firstly, having larger sample size gives better results. General view suggests that having at least 300 cases is important for factor analysis. However, smaller sample size is also acceptable if solutions have several high loading marker variables. Ideally, the sample size should be more than 150 (Pallant, 2013). Secondly, strength of the intercorrelations among items is necessary. For the factorability of the data, the Kaiser-Mayer-Olkin measure of sampling adequacy

(KMO) and Bartlett's test of sphericity exist (Pallant, 2013). The KMO statistic is the ratio of squared correlation between variables to the squared partial correlation between variables. The KMO index varies between 0 and 1. The values of 0.6 is suggested as the minimum value for good factor analysis (Field, 2009). Moreover, if the correlation matrix is significantly different from an identity matrix, Bartlett's test of sphericity should be significant for the factor analysis to be considered appropriate. Bartlett's test of sphericity is statistically significant at the level where the significance value should be smaller than 0.05 (Field, 2009).

In the literature, factor analysis has been used to analyse relevant data. For example, in order to understand consumers' awareness of luxury brand counterfeits, an online survey was conducted. According to potential luxury consumers' answers, confirmatory factor analysis was conducted (Baghi et al., 2016). Moreover, in the South Korean market, the structure of luxury customer value and its validity test was done by results of web-based online survey. In order to execute it, confirmatory factor analysis was conducted to test the measurement model. The results showed that all factor loadings are statistically significant (Jung Choo et al., 2012). Similar to previous example, in order to understand the key dimensions of luxury form a British consumers' perspective, two-stage methodology was used. Therefore, in both steps, surveys were conducted to obtain relevant data. Component factor analysis was adopted as the main method for analysis (Walley et al., 2013). In addition to these, to report the generation Y consumers' luxury fashion consumption, for the data collection, online survey method was used. After gathering data, with the help of SPSS, confirmatory factor analysis was conducted to check adequacy of the designed model. It was shown that in the revised model, the standardized regression weights for the estimates are valid (Giovannini et al., 2015). In this thesis, although main

focus is on the effect of financial value, other values are also needed to be analysed

properly. Moreover, all of four main values used in this thesis, are also correlated,

and affect each other. Hence, both the effect of financial value and interrelations and

effects of other important values are analysed.

3.2 Evaluation of the results

In this thesis, factor analysis was conducted to analyse related survey results. SPSS

version 23 is used to analyse the data. Descriptive statistics indicate different mean

for each question with respect to 6-point scale measurement method (see Table 1).

Table 1. Descriptive Statistics

Question	Mean	Standard Deviation	Question	Mean	Standard Deviation
Q1	2.90	1.480	Q14	4.52	1.106
Q2	3.88	1.608	Q15	4.64	1.016
Q3	2.75	1.585	Q16	3.61	1.384
Q4	1.98	1.316	Q17	4.49	1.501
Q5	4.58	1.004	Q18	4.63	1.326
Q6	2.82	1.632	Q19	4.75	1.263
Q7	3.94	1.579	Q20	4.70	1.197
Q8	4.16	1.415	Q21	4.96	1.187
Q9	4.11	1.463	Q22	3.96	1.203
Q10	4.25	1.401	Q23	4.67	1.177
Q11	3.51	1.545	Q24	4.57	1.287
Q12	5.01	0.951	Q25	3.33	1.478
Q13	4.14	1.327	Q26	4.13	1.324

Overall data points out that minimum mean is 1.98 in question-4, and

maximum mean is 5.01 in question-12. Mean of individual value, which is composed

of question-1, question-2, question-3, question-4, question-5 and question-6, is

3.151. Mean of social value, which is composed of question-7, question-8, question-

9 and question-10, is 4.118. Mean of functional value, which is composed of

question-11, question-12, question-13, question-14, question-15, question-16 and

question-17, is 4.275. Finally, mean of financial value, which is composed of question-18, question-19, question-20, question-21, question-22, question-23, question-24, question-25 and question-26, is 4.412. Therefore, individual value has lesser effect compared to other values, and financial value has more significant effect over customers' luxury consumption behaviour. Moreover, as it was mentioned before, luxury consumption is composed of two main types, which are accessible and inaccessible. According to the survey, accessible luxury customers were selected by their brand preferences. Respondents who answer that they only use some and relatively less expensive brands are accepted as accessible luxury buyers. Related with this, brands which are Beymen, Calvin Klein, Diesel, Donna Karan New York, Fred Perry, Guess, Hugo Boss, Lacoste, Michael Kors, Paul and Shark, Tommy Hilfiger and Vakko are in this category. For accessible luxury consumers, the results differentiate. Mean of individual value is 2.852, mean of social value is 3.907, mean of functional value is 4.045 and mean of financial value is 4.467. However, it would be said that relative importance of those four dimensions does not change. On the other hand, respondents who said that they consume specific and more expensive brands are categorized as inaccessible buyers. Armani, Burberry, Chanel, Dior, Dolce & Gabbana, Fendi, Gucci, Hermes, Louis Vuitton, Prada, Ralph Lauren, Versace and Yves Saint Laurent are brands of inaccessible category. Survey results show that mean of individual value is 3.462, mean of social value is 4.337, mean of functional value is 4.514 and mean of financial value is 4.355. Hence, it is clear that relative importance of four main values differs. Individual value still has lesser effect compared to other values. However, in this time, functional value has more significant effect over customers' luxury consumption. Moreover, in order to understand whether mean values of four factors significantly differentiate according

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to two luxury groups, which are accessible and inaccessible, or not, Mann-Whitney

U test is conducted. In order to compare differences between two independent groups

when dependent variable is not normally distributed, Mann-Whitney U test is used

(see Table 2).

Table 2. Test Statistics for Accessibility

Accessibility		Number	Mean Rank	Sum of Ranks
Individual Dimension	Inaccessible	52	62.68	3259.50
	Accessible	54	44.66	2411.50
	Total	106		
Social Dimension	Inaccessible	52	59.88	3113.50
	Accessible	54	47.36	2557.50
	Total	106		
Functional Dimension	Inaccessible	52	61.94	3221.00
	Accessible	54	45.37	2450.00
	Total	106		
Financial Dimension	Inaccessible	52	50.42	2622.00
	Accessible	54	56.46	3049.00
	Total	106		
	Individual Dimnsion	Social Dimension	Functional Dimension	Financial Dimension
Mann-Whitney U	926.500	1072.500	965.000	1244.000
Wilcoxon W	2411.500	2557.500	2450.000	2622.000
Z	-3.022	-2.101	-2.780	-1.014
Asymp. Sig. (2-tailed)	0.003	0.036	0.005	0.311
Exact Sig. (2-tailed)	0.002	0.035	0.005	0.313
Exact Sig. (1-tailed)	0.001	0.018	0.003	0.156
Point Probability	0.000	0.000	0.000	0.001

According to the results, mean values of individual, social and functional dimensions

in inaccessible group is statistically significantly higher than accessible group

because p values are 0.003, 0.036 and 0.005, which are smaller than 0.05. However,

mean value of financial dimension in accessible group is not statistically

significantly higher than inaccessible group because p value is 0.311, which is bigger

than 0.05. Moreover, when this method is applied for gender, the results differ (see

Table 3).

Table 3. Test Statistics for Gender

Gender		Number	Mean Rank	Sum of Ranks
Individual Dimension	Female	70	46.71	3269.50
	Male	36	66.71	2401.50
	Total	106		
Social Dimension	Female	70	46.24	3236.50
	Male	36	67.63	2434.50
	Total	106		
Functional Dimension	Female	70	47.76	3343.50
	Male	36	64.65	2327.50
	Total	106		
Financial Dimension	Female	70	60.21	4214.50
	Male	36	40.46	1456.50
	Total	106		

	Individual Dimension	Social Dimension	Functional Dimension	Financial Dimesion
Mann-Whitney U	784.500	751.500	858.500	790.500
Wilcoxon W	3269.500	3236.500	3343.500	1456.500
Z	-3.177	-3.402	-2.684	-3.141
Asymp. Sig. (2-tailed)	0.001	0.001	0.007	0.002
Exact Sig. (2-tailed)	0.001	0.001	0.007	0.001
Exact Sig. (1-tailed)	0.001	0.000	0.003	0.001
Point Probability	0.000	0.000	0.000	0.000

According to the results, mean values of individual, social and functional dimensions

in men is statistically significantly higher than women because p values are 0.001,

0.001 and 0.007, which are smaller than 0.05. On the other hand, mean value of

financial dimension in women is statistically significantly higher than men because p

value is 0.002, which is smaller than 0.05.

General statistical results of the survey indicate that average age of the

respondents is 30 (see Figure 1).

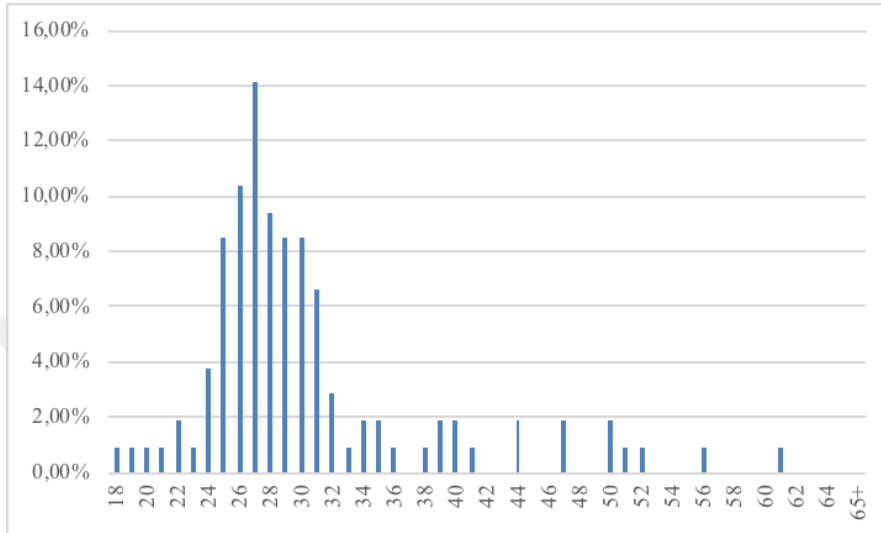Figure 1. Average Age of the Respondents

With 70 respondents, 66.04% of the participants are women and with 36 people,

33.96% of the participants are men. Although 38.68% of respondents state that their

average monthly income is less than 3000 TL, the range between 3000-6000 TL is

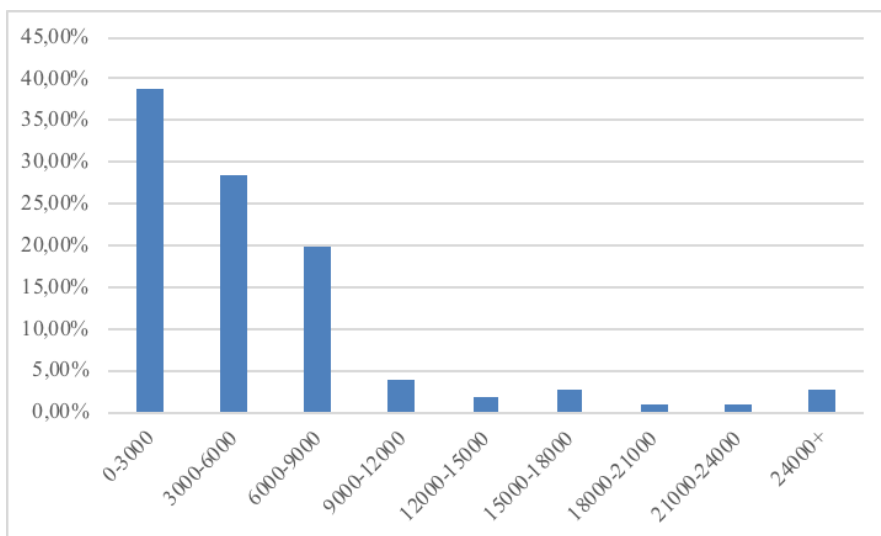monthly average income of the total 106 respondents (see Figure 2).

Figure 2. Average Income of the Respondents

This is little lower for accessible luxury consumers and little higher for inaccessible luxury consumers. 49.06% of respondents state that their purchasing power has been increased in last 10 years. 7.55% of respondents state that their purchasing power has been decreased a lot, 24.53% of respondents indicate that their purchasing power has been decreased, and 18.87% of respondents underlines that there has been no change in their purchasing power in the last 10 years. The average result is little higher for accessible luxury consumers and little lower for inaccessible luxury consumers. 30 people states than they spend less than 5% of their disposable income on luxury products. The average value of this question is around 15%. This is around 10% for accessible luxury consumers and 20% for inaccessible luxury consumers.

In the survey, overall sample size is 106, and there are 26 questions in the questionnaire. In order to verify the suitability of the data set for factor analysis, significancy of the Kaiser-Mayer-Olkin measure of sampling adequacy and of Bartlett's test of sphericity should be checked generally and separately for each dimension.

In the survey result, the KMO value is 0.848, which is significant result because the value is greater than 0.6. The Bartlett's test is significant since it is 0, which is smaller than 0.05 (see Table 4).

Table 4. Overall KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.848
Bartlett's Test of Sphericity	Approx. Chi-Square	1519.337
	df	325
	Sig.	.000

Moreover, in order to determine factors, Kaiser's criterion is taken into consideration. According to this, components which have eigenvalue of 1 or more

are acceptable. All loadings less than 0.3 are suppressed in the output to find overall pattern matrix (see Table 5).

Table 5. Overall Pattern Matrix

	Component							Component					
	1	2	3	4	5	6		1	2	3	4	5	6
Q1					-.344	.362	Q14	.846					
Q2						.504	Q15	.892					
Q3			-.323			.390	Q16	.765					
Q4					.758		Q17	.372					
Q5	.561						Q18		.797				
Q6	.322					.379	Q19		.756				
Q7			-.811				Q20		.410				-.405
Q8			-.832				Q21		.499			.389	
Q9			-.792				Q22	.578					
Q10			-.740	-.310			Q23	.336				-.338	
Q11	.470		-.387				Q24		.525			.463	
Q12						-.853	Q25				-.787		
Q13	.865						Q26				-.784		

Although it is suggested that for a survey based on a sample size of 100-200, factor loadings should be greater than 0.512, in this thesis, it is accepted that in order to have significant factor loading, it is enough to be more than 0.3.

With the help of total variance explained table, it is shown that there are 6 components which have eigenvalues above 1. These are 9.564, 1.985, 1.924, 1.521, 1.334, 1.022. These six components can explain a total of 66.73% of the total variance. This matrix is not important for interpretation of the overall scores. SPSS extracts six factors. With using direct oblimin method, factor loadings after rotation

illustrate that there are six different categories which can explain total situation in the survey (see Table 6).

Table 6. Overall Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	9.564	36.784	36.784	9.564	36.784	36.784	7.061
2	1.985	7.636	44.421	1.985	7.636	44.421	3.678
3	1.924	7.402	51.822	1.924	7.402	51.822	5.782
4	1.521	5.850	57.673	1.521	5.850	57.673	3.509
5	1.334	5.132	62.805	1.334	5.132	62.805	2.028
6	1.022	3.929	66.734	1.022	3.929	66.734	4.016
7	.923	3.551	70.285				
8	.794	3.055	73.340				
9	.719	2.764	76.104				
10	.712	2.737	78.841				
11	.643	2.472	81.313				
12	.554	2.131	83.444				
13	.527	2.028	85.472				
14	.501	1.928	87.400				
15	.469	1.806	89.206				
16	.447	1.720	90.926				
17	.389	1.495	92.421				
18	.363	1.396	93.817				
19	.312	1.199	95.015				
20	.283	1.087	96.103				
21	.241	.927	97.030				
22	.219	.844	97.873				
23	.178	.683	98.556				
24	.147	.567	99.123				
25	.129	.497	99.620				
26	.099	.380	100.000				

The pattern matrix includes the factor loadings. The questionnaire is designed to test consumers' behaviour related to major values such as individual, social, functional

and financial. The results show that in addition to these factors two more dimensions are also effective in luxury consumption. In order to conduct in-depth analysis, in accordance with related dimensions, the questionnaire is divided into parts, and the results were re-examined.

The first part, which is about individual value dimension, shows that there is significant Bartlett's test of sphericity and the KMO with 0.804 (see Table 7).

Table 7. KMO and Bartlett's Test for Individual Value

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.804
Bartlett's Test of Sphericity	Approx. Chi-Square	234.455
	df	15
	Sig.	.000

There are two components, which can explain 71.04% of total variance. Factor loadings after rotation indicates that there are two components. For 4 questions, component-1 is applicable, whereas for 2 questions, which are question-3 and question-4, component-2 is applicable (see Table 8).

Table 8. Pattern Matrix for Individual Value

	Component	
	1	2
Q1	.857	
Q2	.823	
Q3	.465	.595
Q4		.967
Q5	.714	
Q6	.823	

It is meaningful because of the fact that in this part, in addition to individual value, two questions are attributed to counterfeit effect and ostentatiousness issue. Thus, it may cause two different factors.

The second part is about social value. There is significant Bartlett's test of sphericity and the KMO with 0.774 (see Table 9).

Table 9. KMO and Bartlett's Test for Social Value

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.774
Bartlett's Test of Sphericity	Approx. Chi-Square	216.067
	df	6
	Sig.	.000

One component can explain 69.77% of total variance. Therefore, only one factor exits in this part.

In the third part, which is about functional value dimension, there is significant Bartlett's test of sphericity and the KMO with 0.847 (see table 10).

Table 10. KMO and Bartlett's Test for Functional Value

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.847
Bartlett's Test of Sphericity	Approx. Chi-Square	300.568
	df	21
	Sig.	.000

One component can explain 51.38% of total variance. Hence, only one factor exists in this part.

The fourth part is about financial value dimension. There is significant Bartlett's test of sphericity and the KMO with 0.779 (see Table 11).

Table 11. KMO and Bartlett's Test for Financial Value

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	295.274
	df	36
	Sig.	.000

There are two components, which can explain 56.78% of total variance. For 5 questions, component-1 is applicable, whereas for 2 questions, which are question-

25 and question-26, component-2 is valid. It may be explained that for these two questions, in addition to financial value, marketing aspect is also embedded. Therefore, this may cause two different factors in the fourth part. Moreover, for 2 questions, which are question-18 and question-23, both components are relatively valid. Almost the same factor loadings exist for two components (see Table 12).

Table 12. Pattern Matrix for Financial Value

	Component	
	1	2
Q18	.589	.600
Q19	.775	
Q20	.684	
Q21	.768	
Q22	-.589	.348
Q23	-.501	.560
Q24	.783	
Q25		-.781
Q26		-.524

In the questions in financial dimensions, question-19, question-20, question-21 and question-22 are related with price elasticity and question-23 is related with income elasticity. Therefore, effects of income and price elasticities can be seen in the results.

When all loadings which are less than 0.512 are suppressed in the output, the pattern matrix changes. Question-1, question-2, question-3, question-11, question-17, question-20, question-21 and question-23 are shown as no factor loadings, hence they are insignificant. SPSS still extracts six factors. However, with the elimination of question-5, question-12 and question-22, 5 factors could be obtained. In addition to the individual value, social value, functional value and financial value, there is one

more function which represents another value effect, which is namely marketing effect (see Table 13).

Table 13. Pattern Matrix for Loadings More than 0.512

	Component							Component					
	1	2	3	4	5	6		1	2	3	4	5	6
Q1							Q14	.846					
Q2							Q15	.892					
Q3							Q16	.765					
Q4					.758		Q17						
Q5	.561						Q18		.797				
Q6							Q19		.756				
Q7			-.811				Q20						
Q8			-.832				Q21						
Q9			-.792				Q22	.578					
Q10			-.740				Q23						
Q11							Q24		.525				
Q12						-.853	Q25				-.787		
Q13	.865						Q26				-.784		

3.3 Implications of the results

In this thesis, the main objective is to understand effects of economic factors on purchasing behaviour in Turkish luxury market, especially after the economic crises period. Therefore, changes and trends in the last 10 years constitute the focus of the research. Moreover, in order to evaluate the findings obtained by online survey, the method of factor analysis is used.

Starting point of the main argument of the thesis is the four dimension of luxury perception. It includes individual value, social value, functional value and financial value. Although the main idea is to understand economic dimension of luxury fashion consumption, it is known that these four values are interrelated, and

cannot be analysed solely. Both of them create the total understanding of an ordinary Turkish consumers. Significancy level of a value shows relative importance of the related value. Thus, with the help of factor analysis, the results show that in addition to main four dimensions, two more dimensions are required. Firstly, for the individual value dimension, counterfeit effect and ostentatiousness issue constitute an additional dimension. Hence, this factor is needed to be separated from individual dimension. Secondly, for the financial value dimension, the marketing factor is required to be analysed separately. This factor may show different trends than the financial value dimension. Therefore, although the major four dimensions of the thesis are valid, two more dimensions are obtained to understand the whole situation in luxury fashion consumption issue in Turkey.

In addition to the finding obtained from factor analysis, descriptive statistics also gives important insights about the topic. Overall survey data indicates that although all of these four values are significant, the most effective dimension is financial value, and the less effective dimension is individual value. When this analysis is applied to two luxury categories, which are accessible and inaccessible, separately, the results do not differ. However, for the accessible luxury consumers, the importance of financial value is relatively higher compared to inaccessible luxury consumers. On the other hand, for accessible luxury, individual value becomes relatively unimportant. Additional statistical results of the survey underline that 49.06% of respondents state that their purchasing power has been increased in the last 10 years. Hence, although the period after the recent economic crisis is subject to the scope of this thesis, the responses of the survey participants do not show expected harmful effects of crisis and of its recovery period. Furthermore, according to survey results, general consumer tendency about luxury fashion consumption

indicates that people tend to consume more of luxury products if their purchasing power increases. Hence, it would be true to say that generally, luxury products are desired items for different income groups.

Related with demand side of luxury fashion products, the supply side is also affected. The overall results and findings show that in developing countries like Turkey, after global or local economic crisis, there would be an opportunity for luxury producers. Compared to developed countries, there has been significant increase in luxury demand in developing countries, such as China, Middle Eastern countries and Turkey. Enrichment and perception of status related with luxury items are two main drivers of this demand. Therefore, for luxury brands, this new market would be an opportunity when they face with decline in demand in their archaic market. At that point, together with general luxury perception of Turkish customers, this promising potential of Turkish market is profitable for luxury brands.

In brief, when present conditions are taken into consideration, luxury fashion consumption after economic crises period in Turkey illustrates that both individual, social, functional and financial factors are effective to shape general tendency. Even though economic concerns and priorities are still valid and show significant effects, harmful impacts of the crisis are not very clear.

CHAPTER 4

CONCLUSION

Like many other consumption types, luxury fashion consumption is composed of different variables. Although it may have some discrepancies, luxury fashion consumption is akin to other consumption attitudes. It is affected by consumers' behaviours, whole economy of the country and the world, cultural factors, trends and priorities. Comprehensive view and detailed analysis are required to obtain correct and meaningful results.

The aim of the thesis is to understand and analyse current Turkish consumers' luxury fashion consumption attitudes. The comparison of the results with the related literature is as follows. Even though there are similar consumer trends in different countries, cross-national results about luxury values indicate that individual, social, functional and financial dimensions of luxury values have some different trends in different countries. For example, financial value perception results illustrate that France, which is followed by Hungary, Italy, Brazil and Slovakia, has the highest factor mean scores (Hennings et al., 2012). Parallel with this result, in Turkey, the consumers also give the highest importance on the financial dimension of luxury value with respect to the mean scores of questions representing the economic dimensions. Therefore, Turkey would be placed within these countries. In terms of individual dimensions, contrary to American, Indian, Brazilian and Italian consumers, Spanish consumers give lesser importance to individual values (Hennings et al., 2012). In that respect, Turkish consumers show somehow similar attitude with the Spanish consumers in terms of the mean scores of questions representing the individual dimensions.

In the literature, the values to understand luxury consumption in terms of consumers' perspective may show some variations. For example, the gifting dimension is underlined. Because of the fact that economic downturns, especially in the developed countries, the luxury and gifting have been increasingly associated. Thus, the gifting dimension is emphasized (Walley et al., 2013). On the other hand, in this thesis, the results show that in addition to four main luxury values, two more dimensions, which are counterfeit effect and ostentatiousness issue for individual value and marketing aspect for financial value, are observed. Therefore, while adhering to four main luxury dimensions, domestic requirements result in new values to understand and analyse current Turkish consumers' luxury fashion consumption attitudes.

In addition to the issues related with the values, general consumer attitude shows that with the increase in overall income, Turkish consumers tend to consume more of luxury products. Especially after the recent economic crisis, developing countries, in which harmful effects of economic downturns were relatively lesser, have gained importance for luxury producers. Declining sales in European or American markets was compensated with sales in emerging markets, such as Turkey, Korea or China (Reyneke et al., 2012). Moreover, luxury products users are younger in these countries than their European or American counterparts (Olorenshaw, 2011). Related with this, it is underlined that younger consumers are more eager to consume luxury products as a status signal, which is a strong motivation for luxury consumption (Rod et al., 2015). Hence, it is right to say that together with other developing countries, such as China, India, Russia and Brazil, Turkey is an important market for luxury producers because of avid consumers.

In conclusion, in accordance with the existing researches, luxury fashion consumption habit in Turkey has been shaped by consumers' priorities. Although all of four major luxury values are valid, the financial aspect still maintains its importance. Notable economic turning points, like global economic crises, affect both consumers and producers. They have to re-examine their behaviours, priorities and strategies (Yeoman, 2011). For the producers, new emerging markets, like Turkey, gain much more importance to compensate the losses resulting from demand reduction in already existing markets. Motivated, younger and aspirant luxury consumers in Turkey show almost the same characteristics with the consumers in the other developing counties. From consumers' point of view, it is clear to state that in addition to increasing demand and aspiration for luxury, the issue about economic concerns is the most predictive factor for luxury consumption behaviour.

This thesis has some limitations that suggest directions for further research. Firstly, number of participants in the survey on which this thesis relies is 106. This result may bring some restrictions. In a future research, with a higher number of participants the framework of the study can be expanded for more detailed analysis. Secondly, as mentioned before, average age of the survey respondents is 30. This result may cause some biasness problem in the results. The findings show that average respondents are at the bottom of the ladder of luxury consumers. It is predictable that their monthly incomes have been increased in the last 10 years, and their expectations, behaviours and consumption habits would be shaped and show parallelism with younger generations' attitudes. Moreover, future studies may compare results over time for Turkish consumers or may compare the case of Turkey with other countries. Together with additional scopes, this thesis enables future studies to analyse and examine new results in accordance with this thesis' outcomes.

APPENDIX

SURVEY QUESTIONS

Question Number	Questions
Q1	These brands are my first choice.
Q2	Using these brands makes me feel better.
Q3	I purchase products because of brand logo/name.
Q4	Without noticing being fake or original, having logo/name on a product that I am using is very important.
Q5	These brands are more aesthetically pleasing and special designed than others.
Q6	These brands are parts of my self-identity.
Q7	These brands are related with social status in a society.
Q8	Using these brands makes good impression.
Q9	Using these brands is prestigious.
Q10	These brands are esoteric.
Q11	In order to use high quality products, these brands should be preferred.
Q12	For me, quality of a product is much more important than its prestige or name.
Q13	Products of these brands are produced with special craftsmanship.
Q14	Products of these brands have higher quality than others.
Q15	Products of these brands are much more durable tha others.
Q16	Products of these brands are much more environment-friendly than others.
Q17	I do not use fake/counterfeit products of these brands.
Q18	I do not wait discount times to purchase products of these brands.
Q19	Price changes in products of these brands do not affect my purchasing behaviour.
Q20	I do not prefer similar products even if their price is relatively lower.
Q21	When I am doing luxury fashion product shopping, price tags are subordinate for me.
Q22	Prices of these brands deserve their value.
Q23	If I become wealthier, I prefer these brands more.
Q24	Regardless of economic conditions, I continue to use these brands.
Q25	When I am shopping, I prefer stores to online shopping.
Q26	When I am shopping, I prefer domestic stores to foreign stores.

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