

THE EFFECT OF LUXURY GOODS ON CUSTOMER SATISFACTION IN THE CHINESE MARKET: TAKING PRADA AS AN EXAMPLE

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Abstract: As Chinese consumers continue to upgrade their spending on branded goods, China has become the most important consumer market for global luxury brands. At the same time, consumer demand is also increasing, and luxury brands that can improve customer satisfaction will stand out in the competitive market. Enhancing customers' perceived value and satisfaction is a top priority for brand development, and there is an urgent need to strengthen research on specific factors affecting customer satisfaction, supplemented by more in-depth analyses that combine theory and practice.

This study meticulously analyzed the variables that influence customer satisfaction with the Prada brand, focusing on the interactions between perceived product quality, perceived service quality, brand image and perceived value, and customer satisfaction. The main objectives of the study were 1) To determine the influencing factors of customer satisfaction with the Prada brand; and 2) To provide suggestions for enhancing the impact of brand image and perceived value on customer satisfaction with the Prada brand. The research method of this paper was the quantitative research method with Prada customers in the Chinese market. The data collected through a comprehensive questionnaire was rigorously analyzed using SPSS to assess its reliability, validity, and correlation between variables.

The results of the study showed that there is a positive correlation between the variables, as follows: 1) Prada brand perceived product quality showed a positive impact on customer satisfaction; 2) Prada brand perceived service quality showed a positive impact on customer satisfaction; 3) Prada brand image showed a positive impact on customer satisfaction; and 4) Prada brand perceived value showed a positive impact on customer satisfaction. To further enhance the Prada brand's position in the Chinese luxury brand consumer market, this study also proposes optimization recommendations, including strategies such as the refinement of the brand's materials and craftsmanship, the optimization of continuous innovation and design, the necessary upgrading of the digital, personalized, and customized service experience, the excavation of the history and cultural heritage behind the Prada brand, as well as the clarification and delivery of the value proposition.

Keywords: Perceived Product Quality, Perceived Service Quality, Brand Image, Perceived Value, Customer Satisfaction, Prada Brand

Introduction

In recent years, the exploration of luxury consumption has garnered significant attention from researchers (Hung et al., 2011). This interest aligns with the steady global growth of luxury consumption, even during economic downturns (Tsai, Yang, & Liu, 2013). For instance, the global sales volume of luxury goods escalated from €130 in 2007 (Hung et al., 2011) to €236 in 2009 (Bian & Forsythe, 2012) and reached €253 (or €275.63) in 2015, according to Statista (2017).

The luxury sector attracts a global customer base, with 20% to 30% of industry revenues generated by customers purchasing luxury goods outside their home countries. Notably, in 2018, Chinese customers embarked on over 150 billion overseas trips, where they indulged in luxury purchases. Against the backdrop of China's sustained economic prosperity, the emergence of the newly affluent and the gradual expansion of the size of the middle class have inevitably pushed the consumption demand, ability, and level of the whole country to rise steadily. Luxury consumption has gradually integrated into the daily life of China's nouveau riche and middle class, becoming an important part of their consumption habits. Currently, China's luxury consumption market has ranked among the top in the world, becoming an important market for international luxury brands to compete for, and playing a pivotal role in the global luxury consumption pattern.

The current study aims to examine the impact of luxury goods on customer satisfaction in the Chinese market, focusing on the iconic luxury brand Prada. China's share in total spending on luxury goods has been steadily increasing, accounting for 35% in 2019 (Simo, E., 2020). This rise is further supported by data from Interbrand's Best Global Brands 2018 study, which indicates that luxury brands dominate the growth of the world's top brands in terms of percentage. Kim and Ko (2012) emphasize that brand assets serve as the foundation of this high-value-added business, prompting a surge in research on the marketing of luxury products and services in recent years (Ko et al., 2016). Given the significance of the brand in this industry and its influence on consumer behavior, a comprehensive understanding of how luxury brands, such as Prada, affect customer satisfaction in the Chinese market is paramount.

Against this backdrop, the study aims to explore the impact of luxury goods, particularly Prada, on customer satisfaction in the Chinese market. By analyzing consumer behavior and preferences, this research intends to offer valuable insights into the strategies that luxury brands can adopt to enhance their market position and customer loyalty in China.

Although China's luxury goods market has made remarkable development in the last decade or so, Chinese consumers' knowledge and awareness of luxury goods is still insufficient compared

with the luxury goods market in Europe and other countries with a history of more than one hundred years. This insufficiency is not only reflected in the knowledge of brand history, culture, and value but also the differences in consumption behavior and psychological needs. Therefore, it is of great significance to explore the impact of these differences on customer satisfaction to improve the overall level of China's luxury market.

Research Objectives

- (1) To determine the influencing factors of customer satisfaction with the Prada brand.
- (2) To provide suggestions for enhancing the impact of brand image and perceived value on customer satisfaction with the Prada brand.

Research Hypotheses

- H1: There is a significant positive effect of the perceived product quality of the Prada brand on customer satisfaction.
- H2: There is a significant positive effect of the perceived service quality of the Prada brand on customer satisfaction.
- H3: There is a significant positive effect of the brand image of the Prada brand on its customer satisfaction.
- H4: There is a significant positive effect of the perceived value of the Prada brand on its customer satisfaction.

Literatures Review

Product Quality

The quality of luxury products has always been the focus of consumers and researchers. Looking back at the historical literature, luxury brands have always attached importance to the quality of their products to ensure their unique brand image and market position. Superior quality is one of the most salient attributes of luxury products (Hudders & Pandelaere 2012), especially for perfectionist consumers who may perceive more value from luxury products because they offer superior product quality and performance (Vigneron & Johnson 2004), which also earns the trust and admiration of consumers.

Service Quality

According to Taylor and Baker (1994), the shifting business paradigm has placed a premium on service quality. Customers' feedback on service quality is crucial for businesses looking to enhance their marketing strategy (Jain & Gupta, 2004). In recent years, with the diversification of consumer demands, service quality has become a new focus of competition for luxury brands. Regarding

Parasuraman et al. (1988), service quality is the difference between customers' expectations of delivered service performance and their judgment of actual service performance. Service quality, according to Dehghan (2006), is the objective comparison made by customers between service quality and the actual service they receive. According to Lovelock and Wirtz (2014), service quality has many notions and meanings depending on the type of consumer and how they perceive the service quality supplied to them. When the price and other cost aspects are constant, buyers prefer high-quality service (Turban, 2000).

Brand Image

Brand image is critical to success in the luxury market. Early research focused on the material attributes of luxury goods, such as high quality, high price, and exclusivity. However, as consumer behavior research has progressed, the cultural, historical, and social values of brand image have received increasing attention. Keller (1993) identified the brand image as customer views of a brand as represented by brand associations stored in their memory. It indicates that brand image is what comes to mind when a brand name is discussed. Customers link the brand with tangible and intangible features; it is frequently reflected by the sensations and thoughts that consumers have in their heads. According to Michael et al. (2009), brand association quickly helps customers digest information and retrieval when they make a purchase choice since they remember favorable thoughts and attitudes about that brand.

Customer Perceived Value

According to Gallarza et al. (2011), most of the research into consumer value in earlier literature focuses on the relationship between price and quality. Scholars have been divided on the meaning of customer perceived value. Swaddling and Miller (2002) define customer perceived value as a potential customer's assessment of all the advantages and costs of an offering in comparison to the customer's perceived alternatives. Customer perceived value was defined by Kotler and Keller (2012) as "the difference between the customer's judgment of all the advantages and all the costs of a product and the perceived alternatives."

Lippa and Sanderson (2013) found that customer-perceived value is the perception of the benefits, gains and losses of a product. Customer perceived value is measured from multiple aspects of the product and may include additional services to the product itself or social factors such as economic and technical. As a subjective judgment, it is determined to be different from the actual quality of the product (Nelson, 2019), so it may be higher or lower than the actual quality.

Customer Satisfaction

The concept of customer satisfaction is one of the core concepts in marketing (Grönroos, 1990). Evans et al. (2006) identified customer satisfaction as a consumer's feeling or attitude toward a product or service after using it. Customer satisfaction, as described by Oliver

(2014), is a response that happens when customers experience a satisfying degree of consumption-related fulfillment when assessing a product or service. Fornell (2001) examined that contentment is directly considered an overall sensation and suggests that consumers have a sense of how the product or service is like their ideal or standard normal. Zeithaml and Bitner (1996) investigated how the level of satisfaction was affected by service quality, product quality, pricing, scenario, and personal variables. Jih (2009) recognized satisfaction as an emotional response that occurs after the consumer has used the service.

Methodology

This study uses quantitative research methods. Quantitative research uses the questionnaire method, and the use of SPSS statistical analysis software to analyze the questionnaire, analyze the reliability and validity of the questionnaire, to determine the reliability and validity to meet the standard using correlation analysis to determine the factors affecting customer satisfaction. 328 questionnaires were distributed, and 268 valid questionnaires were collected, with a validity rate of 81.7%.

Results

In this study, Cronbach's Alpha was used as the index of reliability of the questionnaire, and the value of Cronbach's Alpha was more than 0.9, which indicated the reliability of the scale. The closer the value of Cronbach's Alpha is to 1, the higher the reliability of the scale and the lower the error of the results. The Cronbach's Alpha of Perceived product quality, Perceived service quality, Brand image, Perceived Value, and Customer Satisfaction are 0.917, 0.958, 0.947, 0.956, and 0.941, respectively, and the internal consistency of the questionnaire is good, and the reliability of the questionnaire is high.

Table 1: Reliability analysis

Variable	Cronbach's Alpha	N of Items
Perceived product quality	0.917	5
Perceived service quality	0.958	5
Brand image	0.947	5
Perceived Value	0.956	3
Customer Satisfaction	0.941	3

KMO and Bartlett's Test of Sphericity are used as indicators of questionnaire validity measurement. When the KMO is greater than 0.6. The smaller the P value of Bartlett's Test of Sphericity, the higher the validity, and when the P value is less than 0.05, it indicates that it is suitable to do the factor analysis. The value of KMO is 0.922, which is greater than 0.9, and the significance of Bartlett's Test of Sphericity Probability P-value is 0.000, which is less than 0.05, so the null hypothesis

is rejected, indicating that the structural validity of the questionnaire is good. See Table 2. The analysis of variance for the common factors showed that the standardized factor loadings for each question item were greater than 0.6, the commonality of the variables was greater than 60%, and some of the factor loadings reached 67.418%, which indicated that these variables had a high degree of explanatory validity. A total of three factors were extracted from the Rotated Factor Loadings Matrix table, which indicates that it is feasible and reasonable to measure the three variables in this study.

Table 2: Validity analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.922
Bartlett's Test of Sphericity	Approx. Chi-Square	2879.454
	df	231
	Sig.	0.000

Correlation analysis is used to study the relationship between quantitative data, whether there is a relationship or not, and how close the relationship is. Firstly, the relationship between each Y and each X is analyzed to see if there is a significant relationship between Y and X. Then the correlation is analyzed to see if the relationship is positive or negative. Next, the correlation is analyzed to determine whether the relationship is positive or negative; the magnitude of the correlation coefficient can also be used to indicate the degree of closeness of the relationship. Finally, the analysis is summarized.

Table 3: Correlation Between Variables (Pearson Correlation Matrix)

	Customer Satisfaction	Perceived Product Quality	Perceived Service Quality	Brand Image	Perceived Value
Customer Satisfaction	1				
Perceived Product Quality	0.681**	1			
Perceived Service Quality	0.750**	0.534**	1		
Brand Image	0.653**	0.455**	0.643**	1	
Perceived Value	0.751**	0.457**	0.721**	0.781**	1

*P<0.05, **P<0.01

From the above Table 3 can be seen, the use of correlation analysis to study customer satisfaction and perceived product quality, perceived service quality, brand image, and perceived value of a total of four correlations, using Pearson correlation coefficients to indicate the strength of the correlation. Specific analyses can be seen:

1. The correlation coefficient between customer satisfaction and perceived product quality is 0.681 and shows a significance of 0.01 level, which indicates that there is a significant positive relationship between customer satisfaction and perceived product quality.

2. The value of the correlation coefficient between customer satisfaction and perceived service quality is 0.750 and shows significance at the level of 0.01, thus indicating that there is a

significant positive relationship between customer satisfaction and perceived service quality.

3. The value of the correlation coefficient between customer satisfaction and brand image is 0.653 and shows significance at 0.01 level, thus indicating that there is a significant positive relationship between customer satisfaction and brand image.

4. the value of the correlation coefficient between customer satisfaction and perceived value is 0.751 and shows significance at 0.01 level, thus indicating that there is a significant positive relationship between customer satisfaction and perceived value.

From Table 3, we can see that each independent variable in this study is analyzed separately from the dependent variable in bivariate correlation analysis, and all four variables in this study correlate with customer satisfaction, which indicates that each of the independent variables has a strong correlation with the dependent variable and that the confidence level of each variable performs significantly.

Discussion

With a high degree of brand image recognition, customers will naturally have more Based on the above analyses, there is a significant positive correlation between the key perceived product quality, perceived service quality, brand image, and perceived value Prada's efforts to improve customer satisfaction. This finding provides a clear direction for Prada's future brand development strategy.

Firstly, the improvement of perceived product quality is the cornerstone of customer satisfaction. Through continuous product innovation and design optimization, as well as material and craftsmanship refinement, Prada can ensure that every product meets or exceeds customer expectations, which directly enhances customers' positive perceptions of product quality. This high-quality product experience is the basis for customer loyalty and brand reputation.

Secondly, the optimization of perceived service quality is an important means of enhancing customer satisfaction. Integrating humanistic care into services, providing personalized and customized service experiences, and upgrading service processes with digital technology can significantly enhance customer pleasure and satisfaction in the shopping process. High-quality service can not only promote the completion of a single transaction but also win long-term customer loyalty for the brand.

Furthermore, brand image building and enhancement is the key to improving customer perceived value. By reinforcing the brand story and cultural communication, as well as actively fulfilling social responsibility and promoting sustainable development, Prada can create a unique and attractive brand image. This brand image can not only enhance the customer's sense of identity and sense of belonging to the brand but also enhance the value of the brand in the customer's mind, thus

indirectly enhancing the customer's perceived value.

Finally, the enhancement of perceived value is the ultimate embodiment of customer satisfaction. When customers feel high-quality products, quality service, unique brand image, and value beyond the expected return in the shopping process, their perceived value will be significantly increased. This high perceived value will prompt customers to be more willing to pay for the brand, and actively spread the brand's good reputation, bringing more potential customers and market share for the brand.

To sum up, Prada should continue to formulate and implement strategies around the four aspects of improving perceived product quality, optimizing perceived service quality, shaping brand image, and enhancing perceived value, to form a positive cycle of customer satisfaction enhancement mechanism, to maintain its leading position in the future market competition and achieve sustainable development.

Conclusions

Based on the literature review of perceived value theory and customer satisfaction theory, this study found that there is a correlation between customer satisfaction with Prada products and perceived product quality, perceived service quality, brand image, and perceived value. By analyzing the content of each factor, it can be determined that these factors have an impact on customer satisfaction. The specific impact of these factors on customer satisfaction was derived through correlation analysis. There is a significant positive correlation between the variables. This indicates that the hypothesis is supported. A later F-test of the model found that the model passed the F-test ($p=0.000<0.05$), which means that the model construction is meaningful.

The luxury brand consumer market can reflect the customers' consumption psychology and perception, according to the analysis of this study, the perceived product quality, perceived service quality, brand image and perceived value of the Prada brand will affect customer satisfaction. Customers who perceive the quality of the product too high tend to be more satisfied because they believe they are getting value for money for the product they are purchasing. Customers who perceive good service quality are also more satisfied because they receive quality service experience during the shopping process. A good brand image enhances customers' brand loyalty, which in turn increases their satisfaction. Customers with high perceived value will feel that they are getting their money's worth and therefore will be more satisfied.

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