## Determinants of Consumer Purchase Intentions of TRNC Students for Luxury Goods

#### **Atif Hussain**

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	Prof. Dr. Ali Hakan Ulusoy Director
I certify that this thesis satisfies all the requirement of Arts in Marketing Management.	nts as a thesis for the degree of Master
	Prof. Dr. Melek Şule Aker Chair, Department of Business Administration
We certify that we have read this thesis and that scope and quality as a thesis for the degree Management.	
	Prof. Dr. Mustafa Tümer Supervisor
	Examining Committee
1. Prof. Dr. Mustafa Tümer	
2. Asst. Prof. Dr. Murad Bein	
3. Asst. Prof. Dr. Mehmet Islamoğlu	

**ABSTRACT** 

Luxury Goods Purchase intention based on consumer's behavior about the luxury

goods. Luxury goods can be anything that is more desired than its necessity.

Consequently, in order to investigate the determinants of consumer purchase intention

of students for luxury goods, we have to know the behavior of consumers regarding

the luxury goods. This thesis aims at investigating the determinants of consumer

purchase intentions of TRNC students for luxury goods. The determinants we choose

here are decided on reviewing the extensive literature review. One depended variable

i.e. Purchase intention has five independent variables i.e. Brand Knowledge, Luxury

Goods Price, Luxury Goods Quality, Luxury Goods Social Value and Consumer

Attitude. Data has been gathered from Eastern Mediterranean University and Cyprus

International University through a distributed questionnaire. Analysis has been carried

out by using the SPSS 25. And AMOS 24 software's and results reveal that four

determinants have significantly influenced the consumer purchase intentions in the

Turkish Republic of Northern Cyprus. Except Brand knowledge, all other

determinants such as Luxury goods price, luxury goods quality, consumer attitude and

Luxury goods social value has positive influence on the consumer's purchase intention

decisions. Discussion of the results and the limitations of the study are discussed and

included.

**Keywords:** Turkish Republic of Northern Cyprus, Purchase Intention, Luxury Goods,

Brand Knowledge, Consumer Attitude, Luxury Social Value, Price, Quality

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Tüketicilerin lüks ürünlere karşı davranışlarına bağlı olarak lüks ürün satın alma niyeti. Lüks ürün, gerekliliğinden çok arzulanan üründür. Sonuç olarak, öğrencilerin lüks ürün satın almasını etkileyen değişkenleri incelemek için, tüketicilerin lüks ürünlere karşı davranışları hakkında bilgi sahibi olmamız gerekir. Bu tez, KKTC'de eğitim gören öğrencilerin lüks ürünlere karşı satın alma niyetlerini etkileyen değişkenleri incelemeyi amaçlamamıştır. Burada seçtiğimiz değişkenler kapsamlı bir literatür araştırması sonucunda belirlermiştir. Bağımlı değişken olarak alınan "satın alma niyeti", beş bağımız değişkene bağlıdır. Modelde ele alınan bağımsız değişkenlerimiz marka bilgisi, lüks ürünlerin kalitesi, lüks ürünlerin sosyal değerleri ve tüketici tutumudur. Veriler Doğu Akdeniz Üniversitesi ve Uluslararası Kıbrıs Üniversitesinde yürütülen anketler aracılığıyla toplanmıştır. Analizler SPSS 25 ve AMOS 24 programları kullanılarak yapılmış ve sonuçlarına göre dört adet değişken önemli derecede KKTC'deki tüketicilerin satın alma niyetlerini etkilediği tesbit edilmiştir. Marka bilgisi haricinde, lüks ürünlerin fiyatı, kalitesi, tüketici tutumları ve lüks ürünlerin sosyal değerleri değişkenleri, müşterilerin satın alma niyeti üzerinde olumlu etkileri olduğu görülmüştür.

Anahtar kelimeler: Kuzey Kıbrıs Türk Cumhuriyeti, Lüks Ürün Satın alma niyeti, lüks ürünler, Marka bilgisi, Tüketici tutumu, Lüks ürünlerin sosyal değerleri.

## **DEDICATION**

To Almighty Allah, the most beneficent, the most merciful, the omniscient, the all-knowing, to his beloved Prophet Mohammad peace be upon him, my master, and a mercy for all mankind, to my precious daughter Ayleen Hussain.

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## LIST OF ABBREVIATIONS

AVE Average Variance Extracted

BK Brand Knowledge

CA Consumer Attitude

CR Composite Reliability

LGP Luxury Goods Price

LGQ Luxury Goods Quality

LGSV Luxury Goods Social Value

MSV Maximum Squared Variance

PI Purchase Intention

TRNC Turkish Republic of Northern Cyprus

## Chapter 1

#### INTRODUCTION

"Luxury Is a necessity that begins where necessity ends". – Coco Chanel

This quote has enlightened us on how in our social framework, luxury can be defined.

Whenever one has to go through social media networks, or experiencing the

entertainment with television or see through pages of magazines. They have seen

innumerable advertisements of branded items and luxury products along celebrity

news that touches their inner need to look beautiful and important. But the luxury

goods meaning is not as simple as it looks as its meanings or nature changes according

to time, place and person (Hudders, Pandelaere & Vyncke, 2013).

As (Kapferer, 1999) has criticized the cultural notion of equating the luxury with price

only. But, this does not help create the difference between luxury goods from

expensive goods. However, he defined that expensive products can be tangible but

luxury products only cater the intangible values such as ethics and personal view

(Kapferer, 1999). On the meanwhile, Oxford Advanced Learner's Dictionary

enlighten us on the luxury as an expensive and special thing, specifically regarding

clothes, food, drink and vice versa but not essential.

However, recent researchers have concluded and grouped it into two segments, one

deals with physical characteristics such as expensiveness, rarity, exclusivity,

durability, quality and other relates to psychological characteristics of symbolic and

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aesthetic meanings such as innovativeness, reputation, social status or elegance and reflection of wealth of owner (B. Zhang & Kim, 2013; Hudders et al., 2013; N. Li, Robson, & Coates, 2013).

Since last few years, luxury brand awareness has reach to new heights among the youth all across the globe, which eventually build the desire for luxury goods among college and universities students. As extensive study happened in 2018 spring by Statista group, it enlightens us on insights regarding the consumption habits and perceptions of consumers in different regions of the world and concluded that mainly consumers associate the luxury goods with quality and style. Researchers also focuses on reasons of people who consume luxury goods out of desire for their personal fulfilment, happiness and to maintain their status or good image (Husic and Cicic, 2009; Dubois et al., 2005; Wiedmann et al., 2007; Nueno and Quelch, 1998; Summers et al., 2006; Dubois and Duquesne, 1993).

Young consumers such as university students across the globe have higher tendency or appetite towards luxury goods as their lifestyle. (Tsai, 2005) has elaborated the motives for buying the luxury goods as "to impress others" but this narrative also serves as a fundamental principle of luxury brands for their marketing management (Vickers and Renand, 2003; Truong et al., 2008;).Other researchers also focused on consumption of luxury goods and the role of brands (Kapferer and Bastien, 2009; Fionda and Moore, 2009; Phau and Prendergast, 2000; Tsai, 2005; O'Cass and Frost, 2002; Kapferer, 1997;). Scholar such as (Heine, 2012) further informed us about luxury goods and their characteristic as anything that is more desirable than an ordinary need or necessity. This also create more comfortable life for buyer. Another

scholar (Yuwa, 2007) has concluded that demand of luxury goods among young consumers estimated to be doubled in an Asia Pacific region in 10 to 15 years.

Market for luxury goods has seen upsurge across the world due to social networking sites in the years (Shu, Sara & Kim, 2013). It has growth rates specifically around 4.9% per year as estimated by (CAGR) Compound Annual Growth Rate. According to (Statista, 2019) luxury goods market includes Leather, Watches and Jewelry, Fashion, Eyewear, Cosmetics and Fragrances. Total revenues for luxury goods in Cyprus have rose from 111 million dollars in 2012 to 160 Million dollars in 2019 (Statista, 2019).

Cyprus is third largest island located in Mediterranean Sea. The island has total area around 9,251 km<sup>2</sup>. According to (Pashardes & Savva, 2009), 36.2% which is 3,572 km<sup>2</sup> is under Turkey since 1974 renowned as Turkish Republic of North Cyprus.

According to State Planning Organization of North Cyprus, Retail and Whole sale sector has seen growth almost doubled from 2013 to 2017 with the growth rate almost 5.2%. This research has been carried out to unveil the luxury retail market and its potential market for customers due to booming Real Estate Sector, Education Sector and Tourism Sector. Only from Republic of Turkey, 55,000 students are studying in TRNC (Turkish Republic of North Cyprus). Total 102,000 students are studying in 21 Turkish Cypriot Universities from different nationalities. According to the Economic Minister Tacoy of TRNC said in a statement to Demiroren News Agency, Education sector makes up about 10% of the TRNC economy, which indicates that TRNC made \$800 million in revenue from education sector in 2018 only.

Moreover, research was needed to understand the determinants that influence the consumers such as university students purchasing behavior for luxury goods and to evaluate them for better understanding of consumer behavior. It will help the marketers to identify the consumer behavior and better target their customers effectively (Bian and Forsythe 2012; Ko et al. 2011). Previous researches have also focused on identifying the main points which influence the purchase intentions for luxury goods in different countries such as United States of America (Shimp & Sharma, 1987), United States, Taiwan, and China (Lin & Chen, 2006); Egypt (Mostafa, 2010), Iran (Fakharmanesh & Miyandehi, 2013), China and Japan (X.Wang & Yang, 2008; Wei, 2008), Bangladesh (Ahsanul Haqui et al, 2015), United Kingdom (Diamantopoulos, Schlegelmilch, & Palihawadana, 2011), and Malaysia (Haque et al., 2011; Tabassi, Esmaeilzadeh & Sambasivan, 2012). However, in academic literature, less is known about the issue directly pertaining to Turkish or Turkish Republic of Northern Cyprus. Also, elaborated by (Ko and Megehee, 2012) that brands or manufacturing companies should identify the related consumer behavior trends in order to bring competitive edge to their final products because it provides the insight to the marketers to understand why and how consumers behave.

Therefore, it is necessary to evaluate the customer behavior and trends so that determinants that influence the purchasing behavior of consumers specifically for luxury goods can be observed such as brand loyalty and perceived value of brands (Chattalas and Shukla, 2015; Liu et al., 2012). Researcher also found that purchasing behavior for luxury goods or product is usually affected by celebrity endorsement, fashion, family relations, knowledge about product, quality (Shafiq et al., 2011).

University students can be a good target to unveil the determinants of purchasing intention for buying the luxury goods. Price can be a key factor that is concerned with university students towards buying luxury goods (Wiedmann et al., 2007). Also, many researchers have observed that luxury goods price also considered or referred to as a high-quality product (Lichtenstein, Peter, & Black, 1988; Erickson & Johansson, 1985; Tellis & Gaeth, 1990). Also (Bain, 2010) have found that among the young consumers attitude played a vital role in purchasing a luxury good.

This study will also help the marketers or brand managers on how general public actually react to luxury goods and branded products. It will reveal the factors that will help in better communicating and marketing the luxury goods.

The primary aim of this research is to evaluate the determinants of consumer purchase intentions of university students towards luxury goods in the region of Turkish Republic of North Cyprus. To help the marketers or potential investor to analyze the market of North Cyprus for future luxury brands investments. It will help in order to analyze and explain student's purchase intentions for luxury goods or their decision-making factors that influence them to buy luxury goods. It will also examine the student's attitude towards luxury goods in TRNC.

The current study includes the price, quality, brand knowledge, attitude & social value as determinants that influence the consumer(students) purchase intentions of luxury goods in TRNC region universities. Data is gathered through online and in-hand questionnaires from universities of TRNC.

This research work comprises of seven chapters. Chapter I one introduces the topic to be followed by literature review in chapter II. Chapter III presents the framework for this research along with research objectives. Chapter IV will focus on the data and research methodology. Findings and results will be evaluated in chapter V followed by conclusion of the results. Limitations in chapter VI. The last chapter will deal with further research paths that needs to be explored.

## Chapter 2

#### LITERATURE REVIEW

I have reviewed the previous literature here for determinants of consumer purchase intentions of TRNC students for luxury goods. Determinants which I have covered here are attitude, social value, price, quality, and brand knowledge. Based on the literature review, I will demonstrate the relationship among them using constructs. Also, literature review highlights that in previous researches such a construct in this composition has not been investigated in the same way as I have portrayed here for the luxury market in Turkish republic of Northern Cyprus.

#### 2.1 Luxury Goods

Since the ages luxury has been defined through multiple ways such as in ancient Latin era, it means to indulge into senses without considering the cost. So easily we can call luxury goods are those goods whose intangible value is higher than its price. Different researchers have defined it differently such a (Nuenu and Quelch, 1998) on their page 62 has defined it as "work of art designed for an exclusive market". Similarly, (Hung et al, 2011) has enlightened luxury goods as those goods which are branded as conspicuous, crafted and unique. As any product which focuses on the status, image and functionality of goods that goes beyond the requirement of consumer can be labeled as luxury goods (Nueno & Quelch, 1998).

Although, luxury market is competitive, vast and complex industry according to (Euniu, Phau and Aiello, 2016). But its market is growing tremendously and

consumer's indulgence into luxury goods is global phenomenon. This makes it more competitive and make companies and brands to face new opportunities and possibilities (Kang and Sharma, 2012). Consumers also expect the luxury goods to be rare, precious and unique because this uniqueness makes the consumers to buy such expensive products (Berthon et al, 2009). Scholars has also emphasized on the brand characteristics or brand elements which has symbolic value (Hung et al, 2011).

As purchasing behavior of consumers is growing rapidly regarding the luxury goods due to the globalization and changing lifestyles. This trend can be found in consumer consumption cycle in different ages but can be evidently found in university students. According to (Danziger, 2004a; 2004b) luxury goods can be classified into three main parts such as home-luxury goods, personal goods and experiential luxury.

As in this research we are dealing with personal luxury goods such as clothes, handbags, perfumes, watches, wallets, jewelry and other accessories as given by (Gao, Norton & Zhang, 2009). However, luxury product consumers are not supposed to be cost-conscious because the purpose of luxury goods is to fulfill the need and satisfy the high-performance standard of luxury and quality of consumers (Munuz, 2002).

Also, Scholars like (Bruno et al., 2012) conducted the similar study related to luxury goods and country of origin. Scholar gathered data from China, Italy, India, Japan, France, United States and Russia. This study concluded that luxury purchase intention has significant and strong relationship with market maturity.

#### 2.2 Purchase Intention

Consumer preference of buying the product is often called as purchase intention. Scholars such as (Keller, 2001) has highlighted elements that affects the consumers

intention of buying and also helps in evaluating the product and through which supports consumers in shaping decision making process. Another researcher has mentioned the purchase intention as part of decision making that elaborates the factors that made consumer to buy particular product (Shah et al, 2012). Purchase intention also defined as a circumstance when consumer buys certain product (Morinez et al, 2007).

Purchase intention of customer is the part of consumers decision making process which is a very complex process. In first phase, customer usually collects the information regarding the product then it buys it and uses its attributes and see if they suit his requirements or intentions. Later customer either takes that product into his purchase intention or discards it, it is known as product knowledge which is based on customer's satisfaction. If customer tends to buy or show interest again in the purchase of particular product, we can call it purchase intention. However, Intentions can also be defined as individual's motivation to do a certain task in certain behavior and is about "what we think we will buy" (Samin et al, 2012).

Purchase intention can also be defined as the possibility of buying the product again or for consumers to make purchase decisions (Long & Ching, 2010). Purchasing intentions can also help to measure purchasing behavior as (Gruber, 1971) enlighten us on how intentions are interlinked between acquisition of goods and responses of consumers regarding the products. However, when it comes to purchase luxury goods, there are several reasons that stimulate the consumers to buy luxury products.

Researcher like (Danziger, 2004a) has highlighted that in purchasing luxury goods, more knowledgeable and highly educated people have more tendency. Also, those

people who are more concerned with their image, status and social class tends to purchase luxury goods more (Nia & Judith, 2000; Prendergast & Claire, 2003). So, this simply means that purchasing of luxury goods usually done by those who have higher degrees and more knowledgeable about luxury brands.

Scholars have found that family and friends can be key influencers when it comes to affect the purchase intention of luxury goods (Danziger, 2004b). Along with other factors such as rewarding their hard-work, experiencing a quality life style and boosting their self-confidence also affects the purchase intentions. Consumers who needs to feel unique and special tends to purchase luxury goods more (Danziger, 2004a).

Purchasing luxury goods can also portrays as a symbolic sign to show status and express their psychological needs (Nia & Judith, 2000). Other researchers also divide the factors into two main categories such as internal and external. In terms of external factors, family, friends along with group associations can play a vital role in university students to purchase luxury goods (Solomon, 2004). Young generations also show a positive relationship with the attitude when it comes to purchase luxury brands (Bian, 2010).

Also, (Ajzen, 1991) has given the theory of planned behavior in which he discussed the purchase intention and defined it as ability of consumers purchase intention to buy from market or seller. Another researcher also discussed the positive attitude of customer regarding purchase intention (Mcknight et al, 2002). Also, purchase intention is better variable at predicting the consumers behavior than other variables (Koh, 2013).

#### 2.3 Brand Knowledge

Scholars have enlightened us on how differentiation between products and services can be done with the help of Brands (Kotler & Keller, 2009). And it embodies every characteristic of product or company and represent it globally as a hologram and make different relationships in order to contribute to group affiliations (Sherry, 2005). Brands can be label as a sign of quality and trust for consumers (Kaplan & Lehmann, 2005). Also, (Keller, 1993; 2003) has defined it as a memory or information about the brand that is stored in consumers mind. It includes notions related to brands such as image, awareness, attributes, benefits and attitude. Also, all these notions define the brand knowledge and its effects on consumer purchase intentions. Another scholar has highlighted that continuous brand related communication can also be the reason for brand knowledge in the consumer mind (Richards et al, 1998).

Brand awareness can be referred to Brand Knowledge. As (Keller, 2003) has highlighted the notion that brand knowledge is when consumer knows about it or associate with it. Also, consumer's brand knowledge normally includes two major variants such as brand image and brand awareness. Further, brand awareness includes two further components such as brand recognition and brand recall. Both these factors play an important role in influencing the decision making of consumer (Keller, 1993; Ingsa & Mai, 2017).

In addition to this, Brand Image defined by (Arslan and Altuna, 2010) as feelings when consumers thought of brand, comes to his mind either positively or negatively. They viewed brand in context of strength, favor-ability and distinctiveness. It can be referred to consumer attitudes which make up the mind of the consumer regarding the brand

(Meenaghan, 1995). Another researcher has explained it differently as the beliefs or reflections regarding the brand for the consumer when it concerns about quality or uniqueness (Lee, Lee & Wu, 2011). Brand knowledge or its image portrays an important role in shaping the consumer purchase intention as it propels the consumers to consume more than they needed. However, several researchers already focused on the relationship among the brand image and purchase intention and found it significant (Arslan & Altuna, 2010; Chi et al, 2009; Tariq et al., 2013; Zeeshan, 2013).

Moreover, research concluded by (Satish and Peter, 2004) found that product knowledge or brand knowledge plays an important role in consumer decision about purchase intention. Other scholars also focused on the importance of product knowledge and argued that it plays a vital role in shaping the consumer's purchase intention (Ann, 2008). Product knowledge can also be obtained through usage or experiencing the brand and to know its attributes and features (Prieto, Revilla & Prado, 2009).

However, on the other side, few researchers also concluded that consumers do not make their purchase intention mainly on brand image (Eze, Yee & Wamala, 2012). Also, scholars such as (Shah et al, 2012) has summarized that concept of branding or presence of brands can also affects the consumer purchase intentions. They state that consumers purchase intention solely based on two factors such as brand knowledge and brand preference. Also, study concluded by (Fakharmanesh & Miyandehi, 2013) that consumers purchase intention rely on brand knowledge and brand image. Also, consumer's reaction towards any product is mainly based on the knowledge or information he gained through family, cultural, social or global sources (Hamid, 2014).

#### 2.4 Price

Price is an important factor that influences the consumer's purchase intention. It carries a complex and important structure. It always concerned the consumers whenever they think of buying something or make an intention to purchase (Smith & Carsky, 1996). Scholars have found that when if the price of product gets higher than the actual price, it effects negatively on the purchase intention and reduced the purchase intention (Dodds, Monroe & Grewal, 1991). Also, other scholars carry different point of view that those products which carries less price than the actual price, consumer perceive them to be inferior or less in quality (Peter, 1999).

According to Merriam Webster Dictionary price can be defined as the cost of something at which we purchase a product or service. And if we examine the relationship between the luxury goods purchase intention and price among the students from universities, we would conclude that there is significant relationship between both and which is rapidly growing day by day. Also, scholars indicated that consumers when they trade or buy something, they thought of price as a monetary value (Nagle & Holden, 2002).

Moreover, price can be considered as the key factor in controlling the perceived behavior of consumer to limit his purchases (Zeinab & Seyedeh, 2012). Also, scholars state that received money for goods value is among the criteria considered by the consumers (Jehri & Sahaskmontri, 1998). Also (Keller, 1998) has highlighted the importance of price by stating that consumers tend to response differently to discounted prices due to the value and benefits associated with products and what it offers to consumers. Due to the price and its importance among the consumers' minds,

scholars have concluded that price plays a pivotal role in purchase intentions of consumers (Alford & Biswas, 2002; Biswas, Pullig, Yagci & Dean, 2002; Jiang & Rosenbloom, 2004; Tarklainen & Sundgvist, 2005).

#### 2.5 Quality

Quality is another important factor that influences the consumers purchase intention. Scholars has emphasized the product quality with something that consumer can relate with such as measurable features instead of preference (Sebastianelli & Tamimi, 2002). Product quality is something that can satisfy the customers need and holds distinctive features and value (Dunk, 2002). Product quality is the continuous process that has to comply with customer needs in order to survive the competitive environment.

Different scholars have studied the relationship of product quality and purchase intention such as (Chi, Yeh & Yang, 2008). They collected 267 questionnaire responses focused on product quality and customer purchase intention and concluded that product quality has positive and significant relationship with purchase intention of consumers. Similarly, research concluded by (Tsiotsou, 2005) elaborated that product quality is directly proportional with purchase intention as higher the quality of product will lead to higher purchase intention, as its focus was on Athens, Greece. He collected 226 responses from university students. Another researcher also explored the relationship of product quality and purchase intention to verify this similar fact of positive and significant relationship between the two (Jalilvand, Samiei & Mahdavania, 2011). As (Keller, 2008) also highlighted the relationship between customers purchase intention with quality. According to him, perceive quality of product can be defined as the superiority of product with that of other products.

However, perceived quality can also depend on several product specifications such as brand, performance and reliability (Aker, 1991). Also (Zeeshan, 2013) has expressed that in order to create competitive advantage, product quality can be very useful. Consumers also value their utility when it comes to purchase intention so they suggest or prefer superior product quality and service (Vigneron & Johnson, 1999). Therefore, quality value is emphasized by consumers when it comes to luxury goods. Such consumer may portray the different mindset such as perfectionism. Study concluded by (Vigneron and Johnson, 2004) also used the several different words to check the quality perception of consumers such as "best quality", "crafted", "sophisticated", "luxurious" and "superior".

In other words, quality was always get confused by consumers with brand, price (Deeter-Schmelz et al, 2000) and usually considered brand as the synonymous word for quality (Husic & Cicic, 2009). Because quality is also one of key factor for brand segmentation (Christodoulides, Michaelidou & Li, 2009). One of the researchers also found out that consumer spend higher price for luxurious goods in order to buy superior quality products (Gentry et al, 2001). Many other scholars also found that brand quality has a significant relationship or impact on the consumer purchase intention (Tih & Lee, 2013; Levy & Guterman, 2012; Tariq et al., 2013).

#### 2.6 Social Value

Scholars have defined social value as the value for maintaining and developing relationship with consumer and communicating with others (Dholakia et al, 2004; Wu et al., 2018). As social value's role in shaping the consumers purchase intention is a growing trend among researchers (Sweeney & Soutar, 2001; Ozen & Engizek, 2014; Thomas and Carraher, 2014). Some researchers also argue that social value impacts

the purchase intention of consumers due to consumers social motivations, group affiliations and interaction with others (Chiu et al, 2014). Also, the social value refers to their social groups, and due to that reason, consumers prefer their product purchases related to their group affiliations (Chattalas & Shukla, 2015; Wiedmann et al., 2007, 2009). So, their behavior of purchasing products is influenced by social expectations and norms (Shukla, 2012).

In addition to this, scholars also observed that luxury consumption has a strong relationship with social stratification (Kapferer, 1997). Not only this, others mentioned of motivating forces that compel the consumers to purchase luxury goods just to fulfill their desires or gain the social status or prestige in the society (Chattalas and Shukla, 2015; Shukla, 2010). Also, (Zhan and He, 2011) enlighten us on how social status and prestige can be communicated through the consumption of luxury goods. Consumers also focus on their social status by displaying their luxury goods (Souiden, M'Saad and Pons, 2011).

Social value also has a significant relationship with purchase intentions due to prestige groups and consumers like to feel unique and distinctive (Vigneron & Johnson, 1999). Consumers may also like to purchase luxury goods in order to express their beliefs better in social dynamics because it reflects their social value (Wilcox et al., 2009). Also, scholars have highlighted that in both the eastern and western cultures, consumers purchase luxury goods in order to express themselves better and show their individuality and social value (Nueno & Quelch, 1998; Vigneron & Johnson, 2004). Furthermore, the social value of luxury goods addresses the consumers inner need to feel appreciable and receiving recognition and prestige from social groups and

affiliations (Wiedmann et al., 2007) as it boosts the purchase intention of consumers towards luxury goods.

#### 2.7 Consumer Attitude

Consumer purchase intention also influenced by individuals positive or negative attitudes. Attitude can be defined as one's belief, perceptions, actions, and feelings (Blackwell, Miniard, & Engel, 2006). Researchers used it to determine the individual's intention because intention directly affects the behavior (Ajzen & Fishbein, 1980). Scholars also use it to evaluate the people behaviors and their issues (Solomon, 2011) as consumers purchase intention can be affected by psychological and social experiences regarding the luxury goods in multiple ways.

Moreover, several scholars have found the relationship between the purchase intention of luxury goods and attitude. Such as (Yim et al., 2014) studied the model which relates to interpersonal influences and brand consciousness and its relationship with consumer attitudes for luxury goods. As luxury goods growth is rapidly increasing so researchers focus is also on identifying the various dimensions of consumer purchase intentions. Also, (Zhang & Kim, 2013) has examined the luxury purchase intentions and consumer attitude relationship. This study concluded that consumer attitude has a positive and significant relationship with Chinese consumer purchase intention of luxury products. He used three main factors which are social comparison, brand consciousness and fashion innovative-ness. These factors have a positive relationship with consumer attitude towards purchasing luxury fashion goods. Scholars also mentioned of person's attitude regarding buying of the product instead of the product itself (Solomon, 2011). As other scholars studied the same pattern in Korean young consumers regarding the global luxury goods purchasing behavior (Park et al. 2008).

This study also concluded that young consumers in Korea have different reasons which motivate them to buy luxury goods or impact their purchase intentions.

Moreover, (Yann, 2010) has enlightened us on several factors such as consumption trends, personal aspirations, and relation with luxury goods. It can be considered as leverage also between the attitude and luxury goods for the good performance companies because luxury goods main purpose is to portray the value in terms of social and economic profits (Lee & Hwang, 2011). As marketers focus on the prestige over price when it comes to consumer attitudes towards luxury goods (Fionda and Moore, 2009).

Another study conducted by (Liu, Li, Mizerski, & Soh, 2012) among Australian consumers and concluded that consumer satisfaction improves the attitude towards luxury goods and eventually it drives the consumers to purchase again the particular product. Similar research concluded by (Shen, Dickson, Lennon, Montalto, & Zhang, 2003) that luxury purchase intentions have strong relationship with consumer's attitude because it increases the purchase intentions. Also, attitudes can be effective over time as consumers experiences the brand and repurchase the products and resist to change their decisions (Boone and Kurtz, 2002).

## Chapter 3

# RESEARCH METHODOLOGY AND THEORETICAL FRAMEWORK

#### 3.1 Research Questions

The primary aim of this research is to evaluate the determinants of consumer purchase intentions of university students towards luxury goods in the region of Turkish Republic of North Cyprus. This study is conducted to know the determinants and to help the marketers or potential investor to analyze the market of North Cyprus for future luxury brands investments. It will also enlighten us to analyze and explain student's purchase intentions for luxury goods or their decision-making factors that influence them to buy luxury goods. It will also examine the student's attitude towards luxury goods in TRNC.

Based on this purpose, there are three primary research questions and one secondary research question as following:

Primary research questions are:

- 1. What are the determinants of Purchase intention towards luxury products in University Students in Turkish Republic of Northern Cyprus?
- 2. How much those determinants actually affect the purchase intention of students of TRNC?
- 3. Unveiling the determinants and their relationship with purchase intention in TRNC?

Secondary research question is:

 Do students purchase intention has significant relationship with determinants with respect to luxury goods in TRNC?

Based on secondary question, we developed 5 hypotheses as following:

H1= There is positive relationship between consumer attitude and purchased intention of luxury goods in University students in TRNC.

H2= There is positive relationship of luxury goods price with purchase intention for luxury goods in University Students in TRNC.

H3= There is positive relationship of luxury goods quality of goods with purchase intention for luxury goods in University students in TRNC.

H4= There is positive relationship between the brands knowledge and purchase intention for luxury goods in University students in TRNC.

H5= There is positive relationship between luxury goods social value and purchase intention for luxury goods in University students in TRNC.

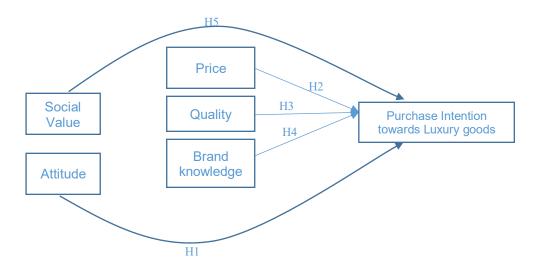
The current study includes the luxury goods social value, consumer attitude, luxury goods price, luxury goods quality, brand knowledge, as factors that influence the consumer purchase intentions in TRNC students for luxury goods.

#### 3.2 Sampling Technique

This study follows the quantitative research method to evaluate the relationship with the determinants and purchase intention of students regarding luxury goods in TRNC and data is gathered through in-hand questionnaires from Eastern Mediterranean University and Cyprus International University of TRNC. As Scholars considered the questionnaires as a primary way to collect the information for primary data collection

questionnaires which were distributed for the purpose of data collection with the method of convenient sampling which means to obtains the sample from population in the right time at the right place (Teimouri et al., 2018) with the 84 percentage. Also, before distributing the questionnaire, pilot study has done to correct the any probable errors or to increase the validity of said questionnaire. It was carried out in Eastern Mediterranean university to ensure the reliability of scales also. Other than descriptive, 5-point Likert Scale is used for collecting the data for all the scale questions related to variables. The questionnaire requires respondent to fill in their descriptive questions such as age, gender, education level, nationality and income level before answering the questions on brand knowledge, price, quality, social value, and attitude and purchase intention of luxury goods in Turkish Republic of Northern Cyprus Universities.

#### 3.3 Theoretical Model



#### 3.4 Survey Instrument

The survey instrument is developed with items from the prior researches. The survey scales or constructs for the survey and their references are as such: Attitude scale by Dubois and Laurent (1994). The original scale reliability by Dubois and Laurent (1994) was 0.80; Brand Knowledge scale is taken from Kleiser and Mantel (1994) with the scale alpha was 0.84; Price scale has been taken from Lichtenstein, Netemeyer and Burton (1990) and Lichtenstein, Ridgway and Netemeyer (1993) and it consists of six items with the reliability of 0.947; Quality scale given by Truong, Y., & McColl, R. (2011) and reliability is given as 0.76 alpha -; Social value scale given by Eastman et al. (1999). Also, Eastman provides scale validity and alpha around .81 to 0.87 -; Purchase Intention scale from (Shukla, 2010) with Cronbach's alpha of 0.87 & Schlosser et al. (2006) with alpha 0.909 and modified a little to suit university students. All items are measured on a 5-point Likert scale, with anchors from "strongly disagree" to "strongly agree".

## **Chapter 4**

## DATA ANALYSIS AND INTERPRETATION

#### 4.1 Research Tools

For the purpose of data analysis, SPSS 25 and AMOS 24 has been utilized in order to draw results and interpretation for the said research.

#### 4.2 Descriptive Analysis

As far the beginning of questionnaire is concerned, it starts with the descriptive information of respondents which highlights the different viewpoints.

Table 1: Respondents Descriptive Percentages

No of Respondents	: n = 211	
Gender		
	Frequency	Percent
Male	130	61.6
Female	81	38.4
AGE	'	
	Frequency	Percent
21-29	144	68.2
30-39	36	17.1
18-20	27	12.8
40-more	4	1.9
Education Level		
	Frequency	Percent
Bachelors	112	53.1
Masters	82	38.9
PhD	16	7.6
High School	1	0.5
Income		
	Frequency	Percent

less than 800 \$	74	35.1
800\$ -1500\$	60	28.4
1501 \$ - 2500 \$	31	14.7
2501 \$ - 3500 \$	19	9.0
5000 \$ and more	14	6.6
3501 \$ - 5000 \$	13	6.2
Marital Status		
	Frequency	Percent
Single	184	87.2
Married	25	11.8
Divorced	2	0.9
University		
	Frequency	Percent
Eastern Mediterranean University	160	75.8
Cyprus International University	48	22.7
Other University	3	1.4

Frequency table no 1 of descriptive data enlightens on several points such as in age groups, majority of respondents were from age group of 21-29 years with 68.2%. Second major respondents in age group were from 30-39 years with 17.1%, other groups have relatively lower percentages such as 18-20 years of age with 12 and above 40 years with only 1.9%. With regard to University, majority respondents were from Eastern Mediterranean University with 75.8 percent and Cyprus International University with 22.7 %. Also, table no 1 highlighted us on gender frequency in which male respondents were 61 % and female respondents were around 39 %.

Table 2: Respondents Nationality Frequency

Country         Frequency         Percent           Turkey         39         18.5           Nigeria         24         11.4           Pakistan         24         11.4           TRNC         21         10.0           Jordan         16         7.6           Syria         15         7.1           Palestine         11         5.2           Iran         7         3.3           Morocco         7         3.3           Egypt         5         2.4           Congo         4         1.9           Gambia         4         1.9           Cameroon         3         1.4           Ghana         3         1.4           Yemen         3         1.4           Zimbabwe         3         1.4           Chad         2         0.9           Kuwait         2         0.9           Lebanon         2         0.9           Libya         2         0.9           Libya         0.5         0.5           Algeria         1         0.5           China         1         0.5           Iraq </th <th colspan="3">Nationality</th>	Nationality		
Nigeria         24         11.4           Pakistan         24         11.4           TRNC         21         10.0           Jordan         16         7.6           Syria         15         7.1           Palestine         11         5.2           Iran         7         3.3           Morocco         7         3.3           Egypt         5         2.4           Congo         4         1.9           Gambia         4         1.9           Gambia         4         1.9           Cameroon         3         1.4           Yemen         3         1.4           Yemen         3         1.4           Zimbabwe         3         1.4           Chad         2         0.9           Kuwait         2         0.9           Lebanon         2         0.9           Libya         2         0.9           Afghanistan         1         0.5           Canada         1         0.5           China         1         0.5           Iraq         1         0.5           Kenya         <	Country	Frequency	Percent
Pakistan         24         11.4           TRNC         21         10.0           Jordan         16         7.6           Syria         15         7.1           Palestine         11         5.2           Iran         7         3.3           Morocco         7         3.3           Egypt         5         2.4           Congo         4         1.9           Gambia         4         1.9           Cameroon         3         1.4           Ghana         3         1.4           Yemen         3         1.4           Zimbabwe         3         1.4           Chad         2         0.9           Kuwait         2         0.9           Lebanon         2         0.9           Libya         2         0.9           Afghanistan         1         0.5           Algeria         1         0.5           China         1         0.5           Iraq         1         0.5           Kenya         1         0.5	Turkey	39	18.5
TRNC         21         10.0           Jordan         16         7.6           Syria         15         7.1           Palestine         11         5.2           Iran         7         3.3           Morocco         7         3.3           Egypt         5         2.4           Congo         4         1.9           Gambia         4         1.9           Cameroon         3         1.4           Yemen         3         1.4           Yemen         3         1.4           Zimbabwe         3         1.4           Chad         2         0.9           Kuwait         2         0.9           Lebanon         2         0.9           Libya         2         0.9           Afghanistan         1         0.5           Algeria         1         0.5           Canada         1         0.5           China         1         0.5           Iraq         1         0.5           Kenya         1         0.5	Nigeria	24	11.4
Syria   15   7.1	Pakistan	24	11.4
Syria       15       7.1         Palestine       11       5.2         Iran       7       3.3         Morocco       7       3.3         Egypt       5       2.4         Congo       4       1.9         Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	TRNC	21	10.0
Palestine       11       5.2         Iran       7       3.3         Morocco       7       3.3         Egypt       5       2.4         Congo       4       1.9         Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Jordan	16	7.6
Iran         7         3.3           Morocco         7         3.3           Egypt         5         2.4           Congo         4         1.9           Gambia         4         1.9           Cameroon         3         1.4           Ghana         3         1.4           Yemen         3         1.4           Zimbabwe         3         1.4           Chad         2         0.9           Kuwait         2         0.9           Lebanon         2         0.9           Libya         2         0.9           Afghanistan         1         0.5           Algeria         1         0.5           Canada         1         0.5           China         1         0.5           Iraq         1         0.5           Kenya         1         0.5	Syria	15	7.1
Morocco       7       3.3         Egypt       5       2.4         Congo       4       1.9         Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Palestine	11	5.2
Egypt       5       2.4         Congo       4       1.9         Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Iran	7	3.3
Congo       4       1.9         Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Morocco	7	3.3
Gambia       4       1.9         Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Egypt	5	2.4
Cameroon       3       1.4         Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	-	4	1.9
Ghana       3       1.4         Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Gambia	4	1.9
Yemen       3       1.4         Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Cameroon	3	1.4
Zimbabwe       3       1.4         Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Ghana	3	1.4
Chad       2       0.9         Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Yemen	3	1.4
Kuwait       2       0.9         Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Zimbabwe	3	1.4
Lebanon       2       0.9         Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Chad	2	0.9
Libya       2       0.9         Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Kuwait	2	0.9
Afghanistan       1       0.5         Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Lebanon	2	0.9
Algeria       1       0.5         Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Libya	2	0.9
Canada       1       0.5         China       1       0.5         Iraq       1       0.5         Kenya       1       0.5	Afghanistan	1	0.5
China         1         0.5           Iraq         1         0.5           Kenya         1         0.5	Algeria	1	0.5
Iraq         1         0.5           Kenya         1         0.5	Canada	1	0.5
Kenya 1 0.5	China	1	0.5
	Iraq	1	0.5
Namibia 1 0.5	Kenya	1	0.5
	Namibia	1	0.5
<b>Norway</b> 1 0.5	Norway	1	0.5
<b>Poland</b> 1 0.5	Poland	1	0.5
Somali 1 0.5	Somali	1	0.5
South Africa 1 0.5	South Africa	1	0.5
<b>Sudan</b> 1 0.5	Sudan	1	0.5
Tajikistan 1 0.5	Tajikistan	1	0.5
<b>UAE</b> 1 0.5	UAE	1	0.5

Also, in Table no 2, respondent's nationality is highlighted which enlighten us on multicultural environment in universities of Turkish Republic of Northern Cyprus with highest pertaining to Turkey with 18.5%, Nigeria and Pakistan with 11.4% and TRNC with 10%.

Table 3: Possession of Luxury Goods

Do	you possess any luxury good	s?					
	Frequency Percent						
Yes	143	67.8					
NO	68	32.2					
How	often do you buy luxury good	ds?					
	Frequency Percent						
Sometimes	124	58.8					
Seldom	48	22.7					
Often	39	18.5					
How man	y luxury goods you brought la	ast year?					
	Frequency	Percent					
One	97	46.0					
Two - Three	72	34.1					
More than Three	42	19.9					

Above table no 3 highlights the percentage of respondents with regard to their possession of luxury goods and their behavior in past year. As far as possession of luxury goods is concerned, 68% respondents given a yes response which highlights the importance of luxury goods in their lifestyle. As 58.8 percent respondents respond with "Sometimes" when it comes to buy the luxury goods, and 46% brought a single luxury good in last year. This illustrate the importance of luxury goods in their life.

## 4.3 Reliability and Validity Tests

As in previous section, we talked about the respondent's descriptive characteristics, in second session we highlight the scales or constructs regarding the variables used in research. Before analyzing the data with the structural equation modelling, first we

have to test the reliability analysis in order to check the internal consistency of scales or constructs as scholars thought of it as the way to verify the different conditions and settings for measurement scales (Violins et al., 2000). As (DeVellis, 1991) has explained that scale reliability can be a proportion through which we can measure the variance in a dependent variable. For this purpose, we conduct the Cronbach alpha for the questionnaire to verify the internal consistency of scales because of several scholars recommend it (Churchill, 1979; Hinkin, 1995; Noar, 2003) and found the results satisfactory. This test has been done with SPSS 25.

Table 4: Overall Reliability Test: Cronbach Alpha

Reliability Statistics				
Cronbach's Alpha	N of Items			
0.919	36			

After the reliability test, we conduct the confirmatory factor analysis (CFA) to test the model so that we assess the fitness of the model. Different series of fit indices has been utilized to verify the model such as CMIN/DF, P-value, GFI (Goodness of Fit Index), IFI, CFI (Comparative Fit Index), RMR (root mean square residual) and RMSEA (root mean square error of approximation).

Cut out suggestion for the RMSEA is 0.08 given by (Hu & Bentler, 1999) and our model fit rightly comes under it. Before the threshold, parameters were not accord with the required estimates so we extracted some of the factor loading and eliminated few from among the observed variables. Also, we verified the covariance for the purpose of improving the fit indices. Results has been shown in below table no 5. These results

affirm the model fitness according to (Arasli et al., 2017). Model Fit Indices GFI, CFI, IFI should be greater than 0.95. Our Results are given below in Table no 5.

Table 5: (CFA) Confirmatory Factor Analysis for Model Fit Indices

Before CFA		AFTER CFA			
CMIN/DF	1.941	<b>CMIN/DF</b> 1.377			
P	0.000	P	0.002		
RMR	0.081	RMR	0.055		
GFI	0.752	GFI	0.916		
TLI	0.786	TLI	0.954		
CFI	0.8	CFI	0.964		
IFI	0.804	IFI	0.965		
RMSEA	0.067	RMSEA	0.042		

Given below is the confirmatory factor analysis diagram for the model and to analyze the relationship among observed variables.

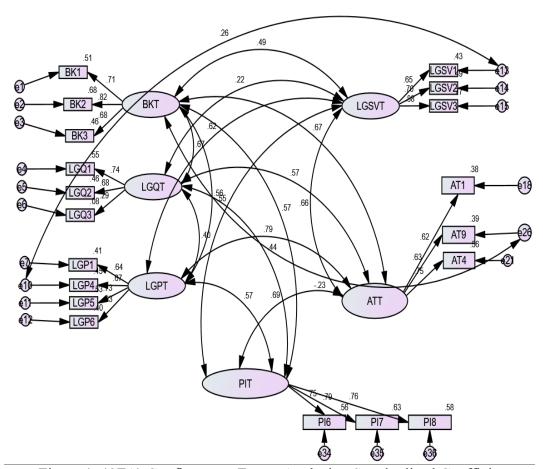


Figure 1: (CFA) Confirmatory Factor Analysis - Standardized Coefficients

	Scale Questions / Construct	Factor Loadings	CR
	Brand Knowledge		0.78
Q1	I consider myself knowledgeable about brands of luxury goods	0.714	
Q2	I enjoy learning about brands of luxury goods	0.828	
Q3	I can recognize almost all brand names of luxury goods	0.667	
	Luxury Goods Quality		0.744
Q4	Product quality superiority is my major reason for buying a luxury brand	0.725	
Q5	I place emphasis on quality assurance over prestige when considering the purchase of a luxury brand.	0.697	
Q6	A luxury brand preferred by many people that does not meet my quality standards will never enter into my purchasing considerations.	0.682	
	Luxury Goods Price		0.766
Q7	Buying a high-priced branded luxury goods makes me feel good about myself.	0.644	
040	Even for a relatively inexpensive product,	0.670	
Q10	I think that buying a costly brand luxury goods are impressive and noticeable.	0.679	
Q11	Buying an expensive brand of a goods makes me feel classy	0.724	
Q12	It says something to people when I buy the high price version of a luxury goods.	0.633	
	Luxury Goods Social Value		0.794
Q13	I would buy a product just because it has status	0.665	
Q14	I am interested in new products with status	0.696	
Q15	I would pay more for a product of it had status	0.879	
	Attitude		0.704
Q18	In my opinion, luxury goods are good and worth	0.619	
Q21	I feel good, conformable and easy in a luxury shop.	0.755	
Q26	When I wear a luxury item, I feel like decorative myself.	0.616	
	Purchase Intention		0.811
Q34	I have strong possibility to purchase luxury brand.	0.75	
Q35	I am likely to purchase luxury brand.	0.788	
Q36	I have high intention to purchase luxury brand.	0.764	

Figure 2: Factor Loadings and Composite Reliability

Table 6: Validity Analysis

Validity Analysis									
CR AVE MSV ASV									
BK	0.78	0.544	0.423	0.317					
LGQ	0.744	0.566	0.423	0.225					
LGP	0.766	0.551	0.404	0.334					
LGSV	0.794	0.566	0.436	0.26					
AT	0.704	0.544	0.404	0.384					
PI	0.811	0.589	0.474	0.287					

As Scholars considered that construct validity can illustrate the scale to such an extent that to see if the scale truly measures the construct in terms of convergent and discriminant validity (Peter, 1981). Also, correlation among the constructs and construct scales were fulfilling the condition of convergent and discriminant validity.

## 4.4 Convergent Validity

Scholars such as (Anderson & Gerbing, 1988) considers the convergent validity for measuring the constructs which are related to each other or should be related. We also focus on convergent validity in order to check as if scales are correlate with its construct strongly. Prior researches elaborate that factor loading for the scales should be higher than 0.50 or ideally above than 0.70 or higher. We also exclude those factors loading which were under the 0.50 barrier in order to improve the fitness of model. In table no 6, we examined the convergent validity of said scales and constructs and found out that factor loadings satisfactorily demonstrate the convergent validity. As average variance extracted (AVE) factor which should meet the barrier of 0.5 according to (Hair et al., 2010) is achieved in all constructs. Moreover, our factor loadings also demonstrate that composite reliability which should be greater than AVE and must be above 0.70 in order satisfy the requirement has achieved (Bagozzi & Yi, 1988).

## 4.5 Discriminant Validity

This validity is considered to check in order to verify that constructs should not be correlated with each other. As it will demonstrate that factor loadings of variables should show an appropriate pattern in order to measure the assign factors. As scholars suggested that for each construct, the value of AVE should be greater than the value of all maximum squared variances (MSV) and average squared variances (ASV) (Fornell & Larcker, 1981). As only those constructs can establish a discriminant validity whose value of MSV & ASV are lower than AVE. As far our constructs are concerned, as given in Table no 6, all values demonstrate that discriminant validity is established among the constructs.

# 4.6 Evaluation of Findings

In order to find the correlation among the variables, we used the Pearson moment correlation model. It illustrates that all the observed variables have positive correlation with each other.

Table 7: Correlation Coefficients

Correlations						
	BKT	LGQT	LGPT	LGSVT	LCA	LPI
ВК	1					
LGQ	.469**	1				
LGP	.388**	.240**	1			
LGSV	.392**	.208**	.478**	1		
LCA	.487**	.422**	.571**	.513**	1	
LPI	.406**	.242**	.559**	.566**	.645**	1
** Correlation is significant						

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

As we it is shown in the table that brand knowledge has significant and moderate positive relationship with Luxury goods quality on 0.469 with p value lower than 0.05. Similarly, Luxury purchase intentions have strong positive and significant relationship with luxury consumer attitude with 0.645 on p<0.05. Luxury purchase intention also has significant and positive relationship with Luxury goods price on 0.559 at p value <0.05. Pearson Correlation moment clearly shows the significance of determinants of consumer purchase intention with each other and with purchase intentions.

#### 4.7 Hypothesis Testing and Coefficient Results

Table 8: Hypothesis Testing and Coefficients

Hypothesis	Independent	Depended	Std. Error	Beta	P Value	t	S/N-S
H1	LCA	LPI	0.078	0.392	***	5.816	S
H2	LGP	LPI	0.057	0.201	***	3.28	S
H3	LGQ	LPI	0.053	0.054	**	0.962	S
H4	BK	LPI	0.050	0.063	0.297	1.046	N-S
H5	LGSV	LPI	0.067	0.256	***	4.328	S

Note: \*\*p < 0.05; \*\*\*p < 0.01.

As per the table no 9 or SEM analysis, we can assure that four out of five hypotheses are significant at p value of 0.5% level. Luxury consumer attitude has a significant and positive effect on Luxury purchase intention in Turkish republic of Northern Cyprus students so H1 is accepted with the standardized regression weight of 0.392 at standard error = 0.078. H2 also accepted due to the significant relationship of Luxury goods price and luxury purchase intention with the standardized regression weight of 0.201 at standard error of 0.057.

Similarly, H3 is also accepted because of the positive and significant relationship of Luxury goods quality and luxury purchase intention of TRNC students with the standardized regression weight of 0.054 with the standard error at 0.053. Moreover, Luxury goods social value also have positive and significant relationship with the luxury goods purchase intention among the TRNC students at the standardized regression weight of 0.256 at standard error of 0.067, so H5 is also accepted. However, H4 which is insignificant and rejected because brand knowledge and consumer purchase intention have no relationship.

#### 4.8 Estimated Model

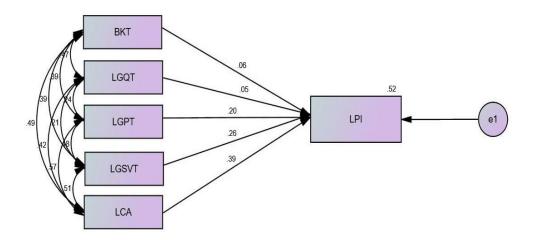


Figure 3: Estimated Model with Standardized Coefficients

Our results suggest that in TRNC, there is significant correlation between the variables i.e. consumer attitude and luxury goods social value and the students purchase intentions for the luxury goods. It can be implied that any investment in luxury goods in TRNC would be beneficial for the business owners and marketers.

As estimated through the model, luxury goods quality, price and social value plays major role in making the mind of consumer for purchase intention in TRNC. Due to the less availability of International luxury brands in TRNC, students do not have much knowledge about it. As students do have a positive attitude towards luxury brands and their products.

## Chapter 5

#### CONCLUTION AND POLICY SUGGESTIONS

This research has been conducted in Turkish republic of Northern Cyprus to investigate the relationship among brand knowledge, consumer attitude, luxury goods price, luxury goods quality, and luxury goods social value with respect to consumer purchase intention for luxury goods. Results has enlightened us on consumer attitude's significant and strong relationship with consumers purchase intentions for luxury goods. Moreover, presented model has shed light on the social value, luxury goods quality, luxury goods price and their mutual relationship with purchasing intentions of students of TRNC for luxury good.

This study described the theoretical foundations related to determinants of consumer purchase intention for luxury goods by utilizing the SEM model. By understanding these relationships, we can conclude that four out of five hypotheses were proved to be right and have significant relationship with intentions. However, other main factor brand knowledge has insignificant relationship consumer purchase intention, which implied that mainly because of lack of luxury goods availability in TRNC, consumers have less knowledge about the luxury goods. This study will help the marketer's in analyzing the scope for luxury goods in TRNC along with brand communications points to target the right audience. In addition, it will also encourage the market makers to see the potential for luxury market in TRNC.

Furthermore, results of this study preferred what is already known in market that luxury goods quality, price, social value and consumer attitude plays pivotal role in building and processing the consumer purchase intentions in TRNC region.

Although luxury personal accessories and goods were selected as the main luxury categories in this study to understand the TRNC student's consumer purchase intentions for luxury goods. While the result of this study can be generalized to other relatively affordable luxury products, it is not appropriate to generalize the conclusions to very expensive luxury goods such as cars and houses. Investigating very expensive luxury products that are not affordable to most consumers is another important topic for future research to gain a better understanding of determinants that influence consumers' purchase intentions for those luxury goods.

Also, the results for this study cannot be generalized for other growing markets as Chandran (2014) described luxury consumption in India as driven by the wedding industry and reported that Indian consumers value the quality of materials, potential resale value, and usage costs above a luxury good's design and logo. Kumar (2018) distinguished between Japanese and Chinese consumers, describing the former as buying luxury goods to fit in and the latter as buying them to stand out.

## Chapter 6

## LIMITATIONS & FUTURE RESEARCH

#### 6.1 Limitations & Future Research

There are multiple limitations we faced in this study but there are three of them I mentioned here. First, we have the sample size limitation as it is difficult to ask students about the questionnaire when there first language is not English along with other sample size issues due to limited time to take questionnaire from all the students of universities of TRNC and because of this, sample size is small and does not represent the entire population adequately. Secondly, adding the more universities in sample size can make the results more accurate and precise along with number of factors which are included in this study are limited. Thirdly, they also can be increased in order to precisely predict the determinants of consumer purchase intentions for luxury goods. In general, more comprehensive model with more factors can generate more generalized outcomes for us.

Furthermore, there are no research covering the diverse cultural effects on students purchase intentions regarding the luxury goods. It can lead to better understanding the luxury purchase behaviors of students. Also, future research can explore how luxury goods consumption differs in different countries and cultures.

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# **APPENDICES**

#### Appendix A: Voluntary Participation for Research Form

Dear participations,

The research objective is to find the relationship among the determinants of consumer purchase intention of University students towards luxury goods in Turkish republic of Northern Cyprus. I am highly thankful to you for taking a minute and for participation in this quantitative research.

Questionnaire consist of two parts, one relates to demographics and another related to determinants of consumer purchase intention. It will take approximately 5 minutes of you to answer all the questions. After reading the carefully, please feel free to choose an option from among the given choices. The information or data that you provide will used for research purpose only. For any issue, you can contact the researcher anytime without hesitation. If you are agreeing to participate in the questionnaire, please fill in and sign the form below.

Thank you for your participation and cooperation.

Luxury goods market includes the high-end personal goods and accessories such as (Handbags, Clothes, Jewelry, Wallets, Perfume, Shoes, Watches, Cosmetics and Glasses).

## Appendix B: Questionnaire

I am highly thankful to you for taking a minute and for participation in this quantitative research.

The purpose of this study is to investigate or figure out the **Determinants of consumer** purchase intention of TRNC's students for luxury goods.

Please feel free to choose an option from among the given choices.

There are no correct or incorrect answers.

The information will be used for research purpose only.

Luxury goods market includes the high-end personal goods and accessories such as (Handbags, Clothes, Jewelry, Wallets, Perfume, Shoes, Watches, Cosmetics and Glasses).

## **Demographics**

#### Gender

- a. Male,
- b. Female

#### Age

- a. 18–20 years
- b. 21-29 years
- c. 30-39 years
- d. 40 +

#### **Marital Status**

a. Single

- b. Married
- c. Divorced

#### **Education Level**

- 1. High School
- 2. Bachelors
- 3. Masters
- 4. Doctorate

Nationality

Household income (Monthly) – You can mention your family income also.

- a. <US\$800
- b. US\$800-US\$1,500
- c. US\$1,501–US\$2,500
- d. US\$2,501–US\$3,500
- e. US\$3,501–US\$5,000
- f. >US\$5,001

Do you possess any luxury good?

- 1. Yes
- 2. No

How often do you purchase luxury brand products?

- 1. Often
- 2. Sometimes
- 3. Seldom

Items of luxury goods bought in the past year

- 1. One
- 2. Two three
- 3. More than three

You are from which university?

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	Scale Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.	I consider myself knowledgeable about brands of luxury goods					
2.	I enjoy learning about brands of luxury goods					
3.	I can recognize almost all brand names of luxury goods					
4.	Product quality superiority is my major reason for buying a luxury brand.					
5.	I place emphasis on quality assurance over prestige when considering the purchase of a luxury brand.					
6.	A luxury brand preferred by many people that does not meet my quality standards will never enter into my purchasing considerations.					
7.	Buying a high-priced branded luxury goods makes me feel good about myself.					
8.	I think others make judgments about me by the kinds of goods and brands I buy.					

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<b>9.</b> My friends will think I				
am cheap if I				
consistently buy the				
lowest priced version of				
a luxury goods.				
<b>10.</b> Even for a relatively				
inexpensive product, I				
think that buying a costly				
brand luxury goods are				
impressive and				
noticeable.				
11. Buying an expensive				
brand of a goods makes				
me feel classy.				
12. It says something to				
people when I buy the				
high price version of a				
luxury goods.				
13. I would buy a product				
just because it has status.				
<b>14.</b> I am interested in new				
products with status.				
15. I would pay more for a				
product of it had status.				
<b>16.</b> the status of a product is				
irrelevant to me.				
17. a product is more				
valuable to me if has				
some snob appeal.				
18. In my opinion, luxury				
goods are good and				
worth.				
<b>19.</b> In my opinion, luxury				
goods are fashioned.				
<b>20.</b> Truly luxury goods				
cannot be mass				
produced.				
21. I feel good, conformable				
and easy in a luxury				
shop.				
22. People who buy luxury				
goods demonstrate their				
class status.				
23. Real luxury goods are				
unobtrusive and				
noticeable.				 
<b>24.</b> Luxury goods make life			<u> </u>	
more beautiful.				

<b>25.</b> I buy luxury goods			
primarily for my			
pleasure.			
<b>26.</b> When I wear a luxury			
item, I feel like			
decorative myself.			
27. I could talk about luxury			
goods for hours.			
<b>28.</b> I think that a luxury good			
must be somehow own			
its unique quality.			
* * *			
<b>29.</b> I purchase luxury goods to show who I am.			
<b>30.</b> I would buy a luxury			
goods as its truly show			
the symbolic status.			
31. I think that owning			
luxury goods can			
indicate a symbol of wealth.			
<b>32.</b> I would rather pay more			
for a luxury goods if it			
has worth quality and			
brand image.			
<b>33.</b> I definitely will buy			
luxury goods because it			
makes me feel more			
acceptable in my			
university.			
<b>34.</b> I have strong possibility			
to purchase luxury brand.			
<b>35.</b> I am likely to purchase			
luxury brand.			
<b>36.</b> I have high intention to			
purchase luxury brand.			