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Understanding Luxury Shopping Destination Preference Using Conjoint Analysis and Traditional Item-based Measurement

by

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Abstract

This study analyses the destination preferences of mainland Chinese tourists within the context of luxury shopping, and compares the traditional item-based method and conjoint analysis to understand their preference. The methods comparison reveals the role of trade-off in consumers' decision making, which is seldom considered in tourism research. Conjoint analysis was also found to create more apparent patterns of travellers' preference. Theoretically, the attributes of a luxury shopping destination are developed from scratch with a mixed methods approach. The key attributes are identified with rigorous procedures to represent the main preferences of Chinese travellers in choosing a destination for luxury shopping. This is the first attempt to compare conjoint analysis with the traditional approach in one study with empirical data to reflect the role of trade-off in tourist decision making. Practically, the results suggest some caution in the development of luxury shopping destination.

Keywords: Conjoint analysis; Luxury shopping; Travel decision; Mainland Chinese; Destination choice

Introduction

China has emerged as the world's largest luxury market, and was expected to account for 31% of global luxury sales in late 2015. Compared with the luxury spending in foreign countries or regions, Chinese domestic luxury spending accounts for only 20% of their global purchases (Bain & Company Inc. 2015), perhaps due to limited choices of luxury brands, especially second- or third-tier brands, higher prices due to a high tax in China, or a desire to display affordability to travellers (Li 2016). *Big Weekly* (2010) suggested that the Chinese market included 80% of international brand names, thereby providing considerable potential for conspicuous consumption in the country. Nevertheless, the favorable economic environment in mainland China has experienced some changes in recent years. Since the fourth quarter of 2011, the growth in luxury consumption in China has stalled because of the gradual slowing down of the Chinese economy and the anti-corruption campaign enforced by the central government (Huran Report 2014). The Huran Report (2014) stated that gift giving in mainland China had correspondingly decreased by 25% from the previous year. However, this condition does not imply that luxury shopping is losing its crown in China, as the demand from ordinary consumers remains strong.

The market preferences of Chinese consumers have changed over the past few years. For example, in 2013, Bain & Company identified multiple market segments (i.e., aspirants, fashion addicts, nouveau riches, and core customers) among Chinese luxury shoppers. However, these researchers (Bain & Company 2015, p. 2) later suggested that the "customer segments [were] no longer clear-cut with common behaviors observed across demographic groups-increased diversity of preferred brands, and exclusivity, quality and value for money without logos becoming increasingly important." This situation may indicate a homogeneous Chinese market in terms of luxury consumption and a transformation of the social needs of the Chinese into personal needs as the market evolves. New entrants to luxury shopping prefer to buy luxury goods with conspicuous logos, whereas experienced luxury consumers are moving away from logo-display behavior and switching to low-key consumption (McKinsey Consumer & Shopper Insights 2012). When they are substantially exposed to the international market, Chinese consumers not only become knowledgeable about international luxury brands (KPMG 2013), but also gradually increase their appreciation for the culture and heritage of such brands, which influences their purchasing decisions (Fung Business Intelligence Center 2013). The change in Chinese preference has also been observed in their choices of luxury shopping destinations. For instance, Hong Kong was once the most popular travel destination for mainland Chinese. However, mainland Chinese travellers are now traveling to other countries for luxury shopping. According to the *Green Book of China's Tourism 2015-2016 (*Ge and Liu 2016), Japan has taken the place of Hong Kong as the most popular destination for mainland Chinese travellers. Europe is another popular destination for Chinese shoppers (Horton 2016). To help destination marketers attract Chinese luxury shoppers, it is important to understand their preferences in choosing luxury shopping destinations.

From a theoretical perspective, the literature mainly focuses on understanding how travellers choose a travel destination (e.g., Woodside and Lysonski 1989; Crompton 1992; Sirakaya, McLellan, and Uysal 1996; Decrop 2010) and the attributes associated with their decisions (e.g., Um and Crompton 1990; McKercher 1998; Jang and Cai 2002; Barros, Butler and Correia 2008). Such an understanding is mainly constructed at the individual item level without referencing the trade-offs that people usually encounter when making decisions. Although the influence of individual attributes may be important in understanding the destination choices of travellers, the results may differ from those if trade-offs are considered and thus can be biased. In addition, the attributes identified in the literature mainly refer to leisure travel, not luxury shopping. It is necessary to identify destination attributes specifically for luxury shopping, especially to understand the corresponding destination choices of Chinese travellers given their prominent role in luxury consumption. This study should contribute to the understanding of mainland Chinese preferences for luxury-shopping destinations by examining their decision-making process while considering all relevant attributes simultaneously when evaluating their importance to the set of destination choices. This study therefore mainly focuses on examining the trade-offs made by respondents via conjoint analysis in contrast to a traditional item-based approach where trade-offs are neglected in the destination decision-making process. Although the use of conjoint analysis is not new and scholars have argued that this method is more advantageous than item-based analysis, no direct comparison between the two methods with empirical data testing has been found. The predominant traditional approach in current tourism and hospitality studies may signify a lack of awareness of the weaknesses of this approach among scholars. The current study attempts to compare the two methods in one study based on empirical evidence.

Literature Review

Luxury consumption

Luxury is a global business comprising two types of consumption: luxury goods and luxury experiential services, with the former referring to the consumption of tangible luxury products and the latter to the consumption of intangible luxury experiences. As this study focuses on understanding travellers’ destination preferences for luxury shopping, it defines luxury consumption as the consumption of luxury goods rather than experience. According to Bain & Company (2015), the personal luxury goods market achieved more than €250 billion in sales in 2015. Although luxury goods are more accessible to mainstream society, it is difficult to define luxury as a concept, as it may be viewed differently among individuals due to differences in their backgrounds, lifestyles, or cultures (Ghosh and Varshney 2013). Hanna (2004) noted that the definition of luxury varied between individuals, as people had different assumptions as to what constituted a luxury. Based on previous studies, a summary of the different definitions of luxury goods or brands is shown in Table 1. Generally, luxury goods are illustrated as expensive goods that can provide premium quality, non-functional value (such as social value) apart from the actual usage, and exclusivity or uniqueness.

TABLE 1 (P. 35)

To some extent, the discussion of luxury goods should not be separated from the related consumption behavior, as the reasons behind the purchase could also reflect the definition of luxury for individuals. As viewed by the scholar and consumer, luxury consumption behavior has transformed several times, from the end of the 1800s, when Veblen (1899) coined the term "conspicuous consumption" to emphasize a type of consumption behavior unrelated to utility, through to the period after World War II, when the academic focus of purely utilitarian consumption shifted to other motivations, such as status symbolism or taste (Mason 1998: 107). In general, consumers purchase luxury goods for the purpose of impressing others, enhancing social status, representing uniqueness, satisfying hedonic desires, and/or acquiring premium function or quality in products. This is consistent with the nature of the luxury products, and these findings specifically highlight the importance of not only functional, but also non-functional values gained from luxury consumption. Furthermore, facing the increased purchasing power of Asian countries, some studies have been conducted to examine the behavior models developed in a cross-cultural context. For instance, Phau and Prendergast (2000) found that Asians, based on respondents from Hong Kong and Singapore, were influenced by different factors in luxury products consumption, such as Confucian values and “face,” which “stands for the kind of prestige and is a function of social status” (p. 133). Recent studies have also suggested that Chinese luxury consumers are motivated more by social factors, such as avoiding similarities, rather than functional factors (Zhan and He 2012; Bian and Forsythe 2012). To be consistent with the literature, align the luxury concept across different respondents, and facilitate their easy understanding of the concept, this study defines the concept of luxury goods as “products which could bring you not only an actual function, but also status and prestige.” This definition was used in the survey and qualitative interviews to ensure consistent understanding of the concept.

Destination choice

Destination choice refers to the cognitive and affective processes of reaching a decision on choosing a travel destination (Tham, Croy, & Mair 2013). Two streams of research concerning destination choice can be identified, with one focusing on understanding how a destination is chosen and another on identifying the factors influencing the decision making. The choice set model dominates the first school of thought, where destination choice is regarded as a rational thinking process in which travelers narrow down their choices from multiple sources to a final outcome. The choice set model was first developed in consumer behavior research (Howard 1963; Howard & Sheth 1969) and later applied and modified in the tourism field (Moutinho 1986; Woodside & Lysonski 1989; Crompton 1992; Decrop 2010). For instance, Woodside and Lysonski (1989) proposed a model of travel destination awareness and choice based on the concept of the choice set model and provided some supporting evidence to the model. Hong, Kim, Jang, and Lee (2006) used the concept of categorization to support the choice set model as a logical approach in destination choice, as people tend to classify destinations to reduce their mental effort. Crompton (1992) proposed the structure of destination choice sets to define all retained and eliminated choices in a destination decision process. Decrop (2010) used an inductive longitudinal approach to reexamine the destination choice sets and developed a typology of seven choice sets that included available, awareness, dream, evoked, exclusion, surrogate, and unavailable sets. Regardless of the changes in the names and number of choice sets depicted in the literature, destination choice is generally regarded as the result of a step-by-step funnel, such as the decision-making process of travelers.

Another stream of the destination choice research seeks to identify the influential attributes of destination choice. Um and Crompton (1990) evaluated evoked and awareness sets with a longitudinal approach and found that attitude was an influential determinant of the selection of a travel destination. Building on means-end theory, Klenosky, Gengler, and Mulvey (1993) interpreted the associations of attributes of ski resorts (i.e., friendly people, entertainment, local culture, familiarity, grooming, and snow conditions), the consequences of destination choice, and personal values. Sirakaya, McLellan, and Uysal (1996) tested the influence of destination attractiveness, total travel cost, and available time in vacation destination choice. McKercher (1998) investigated the role of market access, measured in travel time, effort, and financial costs, in destination choice and suggested that destinations with poor market access did not necessarily perform more poorly than those with higher market access, as they attracted different traveler profiles. The influence of other factors have also been explored in the research, including the cultural backgrounds of tourists (Seddighi, Nuttall, & Theocharous, 2001), travel motivations (Mazzarol & Soutar 2002; Jang

& Cai 2002), affective image and constraints (Hong et al. 2006), self-congruity (Beerli, Meneses, & Gil 2007; Hung & Petrick 2011), sensation seeking (Lepp & Gibson 2008), heterogeneity (Barros, Butler, & Correia 2008), information presentation (Rewtrakunphaiboon & Oppewal 2008), and electronic word-of-mouth (Tham, Croy, & Mair 2013).

Although research has provided a theoretical ground and identified a number of factors influencing destination choice, the trade-offs common in consumer decision making have been largely neglected. It is unknown which attributes are the most important to travelers among all available sources when choosing a destination. In other words, there is a lack of simultaneous evaluation of the effectiveness of different attributes on travelers' destination choice. This may result in inefficient tourism planning and destination marketing strategies. Conjoint analysis can help to identify the most valuable attributes and their relative importance to others.

Conjoint analysis

Two streams of preference research can be identified in the past literature: stated and revealed preference. The former refers to consumer preference or their tendency to choose a particular product whereas the latter indicates the actual purchase by consumers. Conjoint analysis is an analytical tool used in stated preference studies (Hensher, 1994). Various analytical tools have also been applied in such research. For instance, Day (1965) employed systematic paired comparison in understanding the ice-cream preference of consumers, in which two choices were provided to each sample for evaluation. Harris and Blair (2012) used binary logistic regression in their experimental study to examine the role of reduced search costs in consumer preference for product bundles. Regression was applied for testing store image perception (Thang and Tan, 2003), consumer preference for country of origin in the labeling of fresh produce (Puduri, Govindasamy, and Onyango, 2009), and the likelihood of consumer choice regarding product variants (Simonson and Winer, 1992). In the scope of tourism research, Hsu, Tsai, and Wu (2009) applied the technique for order preference by similarity to the ideal solution (TOPSIS), in order to reveal the tourist destination preference. Lacher et al. (2013) performed random parameter logit modeling to understand the role of heritage and cultural elements in coastal tourism destination preference. Kim, Guo, and Agrusa (2005) employed alternating least-square scaling (ALSCAL) analysis to explore the preference for and positioning of overseas destinations by Mainland Chinese outbound pleasure tourists. Hu and Hiemstra (1996) used hybrid conjoint analysis to understand the hotel selection preference of meeting planners.

Comparisons of different analytical tools have also been performed in past preference studies. For example, Lengard and Kermit (2006) investigated the structural differences of 3-way data compared with 3-block data in their study of consumer preference for tomato varieties. Calfee, Winston, and Stempski (2001) applied conventional ordered probit, rank-ordered logit models, and mixed logit to estimate automobile travel time. Rivière et al. (2006) compared adaptive preference target with preference mapping in their sweet dry biscuits survey, in order to understand the major sensory attributes that affect customer hedonic appreciation. Yue and Tong (2009) employed the mixed logit model in ascertaining consumer preference for fresh produce by comparing hypothetical and nonhypothetical choices.

Conjoint analysis has been the most commonly used marketing research method for analyzing consumer trade-offs for over 30 years (Green, Krieger, and Wind 2001). Instead of examining how an individual factor affects the preference of consumers, conjoint analysis contributes to the understanding of the importance of some factors in consideration of other factors (Green and Srinivasan 1978). Original conjoint analysis, known as the full-profile approach, requires respondents to review and rate a series of different hypothetical alternatives. Each alternative is a combination of different levels from a set of predefined attributes, such as high or low price and red or yellow package. By analyzing the respondents' answers, researchers can acquire data on the relative importance of different attributes and utility for each alternative and attribute level (Green and Srinivasan 1978).

For several decades, conjoint analysis has been used as an important tool of marketing strategies in different domains. Several different types of conjoint analysis were also proposed during the development of the technique. Among these, the most popular and significant approaches were the self-explication approach (Srinivasan 1988), hybrid conjoint analysis (Green, Goldberg, and Montemayor 1981), and adaptive conjoint analysis (Johnson 1987). To be more precise, the self-explication approach requires respondents to rate the desirability of each set of attribute levels and continue to rate the importance of each attribute, achieving a greater efficiency and less cost in data collection and analysis (Srinivasan, 1988). Hybrid conjoint analysis combines self-explication and part of the full-profile approach, leaving respondents less time to finish the whole process and maintaining the characteristics of conjoint analysis (Green, Goldberg, and Montemayor 1981; Green 1984). In adaptive conjoint analysis, each respondent first completes a self-explication process. Acquiring the evaluation of different attributes, researchers ask respondents to evaluate pairs of partial profiles, with the attributes highlighted in the earlier process, resulting in final outcomes (Johnson 1987). Several studies have addressed the reliability and validity difference between these new approaches and traditional conjoint analysis; as a result, these new approaches largely avoid the information overload issue in the traditional approach and maintain quite reliable outcomes. However, these approaches also reduce the validity of the results, as compared with the full-profile approach respondents are exposed to less detailed descriptions of different profiles. Hence, they do not simulate the actual decision-making process, which often engages with a trade-off of different attributes altogether (Leigh, MacKay, and Summers 1984; Akaah and Korgaonkar 1983; Green and Srinivasan 1990; Srinivasan and Park 1997; Sattler and Hensel-Börner 2001).

Conjoint analysis has been widely applied in different areas to examine consumer preference for food packaging (Ares and Deliza 2010; Silayoi and Speece 2007), locally produced foods (Darby, Batte, Ernst, and Roe 2008), the environmental impacts of wind farms (Álvarez-Farizo and Hanley 2002), the HIV test (Phillips, Maddala, and Johnson 2002), energy-saving measures (Poortinga, Steg, Vlek, and Wiersma 2003), health care (Ryan and Farrar 2000), and education (Soutar and Turner 2002). As for the tourism and hospitality industry, the most famous case was the development of the brand Courtyard from Marriot, which used conjoint analysis to design the elements of this new brand (Wind, Green, Shifelet, and Scarbrough 1989). Applying the technique helped Marriot to understand its customers' needs and preferences, which were very important for its transformation from a grand hotel style into a more modern hospitality style. A few studies of destination choices have also applied conjoint analysis to break down the implicit trade-offs among the decision makers in different contexts, such as selecting restaurants or outdoor recreation (Dellaert, Borgers, and Timmermans 1997; Louviere and Timmermans 1992; Haider and Ewing 1990; Bojanic and Calantone 1990; June and Smith 1987; Lieber and Fesenmaier 1984; Suh and McAvoy 2005). Lieber and Fesenmaier (1984) suggested that using conjoint measurement could help the discovery of unexpected but relatively important attributes in management considerations. June and Smith (1987) introduced conjoint analysis to their research on consumers' choice of restaurants and suggested that it is a tool to provide needed information for diversification in marketing strategies. Bojanic and Calantone (1990) applied the full-profile approach to examine the possibilities of applying conjoint analysis in designing tourism services. Haider and Ewing (1990) suggested that applying a conjoint-based model could "estimate the absolute and relative significance of a large number of salient destination attributes" (p. 45). Louviere and Timmermans (1992) suggested that a hierarchical conjoint analysis model is a valid and useful way to model the recreational destination choice. Dellaert, Borgers, and Timmermans (1997) developed their own conjoint model, suggesting that conjoint models capable of estimating consumers' preference of destinations and distinguishing which elements are more important in the decision. These studies highlighted the possibilities of applying the technique in research and provided evidence of how conjoint analysis could overweigh other tools in terms of investigating consumer preference.

Research gap and objectives

The destination attributes investigated in most studies can be categorized in two different ways: 1) the possibility of undertaking certain activities at the destination, such as sports, culture, and nightlife; and 2) the characteristics of the destination, such as climate, safety, or residents' attitude toward tourists (Delleart, Ettema, and Lindh 1998). Echtner and Ritchie (1993) developed a set of measurement scales to measure the common, attribute-based components of destination image with 35 functional attributes, including physical or measurable attributes such as scenery, climate, and transportation and psychological or abstract attributes such as relaxation, hospitality, and quality of service. Other studies have brought this topic to a more specific context or specifically targeted nations. Among these studies, transportation facilities, friendliness of people, quality and variety of food, accommodation, personal safety, price, culture, shopping, and environmental elements have commonly been introduced as destination attributes (Armstrong and Mok 1995; Hsu, Tsai, and Wu 2008; Kamenidou, Mamalis, and Priporas 2009). However, attributes with specific reference to luxury shopping destinations have not yet been explored.

Studies of luxury shopping in the tourism industry have mainly discussed the factors that affect luxury shopping behavior in tourism (Park, Reisinger, and Noh 2010), culture difference (Park and Resinger 2009), and the role of luxury shopping in destination choice or motivation for travelling (Moscardo, 2004; Xu and McGehee 2011; Jang and Cai 2002). Timothy and Butler (1995) suggested that tourists purchased luxury products overseas due to the lower price, extensive promotion, and good quality and quantity provided. Peter and Anandkumar (2011) addressed several competitive advantages of being a shopping tourism destination in the case of Dubai, highlighting the importance of a lower price, a centralized shopping area, and local attractions, which could be considered as destination attributes. Although these studies shed some light on luxury shopping behavior, the trade-offs in destination choice for luxury shopping have not yet been investigated. Knowing the importance of each destination attribute without considering trade-offs may lead to misinterpretation of consumer preference in choosing a luxury shopping destination. In addition, studies of shopping tourism (e.g., Wong and Law 2003; Heung and Qu 2000) have primarily focused on international tourists’ shopping experience in general. Considering the impact of mainland Chinese travellers on international tourism, the lack of understanding of mainland Chinese luxury shoppers’ preferences may result in ineffective tourism efforts and promotional spending.

Based on the preceding discussion, this study has three objectives: (1) to determine the importance weights of the destination attributes chosen by mainland Chinese when selecting a luxury shopping destination and (2) to compare the traditional item-based and conjoint measurements.

Methodology

To achieve the objectives stated, this study adopted a three-stage process. First, semi-structured interviews and a panel of experts were consulted to generate the items with specific reference to luxury shopping destinations. A pilot test was followed to determine the most salient destination attributes to be included in conjoint analysis. Second, after finalizing the questionnaire, an online survey was conducted with a targeted sample to derive the most salient destination attributes for inclusion in the subsequent conjoint analysis. Finally, another round of survey with both conjoint and item-based questions was conducted. Based on the survey results, the importance weights of the destination attributes were determined and contrasted with the results of a traditional item-based approach. The results were then further examined via ANOVA to investigate potential differences among the different demographic groups.

In-depth interviews and the expert panel

In-depth interviews were conducted to generate a list of destination items that would influence mainland Chinese travellers' decisions on luxury shopping destinations. Two rounds of interviews were conducted. One was a street interview in Hong Kong with qualified travellers, and the other was arranged in Shenzhen with both experienced and potential mainland Chinese travellers. The first round of interviews was conducted in Shatin, a luxury shopping area popular with mainland Chinese shoppers, and at the China Ferry Terminal, Hong Kong, a major gateway for tourists visiting Hong Kong. To participate in the study, respondents had to (1) be mainland Chinese, (2) have international travel experience, and (3) have engaged in luxury consumption in the past 12 months. Upon observation, such as waiting with luggage or conversing in Mandarin, 12 interviewee travellers were approached. Open-ended questions such as “what are your considerations when you choose a destination for luxury shopping” were asked to reveal destination items with specific reference to luxury shopping. Another round of interviews was conducted in Shenzhen with 18 qualified samples identified via personal networks. Similar questions were asked. The profiles of the interviewees are shown in Table 2.

TABLE 2 (P. 36)

All 30 interviews were first transcribed verbatim and then imported into NVivo for further analysis. The transcripts were read several times to familiarize the researchers with the content before reaching a conclusion. Open coding and labelling were performed throughout the reading to help identify the key attributes of luxury shopping destinations and to categorize the items under common themes for further interpretation. Revisions of the notes enabled the refinement of the initial coding when more inspirations and patterns emerged from the reading. In total, 31 attributes were generated from the data after two rounds of in-depth interviews (see Table 3).

TABLE 3 (P. 37)

A content validity check of luxury shopping destination items generated from the in-depth interviews was performed by an expert panel formed by six tourism and hospitality scholars with personal experience in luxury shopping. The experts were asked to evaluate the representativeness of each attribute, refine the attributes, and suggest additional attributes if necessary. This method was recommended by Churchill (1979) as an important step in developing measurement scales and has been widely used in tourism studies (e.g., Hung and Petrick 2010; Echtner and Ritchie 1993; Chen and Hsu 2001). It is useful in developing the face validity of measurements and making any necessary changes to measurements before conducting a survey. Ultimately, a list of 27 attributes was produced.

A pilot test (N=53) was conducted among a group of mainland Chinese alumni of a university via an online survey. The questionnaire consisted of a series of rating tasks on a seven-point Likert scale (1=least important, 7=most important), indicating the importance of different items affecting the alumni's decision to travel to destinations for luxury shopping, and demographic information questions. The test results were used to examine the average time taken to finish the survey, and to further edit the questionnaire and description, such as the order of questions, descriptions, and specific question options.

First-round survey

Far too many items were generated from the preliminary studies for conjoint analysis. To resolve this issue, a quantitative study was conducted in four major cities in mainland China, including Guangzhou, Shenzhen, Shanghai, and Beijing, to determine the most important items for inclusion in the conjoint analysis. The respondents were required to be at least 16 years old or older, consistent with the legal working age in China and the popularity of a luxury lifestyle among youngsters in China (Ngai and Cho 2012; Wang, Sun, and Song 2011; Big Weekly 2010).

Altogether, 600 valid results (N=600) from 56,016 invitations were collected through online random sampling from June 17 to 26, 2016. The survey was conducted by a reputable survey company and followed three sampling criteria: 1) the respondent had to be over 16 years of age, 2) the respondent's family's disposable income had to be above the average level of the respondent's residential city, and 3) the respondent had to have experienced international travel in the past 12 months. As in the pilot test, respondents were required to indicate on a seven-point Likert scale (1=least important, 7=most important) how important they considered each item to their decision to travel to a destination for the purpose of luxury shopping.

Second-round survey

Through the described procedures, six attributes were chosen for conjoint analysis. Considering the number of conjoint combinations and the mental effort involved in answering the conjoint questions, a bipolar level setting was used for each attribute. By adopting the full-profile approach, 64 combinations of different levels for each attribute were generated via the SPSS conjoint module. A subsequent orthogonal design reduced the amount and produced a set of 12 hypothetical destinations, including 4 "holdout" destinations for reliability testing. Every respondent participating in the conjoint analysis was asked to rank these destinations from 1 to 12, with 1 indicating the most preferable and 12 the least preferable. Definitions of the different attributes involved in the conjoint analysis were also given to the respondents. In addition to the conjoint measurement, the item-based rating questions in the first-round survey were included. Adopting the 31-

attribute list, the respondents were asked to rate the importance of each attribute to their luxury shopping destination choice on a seven-point Likert scale (1=very bad, 7=very well). The survey was conducted by the same survey company and followed the same criteria as the first quantitative survey, from July 29 to August 6, 2016. Altogether, 600 valid samples were obtained from 80,793 random invitations (228 from Guangzhou, 138 from Shenzhen, 132 from Shanghai, and 102 from Beijing).

Table 3 reveals the demographic profiles of the survey respondents of the two survey rounds. The rounds were similar in terms of number of respondents across age, gender, residential city, and income due to the preset sampling requirements. Both sets of respondents were about 38 years old on average with a half-and-half gender distribution. About 38% of the respondents were from Guangzhou, 23% were from Shenzhen, 22% were from Shanghai, and 17% were from Beijing. Most of the respondents were bachelor's degree holders (69.3% for the first-round survey and 70.7% for the second-round survey), married without kids (79.3% for the first-round survey and 75.2% for the second-round survey), and full-time employed (76.5% for the first-round survey and 77% for the second-round survey).

TABLE 4 (P. 38)

Results

First-round survey

The average ratings for each item are shown in Table 5. The values are very similar, and all of the ratings are at the positive end of the measurement, which could mean that the participants considered all of the items as important to their travel decision but that it was difficult for them to differentiate between these items in terms of their relative importance. Therefore, choosing the top six items for inclusion in the following conjoint measurement might not have been meaningful in this study.

TABLE 5 (P. 40)

In this respect, the items were categorized and transformed into 10 more generic attributes according to their characteristics and contents. The derivation of these attributes was mainly driven by a qualitative data analysis spiral approach (Creswell, 2007), in which two researchers read and compared the attributes and classified them into meaningful categories until reaching a consensus. With the average value point of each item, the average importance of these 10 attributes was recalculated and the top 6 were selected for the actual conjoint analysis based on their mean scores (see Table 5).

Second-round survey

The results of the conjoint analysis revealed the preference of mainland Chinese tourists for different destinations within the context of luxury consumption. For each attribute, a part-worth utility (PU) was produced for each level and an importance value was calculated based on the PUs of the levels. Table 6 illustrates the overall results of the conjoint analysis. The results were considered reliable according to the Pearson’s R value (0.895, $p<0.01$). Kendall’s Tau for both the estimation and holdout profiles were computed using the SPSS conjoint module for internal reliability and validity. The main point of Kendall’s Tau is to check the correlation between observed and predicted rank orders for these profiles to determine the validity of the utilities. The Kendall’s Tau values for the estimation and holdout profiles were 0.826 and 0.748, respectively, and both were significant at the 0.05 level, indicating the high internal validity of the data and that the participants acted consistently in their ranking process.

TABLE 6 (P. 42)

With regard to PU, each attribute had a positive and negative number, as only two levels were involved in each attribute. A positive PU suggested that the level was favorable, and a negative PU suggested the opposite. Mainland Chinese tourists highly preferred a “high level of friendliness” (PU=0.630) from local residents, indicating that local residents’ attitudes toward tourists, especially mainland Chinese tourists, could affect their decisions. A “high credibility of product quality” (PU=0.561) achieved a similar position, meaning that a destination with a high credibility of providing qualified and reliable products would draw great attention from mainland Chinese tourists. By contrast, respondents recorded the lowest utility for “low travelling expenses” (PU=0.132), emphasizing that expenditure was not a crucial factor in their preferences compared with friendliness or genuine goods. “Relatively convenient” (PU=0.210) in “travelling convenience,” “large amount of available product choices” (PU=0.226) in “available choices of products,” and “high service quality” (PU=0.349) in “service quality of service providers” were at a similar level, while service quality was considered more important to some extent.

In terms of importance value, a clearer difference was illustrated between the six attributes. Table 5 also shows the proportions of the importance values for different attributes. “Friendliness of local residents” (29.913%) and “credibility of product quality”

(26.611%) were the two most important attributes. By contrast, the attribute “travelling expenses” (6.267%) was evaluated as the least important attribute. While “travelling convenience” (9.945%) and “available choices of products” (10.716%) were considered as less important, “service quality of service providers” (16.548%) were of medium importance.

In terms of the traditional item-based measurement of attribute importance, the results showed a different picture. Table 7 shows the average importance score of classified attributes. In contrast to the conjoint analysis result, “credibility of product quality” (5.8756) and “service quality of service providers” (5.7550) were evaluated as more important than the “friendliness of local residents” (5.7233). The other three dimensions followed a similar pattern in importance values to the conjoint measurement, with “travelling expenses” at 5.4683, “available choices of products” at 5.5483, and “travelling convenience” at 5.6289.

TABLE 7 (P. 43)

The conjoint analysis results were considered with reference to the respondents’ demographic information. Gender, age, income level, marital status, and residential cities were used as factors. Through one-way ANOVA of the importance value of each attribute, several significant differences between the groups were found. The importance value of “travelling convenience” was significantly evaluated as more important by Shenzhen respondents (14.0289%) than respondents from Beijing (9.6271%, F=3.711, p=0.012). The same importance value was also significantly higher (14.6610%) for single respondents, compared with 11.0798% for married respondents with children (F=3.706, p=0.020). Respondents aged 16-25 considered the attribute “credibility of product quality”

(16.6963%) as significantly less important (F=2.784, p=0.024) than respondents aged 26-35 (21.9654%), 36-45 (22.5866%), and 66 or above (30.3976%). However, the differences among the latter three groups were not significant.

Discussion

With regard to the first question of this study, examining the conjoint measurement results in the context of visiting foreign destinations for luxury shopping revealed that mainland Chinese tourists prefer to visit destinations characterized by (1) a high level of hospitality from local residents, (2) a high credibility of product quality, and (3) a high level of service quality from service providers. For the first attribute, in a trade-off situation, friendliness of local residents could outweigh other attributes in terms of importance to decision making, even if the purpose of travelling were consumption-oriented. This is consistent with previous findings that the attitude of local residents toward foreign visitors is highly important in terms of forming a destination image and making a decision to visit (Ryan 1995; Turnbull and Uysal 1995). Providing credible, reliable products was considered the second most important attribute. Mainland Chinese manufacturers have been connected with poor quality management, and recalls of “made in China” products have not been rare (Schniederjans, Cao, and Olson 2004). A low confidence in local products or local retailers is reasonable, as the Chinese market itself has seen several notorious incidents in terms of poor or even unqualified products, such as the Sanlu Infant Formula incident in 2008. Looking at the luxury goods domain, the low demand for domestic luxury products (Bain & Company Inc. 2015) may also be connected with the need for security in product quality. As for the last attribute, scholars have studied service quality from many perspectives and in different contexts, revealing that it is highly related to customers' satisfaction and loyalty (Parasuraman, Zeithaml, and Berry 1985; Wong, Dean, and White 1999; Sivadas and Baker-Prewitt 2000; Hu, Kandampully, and Juwaheer 2009). The result is, to some extent, consistent with previous studies suggesting that service quality is positively and significantly connected with destination image (Kim, Holland, and Han 2012; Jraisat, Kurdieh, Al-Faouri, and Qatu 2016).

In contrast, the importance of travelling expenses was rather low compared with that of other attributes in the conjoint measurement. Given the economic advancement of China, it could be reasonably argued that the increasing individual wealth of the Chinese, especially those who can afford luxury consumption and international travel, lead to less attention to the expenses. This is also consistent with the zero-fee tour package in Hong Kong and low levels of satisfaction (Chen, Schuckert, Song, and Chon 2016), as at least some tourists considered the price to be much less important than other destination attributes. Nevertheless, it would be unwise to suggest that travelling expenses are not important in the decision-making process of mainland Chinese tourists. After all, these six attributes were chosen from a larger pool of attributes based on the perceived importance of tourists. Comparatively, conjoint analysis provided different insights than traditional approaches.

Compared with the conjoint measurement results, the traditional item-based questions showed a different picture. Although the importance of the six attributes in the conjoint analysis was the focus of the item-based rating questions, the respondents recorded a different result from the conjoint analysis: friendliness of local residents was rated the third most important of the six attributes, lower than the dominant place in the conjoint analysis results. The contexts of these two approaches differed. Based on traditional item-based measurements, respondents would have evaluated a single attribute without comparisons, or trade-offs, with other attributes. Under conjoint measurement, the respondents were exposed to several attributes together. Judging by the results of this study, the values of importance of the attributes gained from the item-based approach were close to each other (mostly <0.5), while the conjoint measurement results revealed a larger gap between the attributes. A smaller distance could have led to the misunderstanding that all of these attributes were seemingly important on the same level and thus the actual difference among them would have been overlooked. Nevertheless, the conjoint analysis was based on a more specific question, that is, "which attributes are more important," in contrast to the question asked in item-based methods, that is, "which attributes are important." However, in tourism and hospitality research, which emphasizes more subjective evaluations such as of satisfaction and intangible goods, and service, conjoint measurement can generate more believable insights. It simulates a more realistic circumstance for respondents, in that respondents must consider all of the attributes together.

Implications and Conclusion

By applying conjoint measurement to analyze the preferences of mainland Chinese tourists, this study examined how six particular factors of destination attributes, generated from qualitative and quantitative methods, affected tourists' decision-making process in the context of luxury consumption. The results indicated that of these destination attributes, friendliness of local residents was the most important and travelling expenses were the least importance. Under a context highly connected with expenditure, the results still reflect the trend that tourists do not value the cost of travelling, including the relative price of luxury products, as much as other attributes in terms of destination selection. This finding implies that for luxury consumers, it is important to create a friendly and comfortable shopping environment and make customers feel like VIPs. When customers spend more than what the ordinary products and services cost, price is not the primary factor to consider. Rather, what concerns them most are the intangible aspects of shopping experiences, such as prestige, exclusiveness, and uniqueness.

This study also applied traditional item-based measurement to investigate the same question and gained a different result than with the conjoint analysis. This is the first study to include both conjoint analysis and a traditional item-based approach for comparison. The different results from the two approaches suggest that the traditional item-based approach may not be sufficient for understanding consumer preference and could be misleading, as it does not consider trade-offs. More specifically, the item-based approach adopted in this study resulted in similar preferences across different destination attributes. In contrast, conjoint analysis provides a clear distinction across attributes, which could be more useful for practitioners to make use of the findings. Thus, conjoint analysis could be a more efficient method for understanding consumer preference. As resources are usually limited, a clear identification of priorities is important to decision makers. Resource allocation is easier with conjoint analysis results. Nevertheless, more studies must be conducted to verify this result.

Various analytical tools have been applied in past preference studies, in which scholars compared different methods to explore the efficiency of each technique in understanding consumer preference. Although conjoint analysis has been commonly used in stated preference studies, empirical evidence proving its advantages over the traditional item-based approach (which is more frequently used in tourism research) is lacking. To the best of our knowledge, this work is the first to compare the two methods in one study with the support of empirical data. Research outcomes suggest that conjoint analysis provides a clearer picture of consumer preference than the traditional item-based approach.

With regard to its limitations, this study could be improved in three aspects. First, although it used a full-profile approach, future studies could simulate a more realistic context of destination decision, which would allow an overview and a comparison of different attributes together. However, this process is time-consuming, resulting in a relatively inefficient response and potential bias in answers. A validity comparison between different conjoint measurements, such as adaptive conjoint analysis or self-explication, could be conducted to examine which approaches are best at reflecting the preference. Second, the expenses attribute involved in this study was more generic, in that the costs of purchasing luxury products and travelling were combined as one attribute related to expenditure. As such, future studies investigating the prices of products and travel preferences could be conducted in the future. Third, the respondents involved in this study were from the four major cities in mainland China. This means that the results may not represent the opinions of tourists from other cities, as second-tier cities such as Chengdu and Hangzhou are rising in economic development and citizens are more able to afford global travel. Future studies could also focus on a cross-cultural perspective to examine the different preference structures between different nations. Given that the respondents were from mainland China, which is still considered a developing country, their conception patterns and preferences might have differed from those from more developed countries. For future research, it would be insightful to collect data from the developed market, which could provide further evidence and verification of the findings developed in this study. In addition, by adapting other conjoint analysis approaches, more attributes could be considered to avoid missing crucial factors.

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Tables

Table 1 Definitions of Luxury Products/Brands

Year	Authors	Definitions
1988	Grossman and Shapiro	"…goods for the mere use or display of particular branded products brings prestige on their owners, apart from any utility deriving from their functions." (p. 82)
1998	Nueno and Quelch	"Luxury brands are those whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high." (p. 62)
1998	Kapferer	Four types of luxury brands suggested by four segments of consumers based on the perceived importance of different attributes in a brand or product: (1) product excellence, (2) creativity, (3) being classic and never out of fashion, and (4) belonging to a minority or an exclusivity.
1999	Vigneron and Johnson	Luxury is the highest level of prestigious brands encompassing several physical and psychological values, including conspicuous, social, unique, hedonic, and quality values.
2000	Phau and Prendergast	"…luxury brands are competing based on the ability to: (1) evoke exclusivity, (2) [have] a well-known brand identity, (3) increase brand awareness and perceived quality (increasing brand performance and purchases) and (4) retain sales levels and customers' loyalty." (pp. 123-124)
2004	Beverland	"…six luxury brand components…product integrity, value-driven emergence, culture, history, marketing and endorsements." (p. 453)
2013	Ghosh Varshney	"Basic dimensions based on which people decide whether a brand is luxury or not are the characteristics of luxury product/brand … which are as follows: perceived premium quality, aesthetics, expensiveness, history, perceived utility and perceived uniqueness." (p. 156)

Table 2 Demographics of the Interviewees from the Qualitative Interviews

Demographic information	Frequency	
	Hong Kong interview	Shenzhen interview
Age		
20-29	9	3
30-39	2	6
40-49	1	5
Over 50	0	2
Unassigned	0	2
Gender		
Male	7	5
Female	5	13
Residential city		
In Guangdong	9	14
Not in Guangdong	3	4
Educational background		
High school or lower	1	0
Diploma	1	0
Bachelor’s degree	8	9
Master’s degree or above	2	7
Unassigned	0	2
Marital status		
Single	7	3
Married	5	15
Income level (RMB monthly)		
<10,000	9	1
10,000-29,999	3	3
30,000-49,999	0	5
50,000-69,999	0	2
70,000-99,999	0	1
100,000-129,999	0	2
Unassigned	0	4

Table 3 Frequency of Items Mentioned in the Qualitative Interviews

Items	Frequency count
Patience of the service providers at the destination	5
Friendliness of the service providers at the destination	12
Respect from the service providers	10
Helpfulness of the service providers	6
Customized service in store	4
Cleanliness of the destination	5
Reasonable population density to avoid crowding	6
Good air quality	5
Relatively lower price of luxury products compared with other destinations	17
Low cost of travelling to the destination	6
Low travel expenditure at the destination, such as meals and accommodation	5
Tax refund policies	1
Exchange rate of the destination's currency	4
Travelling distance to the destination	22
Convenience of transportation in the destination	7
Ease of customs procedures	2
Providing authentic luxury products	9
Having a mechanism for ensuring reliable sources of luxury products	6
Providing a reliable post-purchase service	2
Hospitality of the local residents	4
Friendliness of the local residents	6
Political tendencies of the local residents	5
Abundant natural resources at the destination (beaches, countryside, etc.)	2
Rich culture, history, or art-related resources (museums, historical buildings, etc.)	3
Having theme parks	1
Rich entertainments (karaoke, cinema, bar, etc.)	1
Providing a wide range of luxury brands	8
Providing a wide range of products apart from luxury products	4
Providing new releases of luxury products	1
Providing limited editions of luxury products	1
Centralized shopping area	14

Table 4 Demographics of Survey Respondents

Demographic information	First-round survey			Second-round survey		
	Average	Frequency	Percentage	Average	Frequency	Frequency
Age	37.7			37.5		
16-25		109	18.2%		110	18.3%
26-35		177	29.5%		181	30.2%
36-45		143	23.8%		143	23.8%
46-55		121	20.2%		117	19.5%
56-65		41	6.8%		41	6.8%
66 or above		9	1.5%		8	1.3%
Gender						
Male		300	50%		299	49.8%
Female		300	50%		301	50.2%
Residential city						
Shenzhen		138	23%		136	22.7%
Guangzhou		228	38%		228	38%
Beijing		102	17%		100	16.7%
Shanghai		132	22%		136	22.7%
Educational background						
Below high school		4	0.7%		1	0.2%
High school		31	5.2%		20	3.3%
Diploma		120	20%		112	18.7%
Bachelor’s degree		41.6	69.3%		424	70.7%
Master’s degree or above		29	4.8%		43	7.2%
Marital status						
Married with children		26	4.3%		46	7.7%
Married without children		476	79.3%		451	75.2%
Single		96	16%		101	16.8%
Divorced		--	--		2	0.3%
Separated		--	--		--	--
Widowed		2	.3%		--	--
Monthly income (RMB)						
7,500-10,000		12	2%		13	2.2%
10,001-20,000		202	33.7%		167	27.8%
20,001-30,000		120	20%		140	23.3%
30,001-40,000		70	11.7%		80	13.3%
40,001-50,000		53	8.8%		60	10%
50,001-70,000		40	6.7%		34	5.7%
70,001-90,000		43	7.2%		36	6%
90,001 or higher		60	10%		70	11.7%
Job Status						
Full-time employment		459	76.5%		462	77%
Part-time employment		16	2.7%		20	3.3%
Self-employment		93	15.5%		86	14.3%
Student		6	1%		12	2%

Retiree		24	4%		20	3.3%
Others		2	0.3%		--	--

Table 5 Results of the First Round Survey

Items	Mean	Std. D	Theme	Mean	Std. D
Patience of the service providers at the destination	5.62	1.05	Service quality of service providers	5.68	0.83
Friendliness of the service providers at the destination	5.75	1.05			
Respect from the service providers	5.81	1.10			
Helpfulness of the service providers	5.66	1.06			
Customized service in store	5.56	1.04			
Reasonable population density to avoid crowding	5.27	1.09	Crowding	5.27	1.09
Relatively lower price of luxury products compared with other destinations	5.54	1.13	Travelling expenses	5.42	0.85
Low travel cost to the destination	5.26	1.23			
Low travel expenses in the destination, such as meals and accommodation	5.22	1.25			
Tax refund policies	5.58	1.06			
Exchange rate of the destination's currency	5.49	1.10			
Travelling distance to the destination	5.33	1.12	Travelling convenience	5.58	0.85
Convenience of transportation at the destination	5.70	1.08			
Ease of customs procedures	5.72	1.05			
Providing authentic luxury products	5.91	1.13	Credibility of product quality	5.80	0.90
Having a mechanism to ensure reliable sources of luxury products	5.74	1.01			
Providing reliable post-purchase service	5.75	1.06			
Friendliness of local residents	5.70	1.09	Friendliness of local residents	5.70	1.09
Providing a wide range of luxury brands	5.69	1.11	Available choices of products	5.50	0.87
Providing a wide range of products apart from luxury products	5.58	1.06			
Providing new releases of luxury products	5.42	1.10			
Providing limited editions of luxury products	5.31	1.18			
Centralized shopping area	5.34	1.14	Centralized shopping area	5.34	1.14
Presence of multiple stores with the same branded products at the destination	5.35	1.15	Reputation for being fashion-oriented	5.34	0.90
Whether the destination is filled with fashion-conscious activities, such as designer visits, fashion shows, or press releases	5.23	1.19			
Whether the destination is well addressed by the customers on social media as a shopping hub for luxury products	5.40	1.10			

Whether the destination is well promoted by fashion magazines as a shopping hub for luxury products	5.38	1.09			

Table 6 Part-worth of Attributes

Theme	Level	Utility estimate	Importance value
Service quality of service providers	High service quality	0.35	16.55
	Low service quality	-0.35	
Friendliness of local residents	High level of friendliness	0.63	29.91
	Low level of friendliness	-0.63	
Travel expenses	High travel expenses	-0.13	6.63
	Low travel expenses	0.13	
Credibility of product quality	High credibility	0.56	26.61
	Low credibility	-0.56	
Travelling convenience	Relatively convenient	0.21	9.95
	Relatively not convenient	-0.21	
Available choices of products	Large amount of available product choices	0.23	10.72
	Small amount of available product choices	-0.23	

Table 7 Traditional Item-based Measurement Result

Items	Mean	Std. D	Theme	Mean	Std. D
Patience of the service providers at the destination	5.71	1.00	Service quality of service providers	5.76	0.81
Friendliness of the service providers at the destination	5.85	1.03			
Respect from the service providers	5.85	1.05			
Helpfulness of the service providers	5.72	1.04			
Customized service in store	5.65	0.99			
Reasonable population density to avoid crowding	5.29	1.12	Crowding	5.29	1.12
Relatively lower price of luxury products compared with other destinations	5.59	1.12	Travelling expenses	5.47	0.81
Low travel cost to the destination	5.27	1.24			
Low travel expenses in the destination, such as meals and accommodation	5.23	1.24			
Tax refund policies	5.74	1.01			
Exchange rate of the destination’s currency	5.52	1.07			
Travelling distance to the destination	5.34	1.17	Travelling convenience	5.63	0.80
Convenience of transportation at the destination	5.81	1.01			
Ease of customs procedures	5.73	1.01			
Providing authentic luxury products	5.99	1.05	Credibility of product quality	5.88	0.86
Having a mechanism to ensure reliable sources of luxury products	5.82	0.97			
Providing reliable post-purchase service	5.82	1.09			
Friendliness of local residents	5.72	1.01	Friendliness of local residents	5.72	1.01
Providing a wide range of luxury brands	5.72	1.09	Available choices of products	5.55	0.87
Providing a wide range of products apart from luxury products	5.61	1.08			
Providing new releases of luxury products	5.48	1.10			
Providing limited editions of luxury products	5.39	1.13			
Centralized shopping area	5.44	1.04	Centralized shopping area	5.44	1.04
Presence of multiple stores with the same branded products at the destination	5.47	1.08	Reputation of being fashion-oriented	5.42	0.84
Whether the destination is filled with fashion conscious activities, such as designer visits, fashion shows, or press releases	5.33	1.15			
Whether the destination is well addressed by the customers on social media as a shopping hub for luxury products	5.48	1.09			
Whether the destination is well promoted by fashion magazine as a shopping hub for luxury products	5.41	1.10			