# Marketing Strategy and Consumer Psychology
## A Quantitative Study of Chinese Luxury Consumption in the Context of New Media

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**ABSTRACT**

With the steady improvement of China's international status and the increase of national purchasing power, luxury goods have emerged in the Chinese market, and luxury brands have gradually penetrated and integrated into people's lives. However, different luxury brands have different marketing strategies, and consumers also have different acceptance levels for them. This study examines Chinese mainland consumers' complex and rational attitudes towards luxury marketing strategies and content communication channels and consumers' feedback on brand concepts in the context of new media. This study fills a gap in previous studies as surveyed 358 mainland Chinese participants of different ages, compared their opinions on luxury goods and brands with the position of Chinese luxuries in the market, analyzed the possible reasons, and obtained the important predictors of consumers' luxury purchasing power. The data show that luxury consumption tends to be rational. Consumers have a rational view of the role of luxury in public life and widely accept the brand's promotion of traditional advertising and new media. The status of Chinese luxury goods in the fashion industry is steadily improving. Advanced management mode and distinct cultural characteristics make Chinese fashion elements an important factor in buying luxuries. Therefore, this study provides reliable data and large-scale studies to further develop the fashion and luxury industry in the new media era.

*Keywords: luxury consumption, marketing strategy, new media, Chinese, fashion industry.*

## 1. INTRODUCTION

As a new consumer culture appearing in the public view with the improvement of people's economic level, Luxury has become a witness of fashion. Luxury brands use different methods to promote their products, and consumers show different attitudes towards luxuries while enjoying the high-quality products brought by the brands. As a product of high consumption level, the value of luxury culture to the society is reflected through innovative publicity methods. While occupying the main market of high-end consumer groups, luxury culture enters the public view, and constantly expands the target audience group, and is committed to improving the popularity of luxury brands.

China, with rapid development in all aspects, is also expanding the luxury market. Luxury goods with Chinese image have set off a fashion trend of cultural confidence in the new era. Nevertheless, the landing of international luxury brands in China is still in the exploratory stage, the marketing strategies carried out are endless, and Chinese people have mixed opinions on luxury goods. The power of local brands and the interweaving of global luxury brands have provided a fresh marketing method for China's luxury market and brought profound influence.

The global marketing strategies of luxury brands have significantly different effects on different consumer situations. Brakus, J. J. *et al.* pointed out that the rising economic conditions of consumers in the Asia-Pacific region had led to increased spending on luxury goods by the wealthy middle class [1]. Cultural differences lead to different impression management motivations based on collectivist societies' hierarchical or egalitarian nature [2], which is also why Asian consumers perceive luxury brands differently. In addition, consumers' demand for luxury goods is related to their preference for showiness or social status, so

luxury brands also use different marketing strategies to deal with and distinguish people's social class [3]. A strong brand image helps luxury establish notable identity and develop stable customers in its market [4]. The management of brands across different regional markets and product lines has become an issue worth studying. The market structure, market dynamics and new international market patterns are presented to consumers through different marketing and publicity channels and media.

The status of luxury goods for consumers is on the rise. Since the Enlightenment, the consumer market has judged the value of a person according to his or her achievements, which often bring great wealth [5]. Meanwhile, contemporary marketing research has recognized the symbolic role of ownership in consumers' lives [6-8]. Although price means status, price itself does not mean status. Consumers' symbolic meaning from a particular brand is often based on the connection between brands, which is also an important factor for brands to constantly build their own image. According to Douglas, S. *et al.* [4], relying on a company's brand name (and its logo) to create a reliable image is the focus of marketing worth paying attention to in addition to product diversity.

The marketing methods of luxury brands are constantly emerging and have an impact on the Chinese fashion market. However, very few studies have looked at the interactive relationship between the marketing strategies of luxury brands and the feelings of consumers facing them in the Chinese context. The interaction between the two is far-reaching.

This study focuses on how the marketing strategies of different luxury brands affect Chinese consumers' perceptions of luxury goods, including cultural differences that may lead to the differences. This paper adopts the method of cross-sectional survey, aiming at the influence of brand marketing strategies on Chinese people's purchasing power and purchasing reasons for luxury goods, and studies the correlation among various factors. This paper describes the impact of different luxury brand marketing strategies on consumers' purchasing power, the reasons why Chinese consumers buy luxury goods, and the analysis of brand marketing channels.

## 2. METHOD

This study used a questionnaire survey as the research method, which will be based on the analysis of existing social problems and typical case studies, collecting data through the questionnaire and using SPSS for statistical analysis.

### 2.1. Participants

The study focused on all-aged participants in Mainland China, classified by different age groups and whether they've bought luxury to better analyze the results. Stratified random sampling was used in this study, and the stratified variables were age, gender, disposable income, current career, and whether they've bought luxury before. The participants of this study were 358 all-aged residents from Mainland China.

**Table 1.** Basic information of survey subjects.

| Variables | Main Land China | | | Whether Bought Luxury Before | | |
|---|---|---|---|---|---|---|
| | Male | Female | Total | Yes | No | Total |
| under 18 | 22 | 25 | 47 | 1 | 46 | 47 |
| 18-25 | 54 | 52 | 106 | 87 | 19 | 106 |
| 28-35 | 37 | 46 | 83 | 74 | 9 | 83 |
| 35-45 | 23 | 33 | 56 | 49 | 7 | 56 |
| 45-55 | 23 | 26 | 49 | 42 | 7 | 49 |
| beyond 55 | 10 | 7 | 17 | 13 | 4 | 17 |
| total | 169 | 189 | 358 | 266 | 92 | 358 |

### 2.2. Measures

The data of this study were collected by questionnaire survey. The questionnaire consists of 16 questions, consisting of basic information about the respondents and a Likert scale. Before the formal distribution of the questionnaire, we conducted a small-scale prediction (10 people), and further improved the questionnaire's logic and rationality according to the respondents' feedback.

The basic information included three questions related to the gender, age, and average monthly income of the participants. This part is convenient for us to better grasp the overall situation of the respondents, and make a cross-analysis with the Likert scale in the data analysis.

In general, this study tries to better understand consumers' thoughts on luxury goods' brand image and marketing methods through investigation.

### 2.3. Data analysis

SPSS Statistics 26 was used to evaluate descriptive statistics and correlations between consumers' attitudes and their objective factors. This study adopts the SPSS

data analysis method to study the variance, standard deviation, correlation, chi-square distribution, and mean-test of the analyzed data.

## 3. RESULTS

**Table 2.** Cross (chi-square) analysis result of luxury product's value and participants' career

| Value/Career | Your current occupation (%) | | | | | | Total | χ² | p |
|---|---|---|---|---|---|---|---|---|---|
| | Student | Service workers | Freelancer | Professionals | Civil servants | Others | | | |
| Quality | 15(83.33) | 6(54.55) | 1(20.00) | 4(80.00) | 4(50.00) | 3(100.00) | 33(66.00) | 10.663 | 0.058 |
| | 3(16.67) | 5(45.45) | 4(80.00) | 1(20.00) | 4(50.00) | 0(0.00) | 17(34.00) | | |
| Design | 7(38.89) | 2(18.18) | 0(0.00) | 2(40.00) | 1(12.50) | 1(33.33) | 13(26.00) | 5.011 | 0.414 |
| | 11(61.11) | 9(81.82) | 5(100.00) | 3(60.00) | 7(87.50) | 2(66.67) | 37(74.00) | | |
| Inimitable symbol | 5(27.78) | 6(54.55) | 3(60.00) | 1(20.00) | 2(25.00) | 3(100.00) | 20(40.00) | 9.007 | 0.109 |
| | 13(72.22) | 5(45.45) | 2(40.00) | 4(80.00) | 6(75.00) | 0(0.00) | 30(60.00) | | |
| Personal identification | 8(44.44) | 8(72.73) | 4(80.00) | 4(80.00) | 4(50.00) | 0(0.00) | 28(56.00) | 8.497 | 0.131 |
| | 10(55.56) | 3(27.27) | 1(20.00) | 1(20.00) | 4(50.00) | 3(100.00) | 22(44.00) | | |
| Aesthetic concept of the brand | 9(50.00) | 7(63.64) | 3(60.00) | 3(60.00) | 4(50.00) | 3(100.00) | 29(58.00) | 3.015 | 0.698 |
| | 9(50.00) | 4(36.36) | 2(40.00) | 2(40.00) | 4(50.00) | 0(0.00) | 21(42.00) | | |

*Statistically significant at $p < 0.05$.

According to the analysis of the display data, 358 data can be used to predict the mass majority's overall psychology of luxury consumption, degree of acceptance of different marketing strategies, and the attitude of Chinese luxury brands, which are suitable for regression model analysis.

### 3.1. Luxury consumption tends to be rational

With the improvement of consumers' consumption level, people's attitude towards luxuries tends to be rational. Instead of blindly praising expensive things, the public began to think about the meaning of luxury for themselves and the value it can bring. Of the 358 respondents, 266 of them (74.3%) had purchased luxury items before, and 69.17%t of the respondents considered the unique design style of the product and the distinctive personal characteristics of the designer as the most popular reasons for purchasing a luxury item. Meanwhile, the superior quality assurance of luxury products made 66.54% of participants think luxury goods are worth their spending. In addition, the popularity of luxury brands (36.47%), the high price of luxury goods (29.32%), and advertising and its spokespeople (27.07%), which are related to consumers' status and purchasing power, accounted for a small proportion of the influence on people's decision to buy luxury goods. People are more inclined to measure whether luxury goods are necessary for them through

the value of products themselves. As for those consumers who have never bought luxury goods, 60.52% of them think that there is a herd mentality when buying luxury goods, and 57.08% of them admit that ordinary brands are enough to meet their daily needs, so after careful consideration, people decided not to buy expensive luxury goods (41.2%) to meet their daily needs and not to care about these expensive but useless brands and products (39.06%).

In addition, consumers first pay attention to product design, identification, identity, and brand concept in the face of expensive luxury goods.

When people around continue to buy luxury goods, but they cannot afford to buy them, the anxiety of blindly following the crowd is less (24.86%), and more play a positive role in promoting them (41.34%). Even more, as rational consumers, when people around them continue to buy luxury goods, the heart of no waves (33.52%) has become a new trend of consumer psychology.

### 3.2. The use and acceptance of new media are rising in luxury marketing

As brands continue to explore new marketing methods to attract consumers' attention, the public has a balanced acceptance of marketing methods for luxury consumption and a positive attitude towards marketing

strategies. At the same time, the use of new media by luxury brands in the marketing process is obviously on the rise. Although consumers do not accept it more than print advertising, 62% of participants still say that new media marketing is acceptable.

**Table 3**. Regression model to predict consumers' attitude towards different marketing strategies

|  | Regression coefficient | VIF |
|---|---|---|
| (Constant) | 34.952** (3.782) | - |
| Spokesman publicity | 5.018 (0.592) | 1.213 |
| Television advertising | 21.198** (2.821) | 1.035 |
| Print media advertising | 7.242 (0.971) | 1.043 |
| Electronic media advertising | 15.154 (1.903) | 1.193 |
| Sponsorship of sports events and major events | 15.706 (1.954) | 1.058 |
| *Sample size* | 358 | |
| *R²* | 0.252 | |
| *Adjusted R²* | 0.167 | |
| *F value* | $F_{(5,44)}=2.959, p=0.022$ | |

Note: all coefficients are statistically significant (p < 0.05); for the sake of clarity residuals are not shown.

The significance of the whole fitting equation is 2.959, and a P value of 0.022 indicates that there is a significant difference in the acceptance of luxury brands' marketing strategies($P < 0.05$). The t-value of different influencing factors is represented in brackets, and VIF is less than 10 (5), indicating that this regression model does not have multicollinearity. In addition, as for the brand concept and creative aesthetics advocated by luxury brands, 64.42% of participants recognized the brand concept behind luxury brands represented by Chanel's "Less in More", and 62.48% believed that the marketing methods of luxury brands successfully reflected their concept.

## 3.3. Prospect of Chinese luxury brands to be expected

China's international status is rising year by year, and China has begun to enter the luxury industry. Consumers in mainland China give mixed responses to Chinese elements in luxury goods, but 64.18% of respondents accept elements reflecting Chinese culture in luxury goods. Peking Opera (62.57%), Tai Chi (60.06%) and other quintessential Chinese arts are what consumers first think of when thinking about Chinese trend elements in luxury goods. These art forms are easily transformed into graphic arts, so they are highly accepted. As well, pandas (34.64%) and the Forbidden City (31.28%) are also considered an indispensable part of Chinese fashion elements.
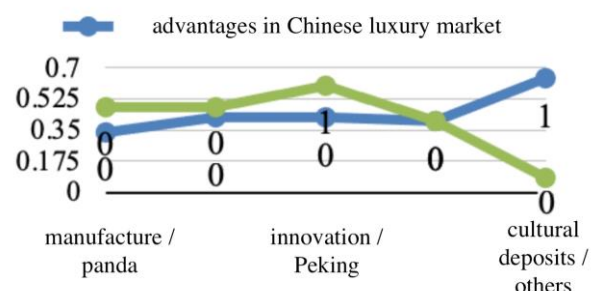


**Figure 1.** Interaction between advantages in Chinese luxury market and Chinese trend elements in luxury goods.

In addition to the cultural elements that China is proud of, China's strong manufacturing base also gives consumers confidence in Chinese luxury goods. 58.66% of respondents believe that China's well-organized management mode makes Chinese luxury goods invincible in the fashion industry, while innovation (53.91%) and fashion market environment (50.28%) are also important reasons for Chinese luxury goods to continuously attract consumers and new blood.

## 4. DISCUSSION

Whereas prior research showed that China delivered more than half the global growth in luxury spending between 2012-2018 [9], the present works reveal a different side of Chinese consumer psychology behind this increasing purchasing power. Different from "pecuniary emulation" and the bandwagon effect, respondents who are more willing to pursue luxury products in the questionnaire not only give priority to fashion designers and the quality of their products but also retort the influence of envy on their consumption decision. These results (Question 6&10) raise our curiosity and motivate us to make various assumptions depending on each question. By analyzing 358 samples, the present works conclude that Chinese consumers, especially the new middle class (target population of our questionnaire), tend to be rational, and their neutral

attitude to luxury deconstructs its traits to some extent. The difference in individuals' rationality is relevant to their class and the shift in luxury brand marketing. As a result, many luxury brands integrate electronic media into the original marketing channels to boost sales and strengthen product likeability.

## 4.1. "Deconstruction" in Luxury Product Attributes

The prior study tried to assess the concept of luxury via consumer attitudes towards it and summarize its several attributes, such as excellent quality, very high price, scarcity and uniqueness, connections to aesthetics, and sensuality [9, 10]. In addition, a few articles are distinguishing the luxury brand from a non-luxury brand by its attributes, such as target customer, premium pricing, aesthetic value, fashion influence, high-level custom tailoring service [11]. Those attributes seem to play a key role in the luxury brands' successes in the luxury sector.

However, our respondents' perspectives of luxury consumption are at odds with prior theories, which means those luxury products' attributes may cease to influence consumer behavior. First, whereas the aesthetic value of luxury products is usually a positive factor in determining the purchase, our study demonstrates that many customers discontinue following luxury brands' aesthetics or forcing themselves to appreciate overly avant-garde designs. The process that customers strive to improve their aesthetic ability is like eating durian. Durian is the king of fruit, but people are hard-pressed to accept its strong smell. In the past, customers usually forced themselves to eat durian - appreciate whatever those luxury brands design or the trend they lead due to the luxury brand's visible and intangible value. Nevertheless, the present works suggest that nowadays, customers are of an independent mind. While willing to try something new, new middle-class customers rely more on their own cognition of beauty. That is, people might choose the design or garment they favor, even from a non-luxury brand. Similarly, based on question 7, our respondents refuse to purchase luxury products for two main reasons: (1) consumers are content with designs, or garments, from non-luxury brands. (2) consumers discourage bandwagon luxury consumption and seek uniqueness. When luxury brands' halos are broken, these consumers reject them. To summarizing, consumers' rational attitude is attributed to independent self-standard of beauty and inhibits luxury consumption. In fact, this kind of "deconstruction" in luxury product attributes is not only restricted to its connections to aesthetics. The added value brought by luxury products, one of the desirable criteria, also comes under pressure.

Customers buy a luxury product not because they appreciate it aesthetically but seek long-term capital growth. The luxury product is the most accessible artwork for investment since it has both scarcity and practicability. Prior research demonstrates that either Hong Kong or Mainland China consumers emphasize the appreciation apace of the luxury brand [12]. Essentially speaking, the investment value of the luxury brand is not one of its significant characteristics. In contrast to funds, stocks, and real estate, the real value of the luxury product is unstable and fluctuant, which makes luxury products hardly to be regarded as an investment. Take Dolce & Gabbana as an example. In mid-November 2018, one of three short videos promoting D&G's upcoming Shanghai runway extravaganza stereotyped China and devalued Chinese culture, which is explicit racism. After that, D&G's products were rapidly depreciating in the secondary market. According to questions 8 and 12, there is still a group of respondents who recognize the value and concept of the luxury brand, but our research did not dive into the relevance between the degree of recognition of the luxury brand's philosophy and purchase intention.

## 4.2. The Shift in Luxury Brand Marketing

The focus of the remaining research is on the influence of social media marketing on consumers' behavior. Whether the brand or the company can increase consumer preference toward it through social media or conversely spoil the brand image is a vague field. This research delineates this fuzzy boundary in the literature by developing a solid connection between the "deconstruction" in luxury product attributes and social media-a new and dominant method of brand image building. Additionally, our study also investigates the difference in consumer trust regarding social media and traditional information channels. Those results may offer managerial implications to Chinese luxury brands that recently gain access to a massive market of consumers.

In the past, luxury brand communication regards the improvement of a reputation as the primary goal. High-cost promotional activities, brand story characterized by a long history and refined tastes, and personalized customization are all to develop a noble, well-established image. In contrast to traditional marketing, many companies nowadays take social media marketing as an opportunity to raise brand awareness and reaching new customers [13]. According to Table 3, electronic media advertising can harvest more attention other than print media, television, and sponsorship of sports events and significant events. That is, social media such as little red book, Instagram, and Weibo has a significant impact on luxury brand communication. From the consumer's point of view, those social media can bring up-to-date, well-considered information. As more and more consumers keep rational attitudes to luxury

consumption, they only purchase the product most people approved instead of wasting money. With the help of that pre-purchase information, consumers are able to recognize the hottest garments, bags, and jewelry. However, even though social media marketing meets the changes and demands of the modern market, it has some serious problems.

In contrast to prior works that social media marketing can be regarded as an increasingly important and serious brand image-building tool [14], the present work illustrates that social media marketing may damage brand equity and lose loyal customers. First, social media marketing popularizes the luxury brand but deprives its characteristics. For instance, when the company transfers the sale workload from offline stores to shopping sites and social platforms, the only method to build an elegant brand image and express individuality is the website design and after-sales service. It is hard for the luxury brand to distinguish itself from non-luxury without extravagant decoration and individualized service of stores. That is, the luxury brand is losing its recognition and sense of mystery. Second, the company blindly expands the market through social media marketing, attracting a lower and broader consuming group; on the contrary, the company may lose consumers who depend on the limited consumption of luxury products by others. According to question 11, 40% of respondents cannot accept the change of spending habits and consumer groups brought by social media marketing. More important is that 40% of respondents are exactly the loyal customers who are willing to pay a premium price and continue to buy it in the future.

The study concludes some managerial practices that may help Chinese luxury brands' marketers strengthen their marketing actions. Even though social media marketing has some positive effects on the development of brand awareness that the increasing number of consumers will be familiar with the brand, it is a double-edged sword. Never should we underestimate the importance of traditional marketing, including but not limited to a good brand story, accurate self-positioning, and word of mouth brought by good service and quality. According to questions 14 and 15, when it comes to remarkable elements of Chinese luxury brands, respondents' first thoughts were panda and Peking Opera. Most of the Chinese luxury brands do not create and develop a representative element, such as the tweed suit of Chanel, but merely copy from Chinese traditional culture. In addition, considering the advantages of the growth of Chinese luxury brands, few respondents choose its manufacture and cultural connotation.

## 5. CONCLUSION

This paper compares the public's views on luxury goods and related brands with the status of Chinese luxury goods in the market, analyzes the possible reasons, and obtains the important predictors of consumers' luxury purchasing power through 358 questionnaires. Data show that luxury consumption tends to be rational. Consumers have rational views on the role of luxury goods in public life and show complex attitudes towards the promotion mix of traditional advertising and new media. The status of Chinese luxury goods in the fashion industry is steadily improving. The advanced management mode and distinctive cultural characteristics make Chinese fashion elements an important factor for the public to buy luxury goods and prevent the Chinese luxury brand from developing its uniqueness. Therefore, this study provides some reference data for the further development of the luxury industry in the new media era and provides some suggestions for developing China's luxury industry.

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