

The rational regression of high-end consumer market

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Abstract: Along with the rapid development of Chinese Economy, people's disposable personal income and life quality are escalating. More and more customer put their focus on high end market, especially on luxury goods market. Unfortunately, Chinese customer are always denounced overseas because they always stake tens of thousands of cash in one throw of the dice. This type of irrational purchase is not what a mature high end market should have. In this article, we try to find a rational purchase method through the analysis of high end customer purchase behavior, and thus could help Chinese consumer to cultivate a healthy consumer psychology. Along with the rapid development of Chinese Economy, people's disposable personal income and life quality are escalating. More and more customer put their focus on high end market, especially on luxury goods market. It gives no cause for much criticism to pursue high qualified life, and actually it is the ultimate goal for human society development. But in recent years, Chinese customer are always denounced overseas because they always stake tens of thousands of cash in one throw of the dice and refresh the purchase record. This type of irrational purchase is not what a mature high end market should have. So we must research about how to establish a mature high end market to attract the increasing high-end consumer group. And it is also important to the development of Chinese market economy.

Introduction

High-end consumer market consist of products with high quality and customers with high level of consumption appetite and ability.

Luxury goods which are not necessities but are always with high price and could give people high qualified life and spiritual enjoyment. Similar examples are like LV, Dior, Lancome, Patek Philippe, Cartier, Ferrari and other top level bags and suitcases, costume, cosmetics, watches, jewelry, vehicle, luxury travel, hotel, private aircraft, luxury villa.

Luxury goods are part of high-end consumption, they have both physical value and spiritual value which could represent consumer's wealth and status, personality and taste.[1]

The second tier cities which have stronger purchasing power, have been expanding their high-end consumer groups. Their demand for quality, safety and service to further improve, and the demand for high-end supplies have all increased. Like mousse sleep system, China merchants bank, changan club life and service brand, they not only represent the grade of wealth, but also reveal the life attitude of high-end consumption crowd.

Commodity item price is lower than articles for daily use, but in the same category in high-grade second-highest prices of commodities also meet consumer's favor, and receive consumer loyalty.

Similar examples are like Paper Towels, Lion King Toothbrush, Ariel Washing Powder, Yunnan Baiyao Toothpaste and other daily necessities brands.

High-end consumer groups, the core of the high-end market consumer groups have been focused on the wealthy and middle class. According to the cultural level and the degree of income can also separate them.

Rich level includes top new aristocracy, upstarts class, gold collar elite

Forbes defines mass affluent class as the person who has sufficient funds to invest in the \$100,000 - \$1 million. In recent years, this group shows explosive growth, the "2016 China high-end rich wealth white paper" points out that expected by the end of 2016, the actual mass affluent population in China will meet 12.3 million.[2]

Middle class includes white-collar class and knowledge elite class. The middle class is a fuzzy concept, Chinese middle class standard --

Income and wealth levels: personal income more than 150,000

Degree: bachelor above degree in national education level

Labor: career in predominantly mental labor

Employment ability: has professional and technical qualifications, professional with higher returns

Professional power: has the certain right of scheduling and speech suggests

Lifestyle: medium above level of consumption, has the rich spiritual and cultural needs

The middle class have at least a house, most have a car

The number of middle class in China is increasing. In late 2016, the Chinese Academy of Social Sciences Institute of Social Research Group for the study of "Contemporary Chinese social structure changes" released the results of the study: the size of the Chinese middle class is about 300 million people, 23% of the total population, and is growing at an annual rate of 1%, in big cities, the ratio is higher, visible high-end consumer market potential is tremendous!

The motivation analysis of high-end consumption market in China

At present China has become the world's biggest luxury consumption market, China's luxury consumers tend to younger age structure, distribution region started by first-tier cities spread to the second - and third-tier cities, in 2014, Chinese consumers global luxury consumption of \$106 billion, increased 4% from a year earlier, accounting for 46% of global luxury consumption, 76% of China's luxury goods consumption cost in foreign countries, Chinese consumers are still the biggest buyers of global luxury market beyond dispute.

China's consumers have very strong face complex, in the drive of face psychology, Chinese consumers will be willing than their ability to pay or buy.

Group Psychology refers to the personal idea and behavior guidance or stress due to the group, and tend to be consistent with most people. Customers in many purchase decisions, will tend to show group psychology. For example, when shopping, people like to go to stores which have a lot of people. And in the brand choice, people prefer products with the high market share of. When choosing new schemes, consumers tend towards hotspot cities and hot lines.

Customers praise highly authoritative psychology, on the consumption patterns, more performance for decision making of emotion than reason. This esteem tends to lead to customers accept experts' advice with no reason for the choice of consumer products, and, in turn, to personal consumption object, so as to achieve product best-selling.

"Cheap" and "Bargain" is not the same. Cheap is we pay 50 yuan to buy a product which is worthy of 50 yuan. Bargain is we pay 50 yuan to buy a product which is worthy of 100 yuan. The Chinese often speak "cheap", in fact, there is almost no real good and inexpensive stuff. It is a psychological feeling.

Each person will has fear at the time of decision making, we are afraid to making wrong decisions, afraid of spending wrong money. Purchase after conflict refers to: doubt and restlessness, following a customer purchase. It is a negative psychological mood and behavior and causes dissatisfaction.

Any kind of product has a "price", higher than the "price" also is beyond the scope of the most customers' budget, lower than the "price" can make the customer to doubt the quality of the product. Therefore, understanding the customer's psychological price, helps to set the right price for the product market personnel, help sales staff to achieve sales goals.[3]

Customers' show off psychology, on consumer products, shows the psychological composition than practical. It is just the show psychology that creates the high-end market. At the same time the use of show off psychology, in the case of domestic enterprise general don't have core technology, helps to gain market. It is an obvious on fashion goods.

Customers' mind of rivalry is based on their order of layer, identity and status. Compared to show off psychology, mind of rivalry care more about "have" - you have so I should have.

Cultivating high-end consumption market with mature and healthy consumer psychology

Technically, the above eight kinds of high-end consumer psychological motivation are not mature and irrational consumption motives. In traditional Chinese concept, luxury goods is almost equivalent to greed and waste. In fact, from the economic sense, luxury essence is a kind of high-grade consumer behavior, in and of itself without praise or blame. From a social sense, it is a kind of individual grade and the improvement of the quality of life. It is also a reflection of modern social civilization. Famous scholar Liang Wendao wrote in his article: For luxury and upbringing, the cut-off point of luxury and breeding is an outward - win, and an inward - Ann, the former is compared with others, and naturally admire luxury, the latter is asked their progress, and have bred naturally. A true luxury is the noble heart, it is not expensive items to decorate. A top pair of handmade shoes, for instance, is very expensive, but it can be put on one hundred and twenty. The principle is not only its own quality, but you wear it, use it. Things don't necessarily be expensive, so I usually don't spend money casually, flip-flopping. A person's grade is not what he bought, but is in his life style. His substance doesn't tell him, but his own material way tells him what kind person he is. The word originally is the grade of the perfect match, however, because of parenting difficulties, luxury easy, today we will give the grade of luxury, hollow, endless consumption to conceal a lack of breeding. Over time, people even begin to think, the tradition of British gentleman

regard luxury cost as the first goal. If you think "education" is too abstract, I can give some good example of ill breeding to you. Driving a Mercedes on the rampage in the streets, people think all is deserved to be scared of untouchables, this is not educated. Hand wearing a watch, and then borrow drunk right blocking food attendant little sister, which is not cultivated. Education don't have to come from family education, more is not the privilege of the aristocracy, gentleman aspirant valued self form the day after tomorrow. "Expensive is good", "more is high-end"... The reporter investigation, hold the idea of consumers in the field of high-end decorative are dwindling, rational consumption, with a reasonable budget and make a satisfied effect is becoming the mainstream view. At the same time, with the improvement of aesthetic consciousness, the high-end consumer groups also show a feature of requires to a more sophistication. Tend to rational consumption, pay attention to internal quality of life rather than the visual display.

Fostering domestic high-end brand, it is essential for the rational regression of high-end consumption.

The current Chinese local brands are hardly to be seen in a line of luxury square. It's not because we don't have a good product, but the lack of a good steadfast brand management methodology. We have not yet learned how to education and guide consumers. Marketing job is a noble profession, to lead the consumer to enjoy the high quality of a better life. Companies don't only produce the soap, but also invented the concept of body odor, as a result people send out a charming fragrance, DE beers diamond is linked with love, and the beautiful stone become love, passed from generation to generation. Ways to create high-end consumer brand:

Value marketing, the successful case is Pinot Paper Towels. Physical value refers to the packaging appearance, and the function value. Spiritual value refers to the brand of faith, the brand idea and brand personality. Pinot's marketing value reflects from its physical value, the distinctive black and white contrast packaging design, and its spiritual value, pure ego brand personality and brand of faith. The value of a successful marketing pinot capture a white-collar. Another example is the mousse mattress. Mousse, create a new yourself every single day. Sleep disorder problem is obvious to the wealthy, mousse broadcast information dissemination emphasized the importance of "healthy sleep", lead people to rethink the meaning of "sleep", finally told the "new forces gather again, every day to create a new" values. Let the brand advantage of mousse from physical value level rise to the spiritual value level, further establish the mousse high-end brand image.

Using spheres of influence to win potential customers. High-end consumers, especially the wealthy class pays attention to network, they often add some high-end social circle. High-end network of members with similar status, wealth and income, interests and values, and they will have a considerable influence between each other. If a brand can be one of the members they trust, his recommendation to other members will be widely accepted by the whole circle quickly. Group marketing ways include: organizing theme cocktail party, subject salons, commercial BBS, club marketing, VIP card system, with private bank linkage, etc.

High-end consumers' purchase for high value goods, have been transferred from blind self experience mode to listen to expert advice. Advisory guidance sales work from understanding to

consumers demand, to tailor solutions. The consummation service process can make the high-end consumers feel their noble, more can obtain their identity in the brand. Mousse "sales consultant type" walk in the front of the consumer trend, precisely defined twelve customers form, with twelve sleep solutions, consumers ultimately through the terminal to carry out the high-end image of the brand.[4]

Terminal image and fine operation terminal for high-end products sales are often very important. The topper your brand is, the more money and energy you will spend on the terminal building. In addition to show the charm of brand, high-end brands are usually extremely as far as possible in building the terminal trading atmosphere and communication atmosphere, maximize the performance and the foil of high-end brand prestige, bringing consumers nearly perfect purchase enjoy, finishing products to consumers in the hands of the last jump. Choose gold section, for example, constructs honorable terminal style, design more value-added services, etc.,

China's new rich class nearly spend a third of household income on recreational activities

McKinsey China's new rich class consumption pattern analysis of affluent consumers will be 27% of household income for leisure activities, more than 18% of mainstream consumer.

Omega China golf tournament

Golf is considered as a "rich class" or "elite" symbol, Omega realizes its target consumers' enthusiasm for leisure activities. Golf and Omega watches have a common in the precise and perfect attitude, and the pursuit of excellence, and the pursuit of high quality. Omega hold the world's top golf - China golf tour for seven years, and released watches according to this event theme.

Riding is a noble sport, it has a long history and culture. Nowadays playing equestrian is also China's new rich class grade mark. Luxury brand Gucci named and sponsored Gucci Masters equestrian competition, it immediately became the world's biggest indoor equestrian event. Gucci is associated with the sport wind of equestrian community relations. Actually equestrian symbols such as the horse bit smelting and equestrian band, are the design inspiration of Gucci. The elegant style of outstanding sports competitive superiority and Gucci synthesize into a unique atmosphere. This is the equestrian world unique spirit, this sport is therefore attracted more and more supporters.

Art marketing has the dual nature of for profit and sociality. High-end consumers generally have good knowledge of culture and art taste, especially as the city formation and growing wealthy class expend, art collection becomes a hot topic in recent years, you may learn it through each purchase record of the antiques, calligraphy and painting works of art at auction activities. The art implantation of high-end brands can not only enhance the brand culture, but also can arouse interest in high-end customers, and has unparalleled in the promotion strength, the spread of word-of-mouth effect and cultural infiltration function, contact with the depth of the high-end consumer groups.

Art marketing ways include:

Joint art appreciation, Art party BBS, Cultural art, or invite famous artists and involve art elements in the product, etc.

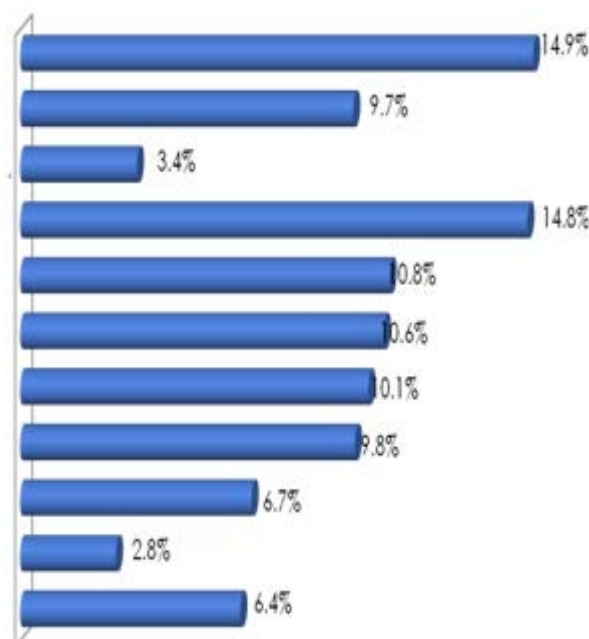
Vanke Amber County Villa private museum

Vanke launched top villa "amber county", the biggest bright spot is the combination of a large garden with the basement. Using art marketing concept, vanke designed the basement into a one hundred million level private museum, and held exhibition for a famous painter in exhibition room. Art and suitable top villa are matched, these top collections, became the home treasure, greatly attracted the curiosity of high-end customers. Nearly thousands of VIP customers attended and appreciated the private museum.^[5]

(1) Aviation media, precise contact target effectively, the airport is natural and accurate divided into match for consumers. Our target consumers is "air", therefore, aviation media ads most belong to high-end brands. Especially when flying consumers waiting for the machine, there will be a long time that can effectively focus on the aviation media information. Aviation media's selection of a variety of forms, such as the airport billboards, indoor light boxes, tags, luggage cart, airline magazine, seat on the plane advertisement, and boarding passes, tickets, etc.

(2) Highway Billboard -- target crowd city track. To our target consumers who often drive through the highway. In one, two cities of the highway or airport roundabout, often a high-end brand will put in the position.

(3) High-end interactive media. High-end brands nowadays have been bestowed favor on newly, high-end interactive medias which have traditional medias' incomparable advantages. First of all, they have a strong network database that can help corporate clients to accurately positioning, and have the rich expression that can interact with high-end consumers effectively. They can improve the effective arrival rate of ads, and maximize the advertising effect. Secondly, high-end interactive medias themselves have fixed high-end audience. In network information era of rampant nowadays, high-end interactive medias' credibility and influence are relatively high. Similar examples are some high-end portal like Phoenix net, Sina, Oriental wealth network, etc.



Enterprise management personnel in general(Managers / supervisors)

Middle-level business managers(chief inspector ,etc.)

Enterprise senior management personnel(CEO\president\...)

Professional and technical personnel

Civil servants

Professionals (lawyer\Cultural and sports professionals\brokerage\teacher)

Enterprise staff

Private companies or individuals

Student

Freelancers,(writers 、 artists.etc)

other

Lancome cooperate with advertising network platform, combined with rich form of promotion, strong exposure, attract consumer attention.

Cross-border alliance marketing, achieves market penetration and profit's maximization

Mousse and Lamborghini in hand to build "sports car bedding"

Mousse as a "global health resource integration" service provider, cooperated with Lamborghini in bedding from car design concepts as a strategic partner. Building together with a sports car to develop distinguished bedding products, and designing Mousse enjoyable trip to Europe, established a high-end brand image in the field of the world.

Nike as one of the world famous sports brand, worked with apple and launched the iPod sport suit, it has brought the enjoyment of music to more sports fans. Swarovski worked with Dior and launched "my Dior" luxury mobile phone, completely showed noble demeanor.

Improving the high-end market environment, and controlling people's appetite to overseas markets

Including further duty-free policy, and setting up sales outlets for convenient purchase. Conducting popularization of luxury culture, leading mainstream high-end consumption type back from the pursuit of flaunt to the pursuit of high quality life. Enhancing the level of high-end market services.

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