

Configuration of Millennials' Psychological Motivations for Purchasing Luxury Goods in China

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Abstract: *In recent years, with the rapid development of China's economy and the steady improvement of residents' income, the concept of luxury consumption has also changed rapidly. The luxury consumption market has shown a momentum of rapid development, and China has become the largest luxury consumer in the world. Not only that, China's luxury consumption also presents a trend of younger. As a special group that has just entered the society or is about to enter the society, young people have strong consumption demand and advanced consumption concept for luxuries, but their economic capacity is weak or they are not completely independent, so their consumption is limited. Therefore, how to guide the young group to consume luxury goods moderately and rationally has become the starting point of this paper.*

Keywords: *Purchasing Luxury Goods, Millennials' Psychological Motivations*

1. Introduction

Fashion management's founders propagate fashion management, as well as the transient collective idea that specific management approaches are on the cutting edge of management growth. To keep their image as trendsetters, they must be first to perceive managers' emerging collective preferences for new management techniques, then develop rhetoric that portrays these techniques as the frontier of management advancement, and finally communicate these narratives to managers and organizational stakeholders before other trendsetters (E Abrahamson, 1996). Furthermore, Abrahamson and Fairchild (1999) considered that a unique combination of factors in history regulates the internal and external of the fashion market, as well as activates and shapes fashion management. Furthermore, the rising tide of management fads is characterized by emotive, passionate, irrational discourse, while the declining tide of management fads is characterized by more rational, unemotional, qualified discourse, demonstrating a superstitious model of collective learning. In my opinion, fashion management is a kind of marketing of personal fashion items that decorate and beautify the human body, including fashion, shoes and hats, leather goods, accessories, hairdressing, and jewellery.

Businesses can establish successful strategies by investigating how and to what extent quickly changing trends influence consumers' purchasing habits and levels of satisfaction. The fast-fashion movement has received a lot of attention in the fashion industry. In the fashion industry, the fast-fashion phenomenon has gained a lot of attention (Vertica Bhardwaj and Ann Fairhurst, 2010). Luxury brand fashion marketing has played a vital role in various studies on fashion management. Luxury has engulfed the entire globe, notably China. For example, although the traditional fashion luxury consumption market in Europe, North America, and Japan has developed slowly or adversely, the Chinese luxury category is expected to rise steadily over the next few decades (McKinsey & Company, 2018). In 2025, the Chinese people's consumption potential for luxury products is expected to be over \$150 billion, which is greater than the traditional luxury consumption market. This is because China will have the world's wealthiest households by 2021. (Data. statista.com. 2018). The Chinese, in particular, appear to be fans of high-end items.

Millennials, those born between 1980 and 2000, have recently become China's largest consumer and labour force (Yi, 2015). Millennials spent 142 billion yuan in the Chinese market in 2017, a 20% increase over 2016. The average number of times millennials purchased luxury products was eight, demonstrating their considerable purchasing power in the premium market. This figure was higher than in previous generations. As a result, significant emphasis has been placed on the Chinese luxury category, with millennials playing a critical role. Social network sites (SNSs) use technology to provide a digital platform where users may create their own social media accounts and share knowledge with others (Heinonen, 2011). In contrast to the old social milieu, millennials are now willing to record and broadcast

their daily lives on their personal social profiles (Heinonen, 2011). Sharing behavior encourages the spread of information and has the ability to impact the purchasing decisions of other consumers. It should be noted that China is the home of four well-known social sites, including WeChat. WeChat has grown to become China's most popular social platform, with over 1 billion monthly active users. According to a recent survey (McKinsey & Company, 2018), more than 35% of Chinese consumers generate and share their own online content on a daily basis. This manner of life has permeated online purchasing. Although online sales of luxury goods in China were 9 percent in 2018, the China luxury e-commerce white book predicts that this figure will rise to 13 percent by 2021.

Based on the phenomena, there are two research questions, 1) what factors are influenced millennials' purchase intentions for luxury goods in China? 2) What is the configuration of psychological motivations that motivate consumers to buy luxury? In the following sections, section 2 describes the theory of social interaction theory, and the conceptual model has been followed after a literature review; section 3 discusses the research methodology used in this paper; section 4 addresses data analysis findings; and section 5 concludes with the discussion.

2. Literature Review

2.1. Social Interaction Theory

The interaction of social members is the essence of social interaction. The psychological and behavioural mutual influences between persons, people and groups, and groups and groups within a specific social connection backdrop. According to social interaction theory (Turner, 1988), humans enter the realm of interpersonal communication when they are born, and personal conduct emerges through interaction and interaction with others. The main forms of social interaction are: exchange, cooperation, conflict, competition and coercion. In consumer behaviours, it mostly refers to the interaction between consumers and consumers via language, text, pictures, or other media, as well as mutual influence, which ultimately leads to diverse buying habits among customers (Wang, & Yu, 2017). In luxury marketing, the most important thing is to satisfy the psychological demands of buyers, such as vanity, in addition to satisfying the physical function of the item. According to wang and Yu (2017) research, it is beneficial to enhance consumers' purchase intentions during the social contact process, particularly when word-of-mouth communication and imitation learning are present.

2.2 Vanity

At first, the essential vanity is the psychological state of protecting one's self-esteem falsely. Both physical vanity and achievement vanity had a positive effect on purchase intention, and only achievement vanity had a moderating effect on perception (Hung et al., 2011). Research shows that brand awareness regulates and links consumer vanity and luxury consumption. Vanity and the desire to keep up with the Joneses drive people to consume luxury goods. They are likely to judge luxury brands by their price, recognition and ability to showcase their professional achievements. They spend unreasonable amounts on expensive, famous and prestigious luxury brands in an obvious way to demonstrate their success, achievement and economic strength (Sharda, N., & Bhat, A., 2019).

2.3 Social Status

Secondly, social status is also a factor that is the position of the members of a society within a social system. In addition, buying some status goods can intuitively reflect social status to others. Related studies have empirically tested the effects of these factors on price awareness, income, luxury attachment and the degree to which consumers use price to infer the level of luxury goods. The results show that status desire, price awareness and price luxury reasoning influence price acceptance level based on product type. These factors lead to a series of effects, mainly through consumers' extrapolation of price luxury, highlighting the importance of public self-awareness and price acceptability attachment.

2.4 Hedonism

The third factor is hedonism, which means that human action aims to seek present pleasure or escape present pain. Hedonism (consumer-driven luxury value) plays an important role in individualists' luxury purchase intention (Aliyev,F, &Wagner,R., 2018). In addition, hedonistic consumers are also known as luxury seekers when they seek to improve using "prestige pricing strategies" to appeal to status conscious

consumers (Vigneron, F., & Johnson, L. W., 2004). Research shows that the effect of hedonism on the willingness to buy luxury goods is significantly lower in emerging markets in the east than in the West. (Shukla, P. 2012).

2.5 Herd Mentality

Herd mentality has become a crucial reason to encourage people to indulge in luxuries. In China, in particular, buying luxury goods has become almost mainstream. Because people always want what everyone else has. Individuals are influenced by the outside world and the behavior of most other people to follow or imitate the behavior of others. Some men think that the advantage of women owning luxury brands is a kind of conformity psychology, and women buy luxury brands in order to fit into a group (Prendergast, Lai, & Worldpanel, 2016). The study shows that there are differences in human factors, consumption types and psychological factors in consumer behavior in Chinese market. The purchase motivation of different consumer groups can be divided into two categories: social consumption and personal consumption. Social motivation is to fit into a group, to show off to others and to show off one's economic power and social status. Personal consumption is all about self-enjoyment. (Can, et al., 2014).

Based on the literature review, the conceptual model is below (Figure 1).

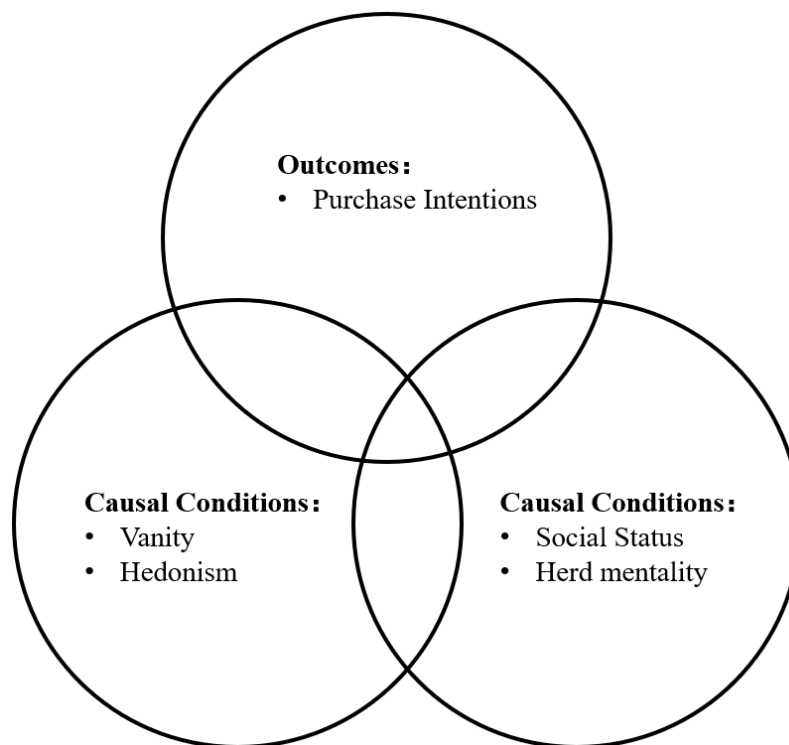


Figure 1 Conceptual Model

3. Methodology

Fuzzy-set qualitative comparative analysis (fsQCA) is a research method as well as a collection of analysis tools. In terms of methodology, it employs both "configuration comparison" and "set theory" (Ragin, 2000). Asymmetric relationships between dependent and independent variables can benefit from the use of fsQCA, according to researchers (Woodside, 2011, 2013). It considers social phenomena to be complex combinations and conceptualizes them in terms of collective relations. As a result, fsQCA is engaged in the complexity of the development of things, finding and identifying the causal path leading to the same result in different situations to evaluate "multiple concurrent causality" (Rihoux & Ragin, 2012). Simultaneously, because fsQCA is based on computer algorithms, it can process large samples of case data and assist in identifying system similarities and differences among comparable cases (Morgan, 2010). In the study of purchase intention about luxury goods, fsQCA allows for the analysis of a wide range of cases at various levels (Greckhamer, 2011; Kraus et al., 2018). This is because the fsQCA method eliminates the assumption of independence between influencing factors, is compatible with cross-layer factor embedding, and does not require special cross-layer variable

processing, making it particularly suitable for management research involving multi-layer variables (Kraus et al., 2018; Morgan, 2010). System theory suggests that because of imitation, coercion and regulation, an organization's configuration has a tendency to condense and cannot be infinitely varied (DiMaggio & Powell, 1983). Furthermore, because people's action motives and behaviours are constantly repeated, some configurations will be selected and continually strengthened, according to the theory of social construction (Berger, 1967). Therefore, we employed fsQCA 3.0.

4. Conclusion

In the real social consumption, luxury consumption has become a topic of universal concern. Although there are various social and economic factors affecting luxury consumption, it is an objective fact that contemporary college students pursue luxury consumption. College students are the reserve force of luxury consumption. They have different ideas, opinions and explanations about luxury consumption from other social groups, so they show their utilitarian, self-conscious and advanced luxury consumption behavior under the motivation of a variety of complex psychological motivations. Therefore, it is urgent to educate and guide contemporary college students to establish scientific values and consumption views and encourage them to improve their own quality.

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