

# The Influencing Factors of Online Marketing on College Students' Luxury Consumption in China: Based on Grounded Theory

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**Abstract.** This study aimed at the influencing factors of luxury online marketing on the consumption behavior of Chinese college students in the post-epidemic era. In-depth interviews and grounded theory were used to study the influencing factors of content production by using the collected text and audio materials as coding sources. The study found that the main influencing factors are platform service, stimulated desire, luxury value, functional value, and risk perception. Among them, luxury value stimulates desire, and functional value increases the willingness to pay consumers. Consumers' Risk perception will inhibit their willingness to pay for them. The impact of platform services on consumers is a neutral factor. Therefore, to promote the purchase rate of college students' luxury online marketing, it is necessary to have good platform services, strengthen the luxury value and functional value, stimulate desire, and reduce risk perception.

**Keywords:** Online marketing; Grounded theory; Luxury consumption.

## 1. Introduction

COVID-19 has retaliated against the global economy and struck the domestic luxury markets of various countries. Such influence can be most apparently seen from the massive close-downs of the offline stores of luxury brands. Inevitable decline pushes the downturn in consumption even further. Government restrictions on consumers and stores aiming to limit the spread of the coronavirus contributed to this situation, especially in China, where most people were continuously required to stay at home for the early months of 2020. On the other hand, the shutdown of air systems which guaranteed the connection between Chinese luxury consumers and foreign luxury markets, might be an additional cause for lowering the confidence of local shoppers. These factors have forced Chinese consumers to pick up online shopping as their major way of purchasing luxuries. The even more prevail of online shopping reveals the increasing luxury market for the younger generation who are much more familiar with the internet than their seniority.

As early as 2019, the McKinsey China Luxury Report 2019 found that 90s-born young people took 28% of the total population of luxury consumers and attributed the phenomenon to the development of the domestic economy and the financial support from their parents. For the recovery of the Chinese luxury market and the economy, it is vital to formulate an appropriate strategy based on what is affecting the decision made by this newly emerged leading consumer group for luxury brands. In the study Consumer Behaviour and Market Strategy of Apparel Luxury Goods on Chinese E-commerce Platform done by Yuyang Li, potential motivations, including showing off and hedonism, and so on, are found to be essential in decision-making about clothes and specific recommended strategies provided to e-commerce platforms. There is also a study pointing directly to the behaviors of the Z-generation. As shown in Who are social media influencers for luxury fashion consumption of the Chinese Gen Z? Categorisation and empirical examination by Yan Sun et al.,

other reasons, such as celebrity and peer effects, are discovered. This study will focus on the factors influencing the shopping behaviors of especially university students in China.

## 2. Literature Review

In recent years, with the development of the holistic Chinese economy and society, continuous growth in China's luxury market has been observed. Due to the increment in disposable personal income, luxury consumption has transformed young consumers, especially college students.

### 2.1 The factors motivating luxury consuming

R. Woodworth (1918) has suggested that motivation is the intrinsic force that stimulates and sustains an individual's behavioral activities and is the inherent driving force that determines an individual's behavior. Consumer motivation explores the psychological motivation behind consumer behavior and thus explains individual consumer behavior [1].

Sonny Nwankwo et al. explored how consumers' motivations and feedback influence purchase willingness for luxury goods. Using an example of 400 Moroccan subjects, a regression model was used to investigate the relationship between intent to purchase luxury goods, motivation, and personal values [2]. Based on social comparison theory, social influence theory and uniqueness theory, Raye Carol Cavender comprehensively modeled the relationship between the reasons and consequences of Generation Y luxury purchasing determinations and researched consumers' purchasing intention [3].

Scholars' study on the causes influencing luxury consumption motivation is roughly divided into three dimensions: consumer factors, product factors, and environmental factors. In terms of consumers' psychological characteristics, materialism [4], self-image, the pursuit of novelty [5], emotion, social comparison psychology, the pursuit of freedom, etc. In terms of product factors, Dubois (1994) argued that the luxury goods' price is one of the critical factors influencing the shopping motivation of luxury [6]. In addition, the high cost of luxury goods is also reflected in good quality, exquisite packaging, high-end consumption circumstances and high brand value. The broad price concept motivates consumers to purchase luxury goods, thus displaying personal wealth and influencing social orientation in showing off, subordination, uniqueness, etc., consumption motive. Furthermore, Zeng Yan also mentioned the influence of product and service quality factors on consumption motives [7]. In terms of environmental factors, environmental factors include three major categories: socio-cultural, situational, and marketing factors.

### 2.2 The online marketing

A company's marketing strategy must be based on satisfying consumers' needs and on customers' spending power, buying habits, and expectations to plan and target all kinds of marketing activities [8]. From the perspective of enterprises, Jerome Mc Carthy's (1960) "4P" marketing theory builds a marketing mix with Product, Price, Place, and Promotion as the core [9].

Consumers will make product utility assessments under the combined effect of their cognition and external environment when they shop. When the perceived product's functional, emotional, and social value are more significant than the cost consumers pay, it will increase their perceived value, leading to stronger purchase intention and purchase behavior [10]. By building a model of the influence of the perceived value of online consumers, Srinivasan (2002) argues that perceiving the quality of the product has a remarkable effect on the perceived value of online purchasing [11]. Allsop states that online consumers' purchasing behavior is not only influenced by the price and quality of the products, but the fine quality and convenience of the service provided by the shopping websites can also improve the consumers' perceived value and stimulate the intention of repurchasing [12].

Perceived risk is also an important antecedent of consumers' purchase behavior and is a moderate state variable in shopping [13]. Compared to traditional shopping, online shopping provides consumers convenient and fast access to inexpensive goods and poses more risks to consumers [14]. In the online shopping process, consumers' purchase behavior is often disturbed by the negative

perceived risk factor, which affects the formation of purchase intention. Consumers eventually give up their purchase behavior when they weigh the perceived value against the perceived risk [15]. Velido (1999) argues that online perceived risk is negatively related to purchase intention, and consumers will only produce purchase behavior when they perceive a consumption environment with little risk [16].

### 3. Method and Data

#### 3.1 Research method

Grounded theory is a qualitative analysis theory pioneered by Anselm Strauss and Barney Glaser at Columbia University in 1967. Grounded theory pay attention to the study of social phenomena that have not yet been conceptualized. Based on data collection, organization, and analysis, a norm is established from the bottom up. The grounded theory aims to develop a theory by analyzing social phenomena or empirical feelings and refining the theory under study through continuous comparison and validation [17]. Through the three core steps of open coding, spindle coding, and selective coding, concepts and classifications are continuously generalized, and connections are established among them, eventually forming a theory that, to some extent, reflects the phenomenon's essence. Compared to other qualitative analyses, grounded theory provides a clear and systematic strategy to help researchers think, analyze, organize data, and dig and build theories.

This study focuses on the impact of online marketing on Chinese college students' luxury consumption. In recent years, college students have become a vital consumption force in the Chinese luxury market. Meanwhile, considering the unique position of online marketing strategy brought about by the epidemic factor in the post-covid-19 time, the research in this field is not yet detailed. So, the grounded theory might be the most reasonable and scientific qualitative research method. Qualitative data management and analysis of the collected textual and audio materials were conducted with the help of NVivo20 software to summarize the influencing factors and establish a visual model.

#### 3.2 Sample selection and data collection

22 data were collected through voice interviews and emails, and two were randomly selected as saturation tests in this study. Research based on grounded theory should follow the principle of theoretical sampling [18]. Siggelkow pointed out that if the case sample has the typicality of a "talking pig", it is a representative sample that meets the research needs [19]. To consider the typicality of the model, combined with the narrow object of analysis and the randomness of sample selection in this paper, namely, the personal consumption level of the samples at the individual level has adequate randomness. Consequently, the main factors influencing the consumption of luxury goods turn out to be the average economic level of the region and gender. In this paper, we focus on the gender and region of the samples. The demographic characteristics of the model as shown in table 1.

**Table 1.** The demographic characteristics of the model

|               | Characteristic    | Quantity |
|---------------|-------------------|----------|
| <b>Gender</b> | Female            | 10       |
|               | Male              | 12       |
| <b>Region</b> | First-class city  | 8        |
|               | Second-class city | 8        |
|               | Third-class city  | 6        |

The interview outline was designed from three aspects: the characteristics of luxury online marketing, consumers' feelings, and purchasing decisions. Two interviewees were selected in advance for pre-interviews. Then the interview content was adjusted by combining the actual feedback and expected data to achieve the reliability and validity of the interview content. The interview process was based on the outline of the interviewees, and follow-up questions were asked

according to the feedback from the interviewees. The average length of the interviews was about 15-20 minutes, and the interview results were compiled by audio-to-text transfer, resulting in more than 20,000 words of interview notes. The interview outlines as shown in table 2.

**Table 2.** The interview outline

| Category                  | NO. | Content                                                                                                                                                      |
|---------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Online marketing features | 1   | What forms of luxury online or offline marketing campaigns have you been involved in? What attracted you to them?                                            |
|                           | 2   | What do you think are the advantages of luxury online marketing compared to offline activities?                                                              |
|                           | 3   | What do you think luxury online marketing has brought to your experience?                                                                                    |
| Consumer Feelings         | 4   | What problems have you encountered in the process of luxury online marketing? What are the areas that need to be improved?                                   |
|                           | 5   | What are some of the ways you know of to interact with luxury marketing online? How do you think this has helped you?                                        |
|                           | 6   | What are the core factors that influence your purchases in luxury online marketing? How do you think these factors will impact your final purchase decision? |

## 4. Result Analysis

### 4.1 Opening coding

Open coding is further to deepen the analysis of the collected interview data, give new concept connotations, and then code by continuous comparison. To avoid personal bias in the open coding process, the three authors compiled the interview data to ensure the objectivity of open coding. Five of the 20 original data were randomly selected for the saturation test, and the remaining 15 original data were coded successively; the initial concepts were mined and sorted out, the results of open coding were sorted out, and 78 initial ideas were finally formed. Table 3 shows some initial concepts and some categories.

**Table 3.** Concepts and categories

| Statement Text                                                                                                                   | Conceptualization             | Categorization       |
|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------|
| 29. Online shopping may appear fake and shoddy goods, fake goods or after-sales can not be guaranteed and other unsafe phenomena | After-sales problems          | service quality      |
| 57. I value product quality guarantee and after-sales service                                                                    | Service guarantee             |                      |
| 30. there is a lag, the response of customers can not be timely feedback                                                         | Feedback is not timely        | message feedback     |
| 43. You have no way of knowing whether he has what you want or whether he has it in stock                                        | Lack of information           |                      |
| 63. Online marketing, you can only see its good aspects, and then when you use it, you will find some bad aspects                | Information one-sidedness     |                      |
| 1. I think the types and methods of online marketing will be diversified                                                         | Diversified types and methods | mode diversification |
| 4. Consumers can share through social platforms                                                                                  | Social platforms              |                      |
| 14. Mass marketing has a wider audience                                                                                          | Wide scope                    | high efficiency      |
| 15. the publicity speed on social platforms will be wider                                                                        | High efficiency               |                      |
| 20. buying something you don't like or find useless                                                                              | Impulse buying                |                      |

|                                                                                                                                                                                                                                                                                                |                                  |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------|
| 34. Marketing is linked to holidays, and new holiday products are launched                                                                                                                                                                                                                     | Holiday activities               | impulsive consumption    |
| 27. Buy online for less                                                                                                                                                                                                                                                                        | Affordable                       | discount and gift        |
| 38. give free gifts to stimulate purchase desire                                                                                                                                                                                                                                               | Free gift service                |                          |
| 60. Sometimes there are giveaways, postcards, posters, and even some celebrities.                                                                                                                                                                                                              | Add-ons                          |                          |
| 24. the official public number is rarely paid attention to, generally in the trend circle is more popular things, everyone agrees, I will pay attention to it.                                                                                                                                 | Herd mentality                   | group psychology         |
| 6. They just order because they like the blogger                                                                                                                                                                                                                                               | The fan effect                   |                          |
| 39. Balenciaga released a cyber game before, which has raised my horizon and given me a refreshing feeling                                                                                                                                                                                     | Cross-border linkage             |                          |
| 66. The host will show you how to use this thing, and then give you some interaction, feel interesting                                                                                                                                                                                         | Interesting interaction          | eye-catching             |
| 48. because you are relatively, for example, you like several brands, you will pay more attention to, for example, you do not like some brands at all, you will certainly not pay attention to her, that is, you do not even click in the desire to see, because you will not buy their things | Brand loyalty                    | unique value             |
| 10. I think this is a good way of interaction, because everyone's needs and aesthetics are different, avoiding the simplification of aesthetics                                                                                                                                                | Personal customization           |                          |
| 12. It makes me feel that this product is more unique and conspicuous, and that my consumption needs are better met.                                                                                                                                                                           | Show off value                   | flaunt value             |
| 25. It satisfies a person's need for respect and demonstrates status and identity.                                                                                                                                                                                                             | Need for respect                 |                          |
| 22. I am a person who has a demand for fashion trends, so I will pay attention to the latest trends                                                                                                                                                                                            | Hedonic value                    | hedonic value            |
| 26. know the current fashion trend through online marketing                                                                                                                                                                                                                                    | Aesthetic needs                  |                          |
| 36. You can get the information of the items you want to buy from the broadcast room, official website, Weibo and other ways                                                                                                                                                                   | Various ways                     | obtain information       |
| 37. Live interaction can better understand luxury information                                                                                                                                                                                                                                  | Information accessibility        |                          |
| 35. Free to see the product, no time and place restrictions, high freedom, no offline marketing to the guests                                                                                                                                                                                  | Not restricted by time and space | time saving              |
| 9. You can see whether this product is available, you can order it in advance, which is to save time cost                                                                                                                                                                                      | Save time                        |                          |
| 8. you can compare many brands with which product you want, so you can have a comparison in your mind                                                                                                                                                                                          | Comparison is convenient         | convenience              |
| 21. The kind of shopping platform where you can see the evaluation, so you can see the evaluation of others, you may change your own desire to buy this product                                                                                                                                | Quality evaluation               |                          |
| 19. The quality of online marketing is uneven, and it is impossible to judge whether the quality is good or bad.                                                                                                                                                                               | Quality problem                  | fake and shoddy products |
| 28. There may be unsafe phenomena such as fake and inferior goods, fake goods or after-sales service can not be guaranteed online shopping                                                                                                                                                     | Fake and inferior products       |                          |
| 18. Some anchors advertise for the purpose of making money, rather than saying that the product is really good                                                                                                                                                                                 | False publicity                  | false advertising        |

## 4.2 Axial Coding

Axial coding is the process of categorizing and generalizing the initial codes. Observing all the free nodes can detect the essence and intrinsic connection. This study's 16 initial categories are classified into five main categories, reflecting the logical relationship between different initial

categories. Platform service, including service quality, massage feedback, mode diversification, and high efficiency, refers to the evaluation of the service provided for consumers during online marketing. The stimulating desire, which means the factors that drive consumers purchasing behavior, involves impulsive consumption, discount and gift, group psychology, and eye-catching. The leading luxury value category consists of unique, flaunting, and hedonic value. The main category of functional value consists of obtaining information, time-saving, and convenience. The main category of risk perception consists of fake and shoddy products and false advertising. The results of Axial Coding are shown in Table 4.

**Table 4.** The results of Axial Coding

| Main categories  | initial categories       | reference points |
|------------------|--------------------------|------------------|
| platform service | service quality          | 2                |
|                  | message feedback         | 3                |
|                  | mode diversification     | 6                |
|                  | high efficiency          | 2                |
| stimulate desire | impulsive consumption    | 3                |
|                  | discount and gift        | 6                |
|                  | group psychology         | 7                |
|                  | eye-catching             | 7                |
| luxury value     | unique value             | 4                |
|                  | flaunt value             | 2                |
|                  | hedonic value            | 6                |
| functional value | obtain information       | 7                |
|                  | time saving              | 4                |
|                  | convenience              | 11               |
| risk perception  | fake and shoddy products | 7                |
|                  | false advertising        | 1                |

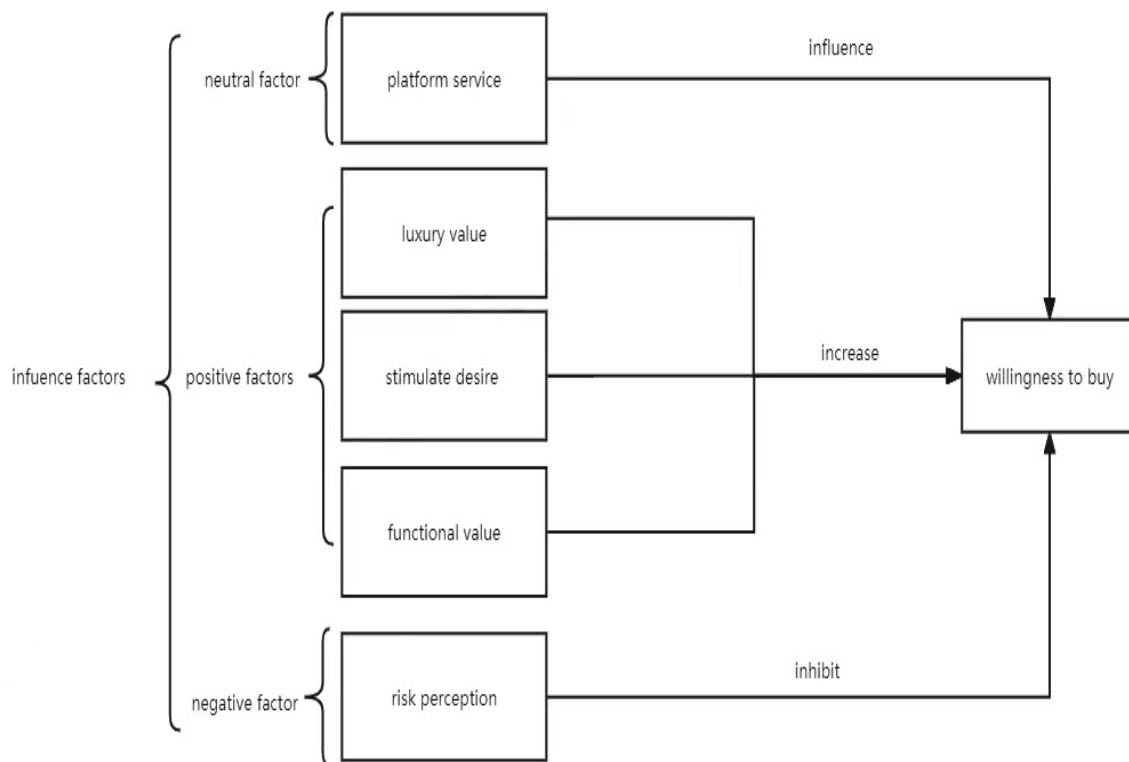
### 4.3 Selective Coding

Selective coding is the process of categorizing and abstracting the main categories into core categories and constructing a theoretical model by examining the logical connection between the core categories internally. According to the steps of the selective coding, this research summarizes the relationship of each core category by focusing on the storyline of “neutral factor-positive factors-negative factor”.The core categories are shown in Table 5.

**Table 5.** The results of Axial Coding

| Main Category    | Core Category    |
|------------------|------------------|
| Platform service | Neutral factor   |
| Stimulate desire |                  |
| Luxury value     | Positive factors |
| Functional value |                  |
| Risk perception  | Negative factor  |

The table shows that the core category of neutral factor is the main category of platform service. The core categories of positive factors include three main categories: stimulated desire, luxury value, and functional value. The core category of negative factors is the main category of risk perception. The model is based on the internal logical relationship between the three core categories of neutral, positive, and negative factors. As shown in Figure 1.



**Fig. 1** The model of influence factors for consumers' willingness to buy

#### 4.4 Saturation Test

The theoretical saturation test of NVivo 20 was conducted on the other five interviews to confirm whether the constructed theoretical model reached theoretical saturation. There were no new categories and relationships. The results illustrate that the theoretical model was saturated.

## 5. Conclusions

Through the three levels of open coding, axial coding, selective coding, and the theoretical saturation test, it is confirmed that the model this constructed in this study is a saturated theoretical model. According to the model, the following three fundamental propositions can be obtained:

Luxury value stimulates desire, and functional value will increase the willingness to pay consumers. This proposition includes the concept of luxury value, stimulating desire, and functional value. In the process of online marketing, they satisfy the needs of consumers. They are positive factors that will increase the willingness to pay consumers.

Consumers' Risk perception will inhibit their willingness to pay for them. This proposition includes the concept of risk perception. Risk perception is people's subjective assessment and judgment of risk as well as the resulting attitude and decision-making tendency. It is a negative factor that will inhibit the willingness to pay consumers.

The quality of platform service will influence the willingness to pay consumers. This proposition includes the concept of service quality, message feedback, mode diversification, and high efficiency. Good service quality, fast and effective information feedback, marketing channels that can meet the needs of the public, and efficient and extensive information dissemination are conducive to consumers' purchase decisions; On the contrary, they will inhibit consumers' desire to buy.

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