

Research on the current situation and Countermeasures of luxury consumption of generation Z Youth

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Abstract: with the development of economy, luxury consumption in China is growing rapidly. According to the research of Boston Group, generation Z in China dominates the Chinese consumer market. The consumption characteristics of generation Z are obviously different from those of other groups. Studying the consumption behavior of Chinese generation Z consumers on luxury goods, showing the cultural and psychological driving forces behind Chinese generation Z consumers' luxury consumption and the development direction of luxury brands in the Chinese market can provide practical guidance for luxury brands to deal with the consumption of generation Z in China. This paper explores the current situation of luxury jewelry consumption of generation Z youth in China, analyzes the consumption characteristics and behaviors of generation Z, and puts forward several brand marketing strategies that affect the consumption characteristics of generation Z.

Key words: generation Z; Luxury goods; Consumer behavior; Marketing strategy

The market has changed from her economy to the silver economy, then to the single economy to the housing economy, and from the adorable economy to the generation Z economy. There are many new words in the consumer market, and the leader of the consumer market is constantly changing. With the younger generation gradually mastering the right to speak and economic strength, the market consumption has become younger and more diversified. Generation Z is the most widely mentioned and most promising consumer group at present. Generation Z pays more attention to its own growth and experience and presents a new consumption concept. Their consumption willingness and consumption strength are relatively high. Therefore, generation Z is also known as the most daring consumer generation. What are the more important contents of Z generation's luxury jewelry consumption?Which concept is more affected?How popular is the brand?What does it mean to grasp generation Z?It is of great practical significance to study these problems.

1. The scope and behavior characteristics of generation Z in China

Generation Z in China refers to the group born from 1995 to 2009. Their older generation lived in the early stage of the reform and opening up or before the reform and opening up. At that time, the commodity types were limited, the range of options was limited, and the price was unified. Therefore, the price consciousness of the older generation was often stronger. With the development of market economy and the continuous rise of China's economic strength, generation Z in China has more diversified commodity consumption choices, their brand awareness is stronger, and their sensitivity to price is lower than that of the previous generation, which reflects their materialistic and

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self indulgent consumption tendency.

A large number of generation Z are only children. They are concerned by their families and are born with high expectations of their parents. Therefore, generation Z pays more attention to growth and achievement and has a sense of pride, hoping to show their pride through luxury goods; At the same time, the high pressure on generation Z also makes them need luxury goods to relieve this pressure. The purchase behavior of generation Z is often accompanied by the strong purpose of obtaining public recognition, which also leads to the conspicuous consumption of generation Z compared with other countries and groups. Generation Z is faced with high expectations from the family and group pressure from the society. The college entrance examination is something that almost every generation Z group must experience. Excellent college entrance examination results can help generation Z enter the life of the middle class more smoothly and enable them to have a brighter future. In the generation Z group, the fierce competition in the college entrance examination has made them have a strong sense of competition and a high degree of self-discipline. They have grown into a well-educated group eager for success. After entering the workplace, this group will have a higher personal income than the older generation. When they are liberated from the college entrance examination and earn income, they have a stronger desire to buy luxury goods, hoping to compensate for years of pressure through luxury goods. In addition, they believe in the concept of “I buy so I am”, and believe that personal image can be displayed through consumption behavior.

2. Overview of luxury consumers in China

The history of Chinese luxury jewelry consumption can be traced back to the spring and Autumn period and the Warring States period. At that time, the “scholar bureaucrat” group represented the highest wisdom and taste of the social elite at that time, and was the leisure class of the society at that time. Their food and clothing were all luxurious. They were the largest consumer group of luxury accessories in ancient times, and the luxury jewelry consumption of Chinese leisure class had existed for more than 2000 years. At present, with the continuous improvement of China’s economic strength and the continuous growth of per capita income, Chinese people’s consumption of luxury goods has made a comeback, and everyone believes that they have the right to own luxury goods. The Chinese people use the purchasing power of luxury goods to prove the rise of new China to the world, which is the best evidence that the great Communist Party of China leads the whole Chinese people to stand up, become rich and strong.

3. Consumption behavior characteristics of Chinese Z generation luxury brands

3.1 Rely on online sales

Generation Z group lives in the Internet age and is also known as the “indigenous people” of the Internet. Therefore, generation Z is highly dependent on online shopping channels, such as jd.com and Taobao, the most popular e-commerce platforms in China. Although many luxury brands only sell on the official network in order to maintain a high degree of exclusivity, their second-hand market, extended brands and some brands with general influence are still inseparable from these online shopping platforms. For young Chinese consumers with strong brand awareness, Buying second-hand luxury goods and affordable luxury goods on the Internet will not bring them too much consumption pressure. Meanwhile, Gen Z is a super user of social media and gets shopping inspiration through social media. Many bloggers will upload beauty videos to social platforms such as Bilibili and Douyin to show the audience how to make up. These videos often can instantly arouse customers’ desire to buy.

3.2 Large demand for agency purchase

With the development of economy, in addition to the first tier cities, the purchasing power of luxury goods in the second and third tier cities has also gradually increased. In some non first tier cities, the number of luxury stores is small, which makes them rely on online shopping platforms. However, online shopping platforms are often unable to obtain core products, and there is also the problem of fake goods, so consumers’ demand for purchasing agents has increased. It is a relatively ideal choice for consumers who do not have time or budget to go overseas to purchase goods by mail after purchasing designated goods on behalf of domestic consumers. Another important reason for the purchasing boom is the absence of tariffs, because luxury goods are often charged high tariffs when they enter the Chinese market, and the absence of tariffs allows consumers to taste the real benefits, so the purchasing boom has been very high in recent years.

3.3 Second tier cities become new markets for luxury accessories

Based on the characteristics and level of China’s economic development, the Chinese market is usually divided into four levels. The first tier cities represent the most developed markets in China, including Shanghai, Beijing, Guangzhou and Shenzhen; These cities have the largest luxury consumption market; Second tier cities are provincial capitals, which have strong market potential and will become new markets for luxury brands in the future; Third and fourth tier cities are underdeveloped cities. The main combat power of luxury brands is concentrated in the first tier cities. In recent years, with the continuous improvement of the consumption power of the second and third tier cities, luxury gradually turns its attention to these regions. Banker Robert said: “second tier cities should be called first-class opportunities, because second tier cities are a powerful driver of China’s economy, with a lot of investment, new infrastructure and new talents.”

3.4 Play with fan economy

Celebrity endorsement is still one of the important ways to promote luxury brands. The huge flow and considerable ROI of stars bring attention to luxury brands and stimulate consumers’ desire to buy. One of the behavior patterns of the large-scale star chasing scene brought by the idol business model is that fans pay for the endorsement of idols, while the spokesperson also guides consumers to strengthen their awareness of brand style. The idols of the younger generation have become one of the most important channels for generation Z to

understand the new luxury products, which also makes the style of luxury products younger and younger.

4. Luxury jewelry sales strategy of generation Z youth group

4.1 Finely divide the market and embody personalization

Gen Z lives in the Internet age. They have the super ability to filter and filter information from a large amount of information. According to data analysis, Gen Z's average attention time in social media is 7 seconds. Forming an orderly strategy and refined marketing, and refusing to stick labels in a large area has become the first priority for brand mastery. In view of this feature, luxury brands need to strengthen the use of big data, improve the analysis and understanding of "generation Z" through big data, and develop personalized products and services based on the characteristics and needs of generation Z. The objects of big data analysis include user portraits, demand analysis, product optimization, competition analysis, marketing selling points and communication strategies, Conduct a comprehensive insight into these data to further refine the consumer market.

Because Gen Z embodies obvious personalized characteristics, they have a distinctive personality and refuse labels, so luxury brands need a positive and personalized value proposition, attitude and unique selling points. They need brands to clarify their own characteristics and stand out from the diversified and complex market as soon as possible. We media once wrote that female colleagues spent 2000 yuan to buy hand books, which are more common in the circle. In hand account consumption, high interest payment is common. The inner core and outer seal of the hand account book are exquisite. For example, the famous Japanese brand hobonichi, whose outer seal is made of leather, is naturally not cheap, at about one or two thousand. Many brand enterprises will issue a limited amount of money every year, and they can only get the goods after booking. Luxury brands should cut into the culture and interest circle of generation Z, and carefully divide the market. Instead of blindly incubating IP and free content, they need to observe and read their own target circle in the core circle.

4.2 Brand extension, expanding high-end brands with luxury brands as the core

Because Gen Z has a strong pursuit of brand awareness, they need high-end brands to show their value, release pressure from it, and get the pleasure of consumption. In recent years, many luxury brands have carried out brand extension, developed some high-end brands, and launched some products with relatively low prices that are more accessible to young people, such as beauty and perfume brands, which has brought a larger customer base to the brand, and these consumers are expected to turn into core product users or even loyal users. For example, the lipstick launched by Chanel is cheaper and easier to obtain, so it is more popular among young consumers than the Chanel set. Because Gen Z has strong brand awareness and conspicuous consumption behavior, they are more willing to own a product with Chanel logo at a slightly higher price than other brands.

In the study of luxury brand extension, Reddy distinguished the concepts of luxury brand and high-end brand. High end brands try to attract a wider audience than luxury brands. Its marketing method is to convey the idea of price and quality equivalence to consumers. They are more willing to sell products to consumers who are willing to pay for product quality. The consumer market for luxury goods is relatively narrow, and they have strong pride, hoping to show their luxury status by maintaining high prices and highlighting their rarity. In recent years, many luxury brands have expanded their product categories to beauty products, one of the important reasons is that the lower price of beauty products can bring them a broader market and allow a wider range of consumers to access luxury goods. But this has also led to the popularization of luxury goods, which luxury brands do not want to see. When consumers buy luxury brands of beauty products, they mainly focus on their brand influence. They are willing to buy a product that gives them a higher sense of gain at a price higher than that of similar products in the market and within their own range.

4.3 Using the influence of Internet Celebrities and stars Aidou

In the context of the Internet, the online consumption demand of generation Z is relatively high. Generation Z is known as the "atomized generation". They generally like to taste fresh food and are willing to contact new things. Everyone is happy in their own small circle. At the same time, generation Z has a high demand for identity. The multiculturalism brought by the Internet has brought diversified social scenes and created a rich circle culture. Among the generation Z group, many minority cultures are very popular. They use the Internet to express themselves and make friends through minority culture, and enjoy themselves in their own circle. Generation Z's extraordinary social network stickiness makes online an important consumption channel for them.

Based on this background, it is necessary for luxury brands to strengthen the integration of online and offline sales channels, expand brand influence, improve consumers' sense of identity with brand culture, let consumers have a sense of dependence, and form a unique brand culture circle through online grass planting, online transformation, and offline service experience. Shopping platforms with young trend lovers as the core customer group emerge in endlessly, such as dewu, xiaohongshu, NETAPORTER and farfetch, which are important ways for luxury brands to expand their brand influence. These platforms have strong content output ability and a wide range of content types, which can meet the diversified value, identity and self-expression needs of generation Z users. They are the platforms with the highest concentration of generation Z and become important positions for brands to acquire generation Z groups.

Recognizing the important influence of network culture, more and more brands began to use virtual spokesmen, using the wide influence and audience base of IP to integrate with the culture of generation Z - animation and games. In addition to the direct implantation in the game / animation, many brands are also trying to break the circle by using the image of virtual idols this year. For example, dizzit enables the virtual idols Madang Sasa to shoot new products, so as to further expand the influence of luxury brands in the hearts of young people.

4.4 Arouse consumers' emotional resonance and develop co branded products

Nowadays, there are many fans of stars. Many brands will choose male stars to speak for them. Back to the consumer's own consumption characteristics, it's the spiritual consumption that drives the physical consumption. Fans can have fun by purchasing the products endorsed by the stars and the same models around the stars. Generation Z has a strong sense of purchasing power and independent consumption. It is not so much the resonance caused by the similarity of values, but more like a sense of emotional substitution, which allows them to convey their personal opinions while consuming. In fact, we have enough choices in the process of consumption, and now we will call for brands that can reflect our personality. Co branded and fan economy seem to have become an important force to attract Z era. Why are many major brands or designer brands willing to launch co branded models with UNIQLO? After CO branding, you can buy luxury brands within a completely acceptable range to satisfy consumers' fantasy of luxury brands. In terms of the more popular concept recently, this is the strength of "broken circle". At present, many luxury co branded and exclusive models will also be sold online in the form of time limited boutiques. In fact, many old luxury brands are very resistant to the development of e-commerce in the past few years, because what they sell is service. However, in recent years, the rapid development of e-commerce channels has been unmatched. Now many first-line brands have also begun to vigorously build their own online sales channels.

summary

This paper analyzes the characteristics of generation Z, and puts forward the strategies of luxury brand marketing based on the characteristics of generation Z, which provides enlightenment for luxury brands to understand the Chinese market and get close to customers. Developing a marketing strategy that keeps pace with the times is a timely move for each brand. In addition, it should be noted that the values of China and Western countries are different, and international luxury brands should consider making their brand personality adapt to the needs of Chinese consumers.

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