Research on the Impact of KOL on the Luxury-Purchasing Intentions of Chinese Millennial Consumers

Dian Chen

The University of Birmingham, Birmingham B152TT, United Kingdom.

Abstract: This study explores the influence of KOLs on the propensity of Chinese millennial customers to acquire luxury products. Based on the summary of previous research results, this paper sets variables in terms of KOL characteristics and recommendation information characteristics, uses the perceived value as a mediating variable, and introduces the SOR model to explore the influence mechanism of KOL on the propensity of Chinese millennial customers to purchase luxury products. Combining the research process and findings, this study proposes relevant suggestions for developing KOL and transforming the digital marketing of luxury brands to enhance consumers' purchase intention.

Keywords: KOL; Luxury Products; Purchase Intention

1. Introduction

The Internet has changed people's daily consumption habits. The influence of KOLs on social media is growing daily and largely influences how consumers receive information and make purchase decisions. KOL marketing has become an effective tool in social media marketing for brands [1].

The influence of social media on luxury companies is immense. The China Luxury Market Report 2021 shows China's growing global luxury products consumption market share. More than half of these consumers are from the millennial generation. They have grown up with China's Internet, are highly receptive to various online behaviours, and have a new consumer awareness. Therefore, luxury brands can increase the touch points between brands and consumers on social media by cooperating with KOLs to improve their omnichannel strategic layout and digital transformation. However, it seems that luxury brands are not very active on social media: they are eager to increase exposure to cater to consumers but want to maintain the brand's usual mystery and exclusivity. It can be found that the old luxury brands do not seem to be good at new generation media marketing. This necessitates the research of the behavioural influence of KOL marketing on the purchasing decisions of Chinese millennial luxury customers so that luxury firms can meet the shopping needs of consumers more effectively without compromising brand value.

2. Literature review

2.1 Key Opinion Leaders (KOLs)

The expansion of social media has enabled more individuals to become thought leaders. In social media, influencers are recognised as opinion leaders and are trusted by their followers [2]. Combining previous scholars' studies, the definition of a specific audience size on social media and have a direct influence on customers' purchasing decisions.

Cho et al. studied the practical characteristics of KOLs from the perspective of social network theory and found that the KOLs need to be highly social and highly centric to disseminate information effectively and that the influence of KOLs needs to reach a

specific size [3]. However, sheer size is no longer the only criterion for judging the influence of opinion leaders. More people care about the content output by KOLs and interaction with them. Many brands now prefer to connect with smaller influencers because they are more communication with fans will make KOL look more authentic.

In the context of the popularity of social media, the fan appeal that KOLs have makes them a good marketing tool. Li et al. argue that KOL marketing essentially sees KOL as a source of electronic word-of-mouth(eWOM) influence, and the high credibility and relevance that eWOM brings can directly influence consumer attitudes and purchase behaviour [4]. The quality of the content of the recommendation message can directly impact Ewom and thus have a different impact on consumers' purchase intentions. Among them, promptness and the completeness of information are the key factors affecting the quality of information content.

2.2 Luxury products consumption

With the development of the Internet, luxury brands also show their exclusive brand personality to the public through social media. However, due to the democratic, the value of luxury as a status symbol decreases as more and more mass consumers participate in luxury consumption [5], thus affecting customers' perception of the brand's value.As a source of eWOM influence, identifying the right KOLs may be more effective in increasing consumer purchase intentions. However, in the luxury products field, most brands are still limited to cooperating with celebrities, over-emphasizing fan size and traffic and neglecting other factors, thus causing the mismatch mentioned above between brands and KOLs.

Most luxury consumption is conspicuous consumption. Consumers' subjective intentions determine whether they purchase luxury products or not. Therefore, in the process of luxury consumption, consumers' subjective value perception of luxury products can significantly influence purchase intention. In the context of social media, due to the hidden reality of social status, consumers' motivation to engage depends on the value they expect to get from experience [6]. When consumers receive more value than expected from a product or interaction, they increase their willingness to purchase and re-engage in consumption. Therefore, this paper will choose personal and functional value as the two variables of perceived value to study its influence on consumer purchase intention.

2.3 Stimuil-organism-response (SOR) Model

As a critical predictor of purchase behaviour, changes in consumers' purchase intentions may come from a combination of consumers' attitudes toward the product and interference from external factors. Therefore, this paper will introduce the SOR theory as the underlying research model for this paper. This model states that environmental stimuli affect individual behavioural decisions through the body's emotions and cognition. In this study, KOL and the information recommended by him belong to the external environmental stimulus; the perceived value of the consumer for the luxury products as a mediating variable, responding to the inner feelings of the research subjects when the external stimulus stimulates them. Luxury consumption is a complex purchase behaviour compared to available products; subjective factors significantly influence consumer purchase behaviour. Therefore, this paper will further subdivide the mediating variables of perceived value into functional perceived value and personal perceived value to explore the influence of KOL on the purchase decision of Chinese millennial consumers of luxury products.

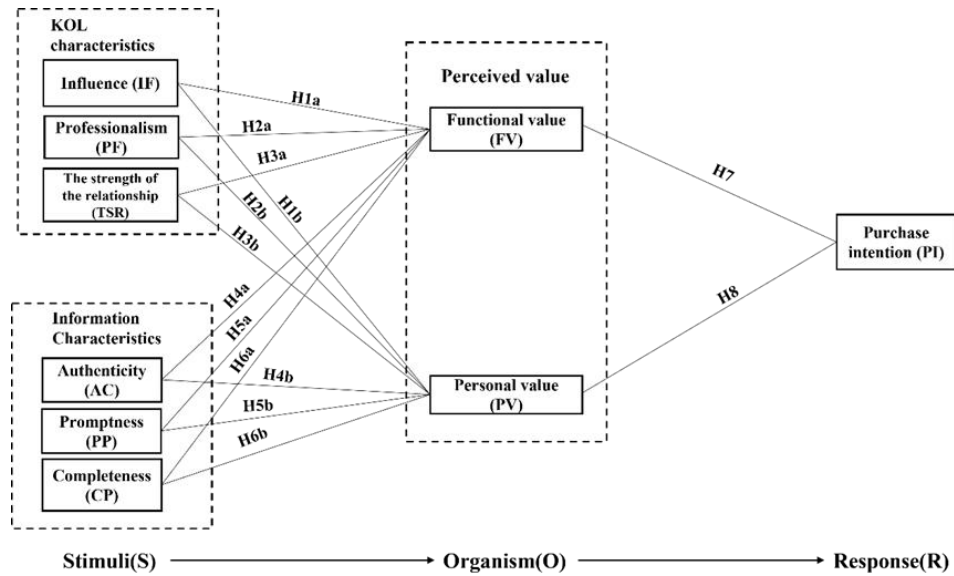The complete theoretical model is shown in figure 1.

KOL characteristics
- Influence (IF)
- Professionalism (PF)
- The strength of the relationship (TSR)

Perceived value
- Functional value (FV)
- Personal value (PV)

Information Characteristics
- Authenticity (AC)
- Promptness (PP)
- Completeness (CP)

Purchase intention (PI)

H1a, H2a, H3a, H1b, H2b, H3b, H4a, H5a, H6a, H4b, H5b, H6b, H7, H8

Stimuli(S) → Organism(O) → Response(R)

Figure 1 Hypothetical model

3. Finding

3.1 Reliability and Validity analysis

Cronbach's α is often employed as a reliability indicator for determining the internal consistency of a scale in quantitative research, KMO and Bartlett's sphericity test are often used to test the correlation between various variables. Examining the obtained data, the Cronbach's alpha values for each dimension varied from 0.784 to 0.848 (>0.7), the KMO value was 0.816 (KMO>0.7) and Bartlett's test of Sphericity reached a significant level (Sig<0.05), indicating that the questionnaire employed in this research was reliable and suitable for subsequent factor analysis.

3.2 Confirmatory factor analysis

After confirming the applicability of the data, this paper used confirmatory factor analysis to test the convergent validity of the data. As shown in Table 1, the CR values for each question item ranged from 0.779 to 0.850 and the AVE values ranged from 0.527 to 0.654. The questionnaire used in this study passed the confirmatory factor analysis and possessed good convergent validity.

Table 1 Confirmatory Factor Analysis

Factor	IF	PF	TSR	AC	PP	CP	FV	PV	PI
CR	0.797	0.850	0.779	0.820	0.797	0.785	0.811	0.791	0.847
AVE	0.567	0.654	0.541	0.602	0.567	0.550	0.588	0.557	0.527

3.3 Structural equation model validation

3.3.1 Model Fit

According to the results of the study shown in Table 2, all model fit indices fall within a respectable range, suggesting that the model fits the data adequately and is appropriate for further research.

Table 2 Model fit

Index	χ2	df	χ2/df	RMSEA	GFI	AGFI	RFI	NFI	IFI	TLI	CFI
Est.	401.711	348	1.154	0.017	0.949	0.936	0.919	0.931	0.990	0.988	0.990

3.3.2 Hypothesis validation

The model test in this study was performed using AMOS 24.0 software to test the 14 hypotheses in the entire model. The model parameters are shown in Table 3.

Table 3 Path analysis

Path			B	SE	Z	p	β	Hypothesis	Result
IF	→	FV	0.048	0.058	0.837	0.402	0.045	H1a	R
IF	→	PV	0.186	0.057	3.251	0.001	0.179	H1b	A
PF	→	FV	0.199	0.059	3.386	<0.001	0.177	H2a	A
PF	→	PV	0.159	0.057	2.802	0.005	0.145	H2b	A
TSR	→	FV	0.032	0.065	0.494	0.621	0.028	H3a	R
TSR	→	PV	0.261	0.066	3.965	<0.001	0.231	H3b	A
AC	→	FV	0.238	0.058	4.086	<0.001	0.227	H4a	A
AC	→	PV	0.293	0.057	5.097	<0.001	0.287	H4b	A
PP	→	FV	0.210	0.053	3.985	<0.001	0.216	H5a	A
PP	→	PV	0.134	0.050	2.654	0.008	0.141	H5b	A
CP	→	FV	0.266	0.052	5.099	<0.001	0.287	H6a	A
CP	→	PV	0.165	0.049	3.351	<0.001	0.182	H6b	A
FV	→	PI	0.259	0.047	5.559	<0.001	0.315	H7	A
PV	→	PI	0.254	0.048	5.316	<0.001	0.302	H8	A

Note: A=accepted; R=rejected.

4. Discussion

4.1 Interpretation of results

The empirical analysis of the hypothesis reveals that the influence of KOLs and the strength of their relationship with consumers do not significantly affect the perceived value of their functions. This has prompted brands to pay more attention to the suitability of KOLs and brands when working with KOLs. The professionalism of KOL and the completeness, authenticity and promptness of the information recommended by KOL significantly impact consumers' perceived value of functions. Those characteristics enable consumers to have a comprehensive knowledge of the product, which is conducive to consumers' evaluation of the product's functions through information. These external stimuli enhance consumers' engagement with the products, which in turn affects consumers' willingness to purchase luxury products.

This paper further confirming that both KOL characteristics and the external stimuli of their recommendation information characteristics have a significant impact on consumers' personal perceived value. This shows that in the process of KOL marketing, KOL and its recommendation information can generate positive, positive subjective emotions to consumers, thus promoting the purchase intention of consumers. The higher the influence of KOL and the stronger the professionalism of KOL, the higher the trust of consumers in KOL; at the same time, the familiarity between consumers and KOL can be enhanced by strengthening the interaction. The authenticity, completeness and promptness of KOL's recommendation information can help consumers make better decisions in the process of luxury consumption, thus creating the emotional feeling of convenient shopping and influencing their purchase

intention.

Both consumers' functional and personal perceived value have a significant and positive effect on consumers' purchase intentions. In the KOL marketing process, improving consumers' perception of luxury products' functional and personal value from all aspects can effectively influence consumers' purchase behaviour. Surprisingly, the standardized path coefficient (β) of practical perceived value is greater than that of personal perceived value. This means that the influence of functional perceived value on Chinese millennial consumers' willingness to purchase luxury products is more significant than that of personal perceived value on Chinese millennial consumers' desire to buy luxury products. For the brands, the design of the products may need to consider more practicality.

4.2 Theoretical implications

This research expands the KOL marketing theory in terms of its theoretical ramifications. It demonstrates the application of SOR theory to the investigation of luxury customer purchasing intent. The study demonstrates that KOL characteristics and KOL recommendation information characteristics as stimulus factors can influence customers' perceived functional and emotional value and confirms that perceived functional and emotional value play a significant role in the purchase intention of luxury products. Lastly, the model extends earlier research on buy intention influencing variables and differentiates between the influence of KOL traits and recommendation information features on customers' luxury products purchase intention.

4.3 Limitations

Due to my research capabilities and the limitations of the research environment, there are certain limitations in this study. First is the issue of sample size. In terms of the total number, the sample size of 506 questionnaires is still a tiny sample, and the conclusions drawn from it are still lacking in generality. Moreover, due to the limitation of questionnaire distribution channels, some respondents came from friends and friends' friends, which makes the sample limited in geography and cannot fully represent the whole Chinese millennial luxury consumers. In the follow-up study, the sample size should be enlarged and collected nationwide through professional organizations to draw more generalized conclusions.

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