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## **FACTEURS EXPLICATIFS DES CHOIX DE MODE D'APPROVISIONNEMENT CHEZ LES CONSOMMATEURS CHINOIS DE LUXE DES GÉNÉRATIONS « Y ET Z »**

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**Résumé :**

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D'ici 2030, au niveau mondial, la part du marché chinois du luxe devrait atteindre 25-27%, faisant de la Chine le plus grand marché du luxe au monde. Les consommateurs chinois représenteraient de 38 à 40% du marché mondial du luxe (Bain & Company, 2022a). Cette étude qualitative est basée sur 40 entretiens réalisés avec des consommateurs chinois des générations Y et Z, qui contribuent à 80% des dépenses en produits de luxe en Chine (Morgan Stanley, 2023). L'étude vise à explorer leurs motivations et les obstacles rencontrés lors de l'achat de produits de luxe et le choix des modes d'approvisionnement, en tenant compte de l'impact de la récente crise sanitaire liée à la COVID-19. Les résultats de la recherche révèlent de nouvelles motivations pour l'achat de produits de luxe, notamment le nationalisme, la relation entre la marque et le consommateur, les recommandations basées sur les *big data* et le contenu généré par les utilisateurs. Cette recherche est la première à examiner les risques perçus associés à l'achat de produits de luxe, identifiant six risques : fonctionnalité, risque esthétique, inaccessibilité, nationalisme, risque social et risque de dilution. De plus, trois facteurs liés aux bénéfices relationnels recherchés (confiance, social, traitement spécial) ont été identifiés dans leurs choix de modes d'approvisionnement. Cette étude pionnière explore les motivations qui poussent les consommateurs chinois à choisir différents modes d'approvisionnement pour les produits de luxe. Ces motivations englobent des facteurs tels que impulsifs, pratiques, symboliques, hédoniques et sensoriels, ainsi que le concept culturel chinois de *guanxi*<sup>1</sup>. En outre, cinq nouveaux risques perçus liés aux choix des modes d'approvisionnement ont été identifiés : risque de service non professionnel, risque d'indisponibilité, risque de coût, sentiment antipublicité et risque de contrefaçon.

**Mots-clés :**

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Luxe, Consommateurs chinois des générations « Y et Z », Motivations, Risques perçus, Bénéfices relationnels

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<sup>1</sup> Le terme *Guanxi* (“关系” en chinois) désigne les liens interpersonnels qui jouent un rôle clé dans différents aspects de la vie quotidienne des Chinois (Wang et al., 2011).

**EXPLANATORY FACTORS OF PROCUREMENT MODE CHOICES AMONG CHINESE “Y AND Z” GENERATIONS LUXURY GOODS CONSUMERS**

**Abstract:**

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By 2030, China's share of the global luxury market is expected to reach 25-27%, making it the largest luxury market in the world. Chinese consumers are projected to account for 38-40% of the global luxury market (Bain & Company, 2022a). This qualitative study is based on 40 interviews conducted with Chinese consumers from the “Y and Z” generations, who contribute to 80% of luxury goods spending in China (Morgan Stanley, 2023). The study aims to explore their motivations and obstacles in purchasing luxury goods and choosing procurement modes, considering the impact of the recent COVID-19 health crisis. The research findings reveal new motivations for luxury goods purchases, including nationalism, brand-consumer relatedness, recommendations based on big data and user-generated content. This research is the first to investigate perceived risks associated with luxury goods purchases, identifying six risks: functionality, aesthetic risk, inaccessibility, nationalism, social risk, and risk of dilution. Additionally, three factors related to relational benefits (confidence, social, special treatment) were identified in their procurement mode choices. This pioneering study examines the motivations driving Chinese consumers to select different procurement modes for luxury goods, incorporating impulsive, practical, symbolic, hedonic, and sensory factors, along with the Chinese cultural concept of *guanxi*<sup>2</sup>. Furthermore, five new perceived risks associated with procurement mode choices are identified: unprofessional risk, unavailability risk, cost risk, anti-advertising sentiment, and counterfeit risk.

**Keywords:**

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Luxury, Chinese consumers of “Y and Z” generations, Motivations, Perceived risks, Relational benefits

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<sup>2</sup> *Guanxi*, (“关系” in Chinese) is explained as interpersonal ties who plays a key role in various aspects of Chinese day-to-day lives (Wang et al.,2011).

## Managerial Summary

The **purpose** of this qualitative research is to identify possible key variables that allow luxury companies to better understand the purchasing behaviour of Chinese “Y and Z” generations customers, in order to segment clients more finely in the wake of COVID-19 outbreak. Specifically, this study focuses on the determinants of Chinese “Y and Z” generations customers’ luxury goods purchasing behaviour by better explaining the choice of procurement modes, examining their motivations, perceived risks, and relational benefits.

The **research question** is thus: What are the motivations, perceived risks, and desired relational benefits of Chinese “Y and Z” generations when purchasing luxury goods and choosing procurement modes?

The research findings indicate that Chinese consumers of “Y and Z” generations have specific motivations for purchasing luxury goods, including nationalism linked to Chinese cultures, brand-consumer relatedness, recommendations based on *big data* and user-generated content. This study is the first to explore perceived risks associated with purchasing luxury goods, identifying six risks perceived by them: functionality, aesthetic risk, inaccessibility, nationalism, social risk, and risk of dilution. In addition, the procurement patterns used by them for purchasing luxury goods are complex, involving intermediaries such as *daigou*<sup>3</sup> and online influencers. Besides, with the growth of international travel and cross-border e-commerce, there is also an emerging phenomenon of *haitao*<sup>4</sup>. Three factors of relational benefits – confidence, social, and special treatment - were identified as influencing procurement modes. Furthermore, five new perceived risks of procurement modes were identified: risk of unprofessional service, unavailability risk, cost risk, anti-advertising sentiment and counterfeit risk.

This study offers valuable insights for luxury brands, enabling them to gain a better understanding of Chinese “Y and Z” generations customers. Adapting communication strategies that cater to the specific needs of different segments of the Chinese market can be crucial for achieving success in China. Today, Chinese consumers of “Y and Z” generations have a strong sense of national identity, making it important for luxury brands to collaborate with local artists. In addition, celebrity endorsements and online influencers are also popular among young Chinese consumers, with 80% of them reported purchasing products endorsed by online influencers<sup>5</sup>. Therefore, it has become essential for luxury brands to collaborate with local influencers. Besides, young Chinese consumers are digitally savvy and are easily influenced by technology, particularly user-generated content and big data. In the online context, consumers rely on images, product information, consumer reviews and other persuasive cues. For instance, consumer-generated product reviews can produce a positive attitude toward the product (Gai, 2014). However, to maintain exclusivity, luxuriousness, and simplicity of online shopping, luxury retailers rarely have an online review system, which forces consumers to rely on experiences shared by other users on social media and third-party e-commerce platforms. Hence, luxury brands need to find ways to reduce the perceived risk of purchasing luxury goods online. Furthermore, companies have access to a vast amount of customer data, and leveraging frontline employees’ small data and firm-level big data (Lam et al., 2017) can be an opportunity for luxury brands to optimize the customer experience.

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<sup>3</sup> *Daigou* trade (“代购” in Chinese) means “*buying on behalf of someone else*” (Wang, 2017 : p.109).

<sup>4</sup> *Haitao* trade (“海淘” in Chinese) is defined by IResearch (2021a) as the purchase patterns of overseas goods by Chinese consumers through various channels and transaction methods both online and offline, usually from overseas countries, duty-free shops or domestic bonded warehouses.

<sup>5</sup> CHI R., The drum, *China’s KOL economy: shaping the conversation for western brands*, available online: [www.thedrum.com](http://www.thedrum.com), published on October 14,2021, (accessed on May 16,2022).

## EXPLANATORY FACTORS OF PROCUREMENT MODE CHOICES AMONG CHINESE “Y AND Z” GENERATIONS LUXURY GOODS CONSUMERS

### Introduction

Prior to the COVID-19 pandemic, more Chinese preferred to purchase luxury goods overseas. In 2019, China's domestic luxury market accounted for only 11% of global luxury sales, while the global share of Chinese consumers was 33% (Bain & Company, 2021, 2022a). However, the zero-COVID-19 policy and “dual circulation” strategy implemented by Chinese government led to a significant boost in domestic personal luxury sales<sup>6</sup>, which grew by 48% in 2020 and maintained growth at 36% in 2021. In fact, 94-98% of Chinese luxury consumers made their purchases locally in 2021 (Bain & Company, 2021, 2022b). Despite the strong growth in 2020 and 2021, the COVID-19 pandemic and associated lockdowns in China had a negative impact on the luxury market, causing it to contract by 10% in 2022 (Bain & Company, 2023). However, China’s decision to reopen its borders on January 8, 2023 is expected to drive a 20% increase in spending on luxury goods by Chinese consumers in 2023 (Morgan Stanley, 2023).

It is worth noting that **Chinese luxury consumers** are among the **youngest in the world**, with an average age of 28 years old<sup>7</sup>. 80% of spending on personal luxury goods in China is concentrated in generations “Y and Z” (Morgan Stanley, 2023). Bain & Company (2021) also points out that generation Y (1981-1995) and generation Z (1996-2015) would represent around 65-70% of the global personal luxury market by 2025. The generations “Y and Z” are expected to contribute about 180% of the global luxury market growth from 2019 to 2025 (Bain & Company, 2021). **The younger generations have become a key driver** of the medium and long-term global luxury market growth. We will define the Chinese “Y and Z” generations in this research as follows:

**Generation Y or Millennial** means the person born between 1980 to 1994, which includes the generations from post-80’s to before post-95’s.

**Generation Z or Gen Z** means the person born between 1995 to 2010, which includes the generations post-95’s and post-00’s.

Despite younger Chinese consumers becoming an increasingly important driver of the luxury market, research on this topic remains inadequate. Out of 432 peer-reviewed articles in the Web of Science database on luxury, luxury brand, or luxury fashion in the Chinese market between January 1, 2007 and July 3, 2023, only 27 articles specifically focused on young Chinese consumers. Furthermore, none of these articles have addressed the topics of overseas Chinese and Chinese student consumers abroad. While some researchers have previously studied Chinese luxury consumers' motivations to purchase luxury goods through official brand-operated channels (Li, 2014) before the COVID-19 pandemic, their motivations to do so during the COVID-19 crisis are still largely unknown, including the perceived risks associated with purchasing luxury goods. Additionally, the complex sourcing patterns that Chinese consumers use to obtain luxury goods (offline or online; direct or indirect; in mainland China or abroad) have

<sup>6</sup> “Dual circulation” policy is a strategy to reorient China's economy by prioritizing domestic consumption (“internal circulation”) while remaining open to international trade and investment (“external circulation”). Zhang X.L. and Yang C.Y., *加快形成国内国际双循环相互促进的新发展格局*, available online: [www.epaper.gmw.cn](http://www.epaper.gmw.cn), published on July 7, 2020, (accessed on February 20, 2021).

<sup>7</sup> Jing Daily, *Meet China's new, young luxury heroes for 2021*, available online: [www.jingdaily.com](http://www.jingdaily.com), published on January 6, 2021, (accessed on February 16, 2022).

not been explored. Moreover, the desired relational benefits (Gremler et al.,2019) of procurement modes with intermediaries, such as *daigou* (Wang, 2017), online influencers (iResearch, 2021b) and online third-party *haitao* platforms (iResearch, 2021a) are also not well understood. Furthermore, the motivations and perceived risks associated with selecting the different procurement modes used by Chinese “Y and Z” generations consumers of luxury goods have not been explored. This research aims to address these gaps in the literature, particularly in the context of the COVID-19 pandemic.

This article consists of 7 parts: background of the research; literature review ; methodology; research findings; discussions; limitations and future studies; acknowledgements.

## 1. Background of the research: Evolutions of the Chinese Luxury Market in the Post-COVID-19 Era

### 1.1. China’s Dynamic Zero-COVID Policy and “Dual Circulation” Policy Have Pulled Luxury Spending Back inside Its Borders

In April 2020, President XI introduced the “domestic-international dual circulation” policy<sup>8</sup> as a strategic approach to reorient China's economy. This policy aimed to prioritize domestic consumption (“internal circulation”) while remaining open to international trade and investment (“external circulation”) <sup>9</sup>. During the period of the dynamic zero-COVID policy, which involved restrictions on non-essential travel, China maintained closed borders. Influenced by the dynamic zero-COVID policy and the "domestic-international dual circulation" policy, domestic personal luxury sales in China experienced significant growth. In 2020, personal luxury sales in China increased by 48%, reaching nearly €68 billion (≈US\$ 75 billion at current exchange rates)<sup>10</sup>. The growth rate was maintained at 36% in 2021. This shift was primarily driven by the fact that 94-98% of Chinese consumers chose to spend on luxury goods within mainland China in 2021, a significant increase from 32% in 2019 (Bain & Company, 2022b). However, the strong start in early 2022 was disrupted by the largest COVID-19 wave in two years, leading to mobility restrictions and lockdown measures in 41 cities with high-risk areas. These measures impacted approximately 21.5 % of China’s population or 25.7 % of GDP (KPMG, 2022). China’s strict playbook of movement restrictions, mass testing, and surveillance measures presented unprecedented challenges to the local luxury consumer market (Siboni and Cui, 2022). Consequently, the Chinese luxury market **contracted by 10% in 2022** compared to the previous year, marking the end of a five-year period of robust growth<sup>11</sup>.

### 1.2. Digitalization in Mainland China is High and Accelerating Due to China's Dynamic Zero-COVID Policy

China is a resolutely digital environment. 1.032 billion Chinese netizens<sup>12</sup> spent 28.5 hours weekly online. Until December 2021, there are 81.6% (842 million) of the netizens use the online shopping in China (CNNIC,2022). China’s **retail e-commerce sales** reached US \$ 2.78 trillion in 2022, accounting for **50%** of global e-commerce spending (Totem, 2023).

<sup>8</sup> Xi J.P.,2020, Oct.31,2022, *国家中长期经济社会发展战略若干重大问题*, www.qsttheory.cn

<sup>9</sup> Zhang X.L. & Yang C.Y.,July 7,2020, *加快形成国内国际双循环相互促进的新发展格局*, www.epaper.gmw.cn

<sup>10</sup> NB : Exchange rates on July 4, 2023, € 1= US\$ 1.096, available on www.chl.cn.

<sup>11</sup> CPPLUXURY, China’s luxury market contracted 10% in 2022 on the year, Available at: www.cpp-luxury.com, published on 7 February,2023, (accessed on 16 February,2023).

<sup>12</sup> Internet users or Netizens: “*Chinese residents at the age of 6 or above who have used the Internet in the past 6 months*” (CNNIC,2022, p.68).

The **Chinese netizens born between 1980 and 1995** have the highest penetration of online shopping, amounting to **93%**(CNNIC,2022). Although physical stores still remain the primary channel for luxury product selling and brand building, due to the COVID-19 lockdowns and Chinese consumers' online shopping habits, the online personal luxury sales in China grew almost 56% and the offline sales grew at 30% in 2021. In 2021, the luxury duty-free store sales online penetration is around 50% in China (Bain & Company, 2022b).

### *1.3. COVID-19 Pandemic Has Taken China's Social E-commerce to A Whole New Level*

With the rise of digitalization in China, only about 4% of luxury consumers make their purchases solely through offline channels. The majority adopt a mix of online and offline channels to make their purchases, effectively "**choosing goods online and buying them offline**" (Tmall luxury and Roland berger, 2022). According to a Boston Consulting Group study (2016), digital offers the opportunity for a transformative difference in how luxury customers are reached and retained, with six out of ten luxury purchases influenced by digital channels. Bain & Company suggests that the luxury consumption will be **100% influenced by online interaction by 2025** (Pan, 2018)<sup>13</sup>. Nowadays, the social media platforms play an essential role in retail and influence consumption behaviour (Akar et al., 2015; Cao et al., 2021). It is about networking and infiltrating communities, such as **KOLs** (Key Opinion Leaders), **KOCs** (Key Opinion Customers) and **KOSs** (Key Opinion Sales), to attract new sales. In 2020, the size of China's KOL economy reached US\$ 212 billions<sup>14</sup>. 70% of China's Gen Z prefer shopping on social media and 80% of Chinese consumers report purchasing products endorsed by online influencers<sup>15</sup>.

Due to the COVID-19 crisis, 2020 became the beginning of the explosive growth of livestreaming e-commerce in China. In 2020, China's livestreaming e-commerce market reached CNY 1.2 trillion ( $\approx$ US\$ 1791 billion at current exchange rates<sup>16</sup>), with an annual growth rate of 197%, and is expected to grow at a compound annual growth rate of 58.3% over the next three years, with the scale of livestreaming e-commerce exceeding CNY 4.9 trillion ( $\approx$ US\$ **7313 billion** at current exchange rates) **in 2023**. Nowadays, company self-livestreaming has become one of the main sales scenarios for many brands, with 32.1% of the overall corporate livestreaming e-commerce turnover in 2020 and expected to account for nearly 50.0% in 2023.

### *1.4. China's Dynamic Zero-COVID Policy Puts the Brick-and-Mortar Stores and Daigou Business in the Doldrums*

The findings (n=4700) of Tencent and BCG (2021) show that since the outbreak of COVID-19 crisis, the previous dominate channel – overseas offline channel (from 43% in 2019 to 8% in 2021) and *daigou* (from 12% in 2019 to 2% in 2021) have declined significantly. Meanwhile, during the first half of 2022, in mainland China, a total of 23 department stores and more than 2800 apparel shops announced their closures.<sup>17</sup>

<sup>13</sup> Pan Y.L, Jingdaily, November, 2018, China is the key for a rosy global luxury market outlook: Bain & Co., available online: [www.jingdaily.com.com](http://www.jingdaily.com.com), (accessed on 13 February,2023).

<sup>14</sup> Finance Sina,July 29, 2021,报告：2020年我国红人新经济市场规模已经突破 1.3 万亿元, available online: [www.finance.sina.com.cn](http://www.finance.sina.com.cn),(accessed on May 16,2022).

<sup>15</sup> CHIR., The drum, Oct. 14,2021, China's KOL economy: shaping the conversation for western brands, available online : [www.thedrum.com](http://www.thedrum.com), (accessed on May 16,2022).

<sup>16</sup> NB : Exchange rates on June 12, 2022, US\$ 1= CNY6.7, available on [www.chl.cn](http://www.chl.cn).

<sup>17</sup> Ebrun (2022)上半年近 4700 家线下店关闭. Available at : [www.ebrun.com](http://www.ebrun.com), published on 31 August,2022, (accessed on 8 September,2022).

### 1.5. Chinese Nationalism Movements after the Outbreak of COVID-19 Incubate and Promote the Chinese “Guochao” Trends

Chinese leaders launched the **Patriotic Education Campaign** (PEC) in the post-Tiananmen period (1989), in an effort to inoculate China’s youth against an alleged Western ideological “peaceful evolution” strategy. From then on, the Chinese Communist Party (CCP) has explicitly tried to promote nationalism among Chinese youth (Johnston,2017). Chinese patriotic education generation means all Chinese born after 1978 (including 1978) (Johnston,2017). Furthermore, the racialised Sinophobic sentiments in international society towards China following the COVID-19 outbreak has raised the popular nationalism unprecedentedly high (Zhang,2022). The study of Daxue Consulting (2022, N=1000) shows that luxury goods from China surpassed those from France and Italy as the most attractive chosen by the Chinese. Among them 64.4% respondents have already previously purchased the Chinese luxury products.

## 2. Literature Review

The **research question** is: What are the motivations, perceived risks, and desired relational benefits of Chinese “Y and Z” generations when purchasing luxury goods and choosing procurement modes?

### 2.1. Motivations for Purchasing Luxury Goods

Scholars have identified **16 motivations** that drive consumers to purchase luxury goods, which can be grouped into 10 macro-dimensions (c.f. Appendix, Table 1). These include symbolic motives (Veblen effect, Snob effect, Bandwagon effect), hedonic motive, instrumental motive (perfectionist effect) (Vigneron and Johnson, 1999; Tsai et al., 2013), aesthetic motive (product design appeal) (Kumar and Noble, 2016), fashion effect (Krech et al.,1962), identity motives (actual self-congruency, family, reference groups) (Kotler and Keller, 2006 ), celebrity endorsement motive (Creevey et al., 2022), financial motive (Piiroinen, 2014), special occasions (Eastman et al., 2020) and Chinese cultures (*mianzi*<sup>18</sup>, *guanxi*<sup>19</sup>) (Wang et al.,2011).

Researchers have empirically identified several motivations behind the purchases of luxury goods by Chinese consumers. These motivations include **Veblen, snob, hedonic, and fashion effects** (Chadha and Husband, 2006; Danziger, 2005; Debnam and Svinos, 2007; Thomas, 2007; Heinemann, 2008; Tsai et al., 2013). In a study by Li (2014), it was found that **social, emotional, and symbolic** values have a positive impact on luxury brand commitment and purchase intention. Similarly, Martín-Consuegra et al. (2018) argue that both **hedonic** and **utilitarian** motivations of a luxury brand positively influence the brand relationship and behavioural intentions.

While China remains an extremely collectivist country where individuals rely on others for their livelihood and are highly concerned about how they are perceived by others (Markus and Kitayama, 1991), and face-related issues are common in Chinese culture (Li and Su, 2007). **Face** (*mianzi*, “面子” in Chinese) refers to “a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context” (Goffman, 1967 in Sun et al., 2011, p.390). People strive to gain and maintain face while avoiding losing it (Hwang,

<sup>18</sup> “Mianzi”, (“面子”) refers to “a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context” (Goffman, 1967 in Sun et al., 2011, p.390).

<sup>19</sup> “Guanxi”, (“关系”) is explained as interpersonal ties who plays a key role in various aspects of Chinese day-to-day lives (Wang et al.,2011).



1987). Chinese individuals tend to choose brands and products based on prestige (Wong and Ahuvia, 1998), because expensive luxury items symbolize wealth and success (Richins, 1994), allowing people to enhance their social standing by consuming them (Joy, 2001). **Gifting** has also been identified as a significant motive for luxury consumption in China (Wang et al., 2011). Previous research (Bond, 1991; Gu et al., 2008) has linked gifting to the establishment and maintenance of *guanxi* (“关系” in Chinese), which plays a crucial role in various aspects of Chinese daily life. *Guanxi* refers to interpersonal connections that are vital in Chinese society. Along with the concept of “face-saving,” the *guanxi* culture encourages Chinese consumers to consume luxury brands even beyond their means (Wang et al., 2011). Ger and Belk (1996) emphasize that Asians purchase luxury goods for their family members to showcase family wealth and status. In the business world, Rolex watches are considered ideal gifts for establishing *guanxi* with business partners and government officials in China (Ahlstrom, 2009). In other words, traditional Chinese cultural values such as *mianzi*, harmony, and *guanxi* influence materialistic aspirations and interest in luxury products in China (Sun et al., 2014).

## 2.2. Perceived Risks Associated with Purchasing Luxury Goods

Existing literature focuses on the perceived risks associated with purchasing second-hand luxury goods (c.f. Appendix, Table 2): functional, financial (Leisen and Nill, 2001); social, physical, psychological risks (Viot et al., 2014) and risk of wasting time (Veloutsou and Bian, 2008). However, there is a gap in research regarding the perceived risks of purchasing new luxury goods. There is a need to investigate **what risks Chinese consumers of “Y and Z” generations perceive when purchasing luxury goods, especially given the impact of the COVID-19 pandemic.**

## 2.3. Chinese Consumers of Luxury Goods and Their Diverse Purchasing Behaviours Across Multiple Procurement Modes

The purchasing behaviour of Chinese “Y and Z” generations consumers of luxury goods is influenced by **intermediaries** such as *daigou* (“代购” in Chinese), which refers to “*buying on behalf of someone else*” (Wang, 2017: p.109) and online influencers (N'Goala et al., 2019), who are defined as individuals “*deemed to have the potential to create engagement, drive conversation and/or sell products/services with the intended target audience* (Interactive Advertising Bureau, 2018, p.5), making the context complex. Moreover, the growing popularity of international travel and cross-border e-commerce has given rise to the phenomenon of *haitao* (“海淘” in Chinese), encompassing both online and offline overseas purchase patterns (IRsearch, 2021a).

The **lack of confidence** among Chinese customers in domestically available products (Zhao et al., 2019), along with the **price difference**, has led to the rise of the *daigou* business (Sham, 2017; Wang, 2017). Prior to the COVID-19 pandemic, purchasing through *daigou* agents was popular. The transactional value generated by *daigou* shoppers witnessed significant growth, increasing from CNY 5 billion ( $\approx$  US\$ 746 million at current exchange rates<sup>20</sup>) in 2009 to CNY 52 billion ( $\approx$  US\$ 7.76 billion at current exchange rates<sup>21</sup>) in 2018 (Liu, 2020). However, according to Tencent and BCG's study (2021, N=4700), the sales through the *daigou* channel have declined since the outbreak of the COVID-19 crisis, dropping from 12% in 2019 to 2% in 2021. This study aims to investigate the reasons behind the decrease in Chinese consumers' purchases through *daigou* agents. While *daigou* literature has not extensively explored

<sup>20</sup> NB : Exchange rates on June 12<sup>nd</sup>, 2022, US\$ 1= CNY6.7, available on www.chl.cn.

<sup>21</sup> NB : Exchange rates on June 12<sup>nd</sup>, 2022, US\$ 1= CNY6.7, available on www.chl.cn.

the concept of *guanxi*, the presence of social networks in this activity is notable (Peng and Wang, 2021; Wang, 2017; Sham, 2017).

Livestreaming has become a popular marketing and sales channel in the Chinese e-commerce market (iResearch, 2021b). Research by Mao (2022) shows that livestreaming sales do not negatively impact consumers' perception of luxury brands and can contribute to their willingness to purchase. Additionally, the influence of public figures with a negative reputation promoting luxury brands on livestreaming platforms does not impact the brand image. Conversely, the presence of public figures with a positive reputation on these platforms enhances the overall perception of luxury brands, excluding the perception of common design. Findings from a quantitative study conducted by Yu (2022) demonstrate that the perceived advantages of watching livestreaming videos are positively associated with the willingness of young Chinese consumers to purchase luxury cosmetic products online.

This research examines the purchasing behaviour of Chinese “Y and Z” generations consumers of luxury goods in **mainland China and abroad**. Mainland China has been the **largest outbound tourism market**, with 155 million outbound trips and over US\$133.8 billion in expenditures recorded in 2019 (UNWTO and CTA, 2019; CTA, 2020). Previous studies have focused on Chinese outbound tourists' shopping practices (Guo et al., 2009; Jin et al., 2020), characteristics (Xiang, 2013), and the *daigou* tourism phenomenon (Zhang, 2021). A study by Hung et al. (2021) indicates that Chinese luxury travellers value good service and prestige while seeking a good deal. However, there is still a limited understanding of the motivations, perceived risks and desired relational benefits of Chinese luxury buyers abroad.

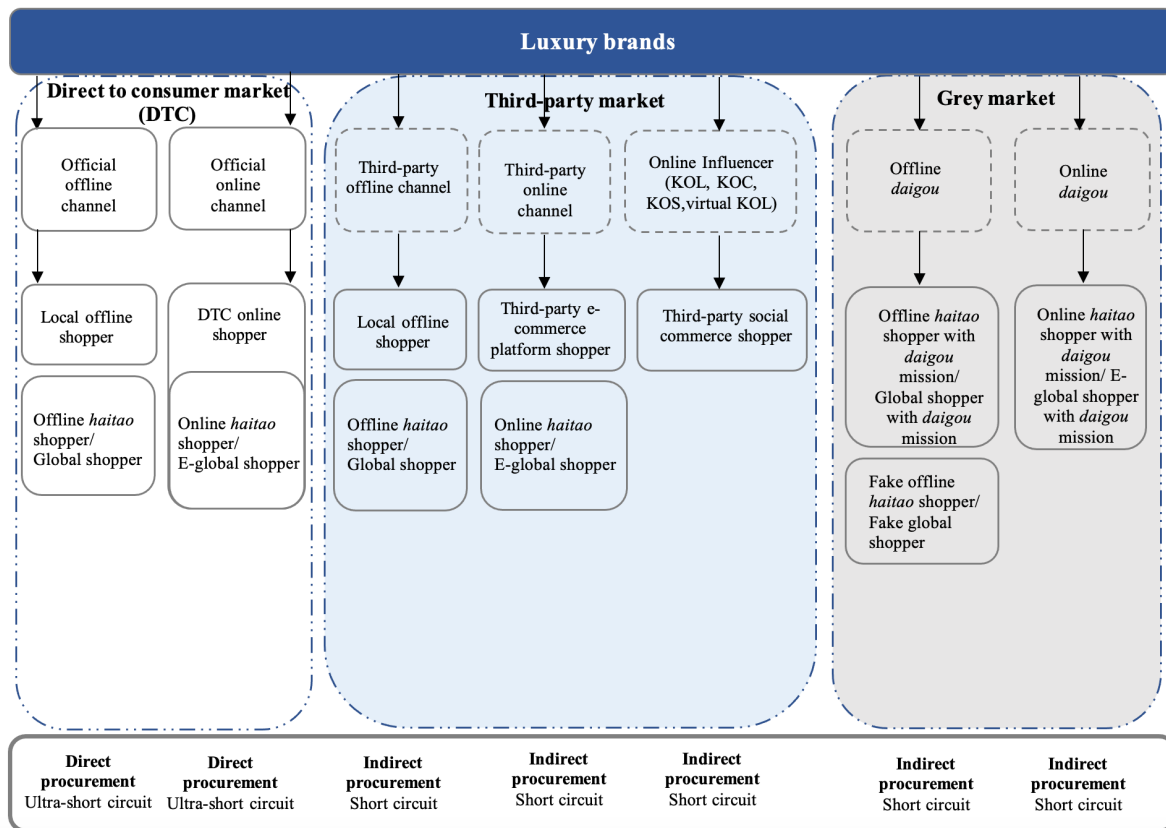
With the rise of cross-border e-commerce, Chinese consumers now have the opportunity to directly purchase products from countries or regions outside China through domestic and international online platforms. In 2021, the value of China's imports and exports in cross-border e-commerce reached 1.98 trillion yuan ( $\approx$ US\$ 296 billion at current exchange rates<sup>22</sup>), showing a year-on-year growth rate of 15% (CNNIC, 2022). Furthermore, the number of cross-border online shoppers in mainland China reached 155 million by the end of 2021 (Statista, 2022). It is noteworthy that millennials and Gen Z consumers, play an important role in driving cross-border e-commerce, accounting for 83.8% of cross-border e-shoppers in China (iResearch, 2021a). However, there is still limited research on the *haitao* phenomenon in the context of luxury goods, particularly in the post-COVID-19 era.

Overall, the purchasing behaviour of Chinese “Y and Z” generations consumers of luxury goods is influenced by various intermediaries, such as *daigou*, online influencers, and *haitao* trade, making the context complex and deserving of further investigation. To better understand this behaviour, we will combine the concepts of distribution channels (Gaulin et al., 1993) and distribution circuits (Vandercammen and Jospin-Pernet, 2010). Specifically, we define **direct procurement mode** as a purchase made by the consumer through the ultra-short circuit (direct circuit); and **indirect procurement mode** as a purchase made through the short circuit (semi-direct circuit). We will propose a quasi-exhaustive list (Chart 1) of **procurement modes** used by Chinese consumers of the “Y and Z” generations when purchasing luxury goods, taking into consideration the post-COVID-19 context.

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<sup>22</sup> NB: Exchange rates on June 12, 2022, US\$ 1= CNY6.7, available on [www.chl.cn](http://www.chl.cn).

**Chart 1: Procurement Modes Used by Chinese Consumers of “Y and Z” generations for Purchasing Luxury Goods: An Initial Analysis**  
(Authors: an analysis of literature review)



#### 2.4. Relational Benefits and Motivations for Choosing Procurement Modes

Consumers of luxury goods expect to receive various relational benefits (Miller, 2012). Gremler et al. (2019) identified three specific types of relational benefits (confidence, social, and special treatment) that positively affect the quality of the customer-company relationship (c.f. Appendix, Table 3). The desired relational benefits should influence the procurement modes that consumers choose. However, previous research has primarily focused on the impact of these benefits on commitment and loyalty, without considering possible mediation (Gremler et al., 2019). Furthermore, there is a lack of research on consumer motivation for selecting a particular procurement mode. Therefore, it is important to understand the **desired relational benefits of procurement modes used by Chinese “Y and Z” generations consumers of luxury goods within the COVID-19 context, as well as the underlying motivations driving their choice of a particular procurement mode.**

#### 2.5. Perceived Risks Associated with Procurement Modes

Previous research has identified six dimensions of perceived risks in online shopping in a non-luxury environment (Appendix, Table 4): time/convenience (Forsythe et al., 2006), privacy risk (Jarvenpaa and Todd, 1996), source risk (Lim, 2003), concerns of delivery, transaction security risk, and customer service risk (Choi and Lee, 2003). However, there is a lack of research on the perceived risks associated with purchasing luxury goods through different procurement modes, especially via intermediaries. Given the more complex procurement modes used by Chinese “Y and Z” generations consumers of luxury goods, we aim to identify the

**perceived risks of procurement modes** chosen by them, taking into consideration the post-COVID-19 context.

### 3. Methodology

First, this section aims to provide evidence supporting the relevance of the chosen methodological approach by drawing on previous studies that have analysed consumer shopping behaviours. Additionally, we describe the processes involved in the sample selection, data collection, coding, and analysis of the collected data.

#### *3.1. Research Approach and Epistemological Position*

We adopted a qualitative research method, specifically **individual in-depth semi-structured interviews**, which is well-suited for investigating motivations, attitudes, values, and experiences (Adams, 2015). Semi-structured interviews allow for probing questions, facilitating the discovery of new and relevant topics and aiding interviewees in effectively recalling information. Probing questions also enhance social interaction, thereby strengthening the relationship between the interviewer and interviewee (Brinkmann and Kvale, 2018). The interview results revealed potential key variables, allowing for the inclusion of new emerging variables not previously addressed in the research question and establishing a foundation for the quantitative research framework. This approach follows **an abductive approach**, which involves navigating back and forth between theory and the empirical field, continually seeking to leverage their complementarity (Gavard-Perret et al., 2012).

#### *3.2. Sample, Data Collection, Coding, and Analysis*

Between October and November 2022, we conducted **28** semi-structured individual interviews with Chinese “Y and Z” generations consumers of luxury goods, including 22 local Chinese and 6 respondents living outside China (Japan, South Korea, Germany, France) (c.f. Appendix 2, Table 5). The interview guide was piloted with 4 consumers, and the questions were adjusted to improve the logical flow. The data collected from local Chinese consumers reached the theoretical saturation point after 20 interviews (Strauss and Corbin, 1998). However, we needed to collect more data from some overseas Chinese and Chinese students studying abroad, as the data revealed differences between local and overseas Chinese consumers in terms of motivations, relational benefits, perceived risks, and procurement modes for luxury goods. Moreover, China had announced on December 7, 2022, a roll-back of its strict anti-COVID-19 measures<sup>23</sup>. Then it reopened its borders on January 8, 2023<sup>24</sup>, which introduced new factors in this changing situation. Between December 2022 and January 2023, we conducted **2** interviews with local Chinese and **10** interviews with overseas Chinese and Chinese students studying abroad (Singapore, France, USA, Canada) (c.f. Appendix 2, Table 5). The data collection ceased after reaching the **theoretical saturation point**, meaning that additional interviews no longer provided new insights (Strauss and Corbin, 1990).

To ensure the selection of highly informative participants for our study, we employed purposive sampling, specifically targeting individuals who aligned with the “**positive valence**” (Hollebeek et al., 2014, p. 154) of our research question. Therefore, we only included consumers who had: (1) purchased item(s) from their favourite luxury brand within the past 12 months

<sup>23</sup> NPR, *China announces a roll-back of its strict anti-COVID-19 measures*, available online: [www.npr.org](http://www.npr.org), published on December 07, 2022, (accessed on December 07, 2022).

<sup>24</sup> Zhou J. and Tian Y.L., Reuters, *China reopens borders in final farewell to zero-COVID*, available online: [www.reuters.com](http://www.reuters.com), published on January 8, 2023, (accessed on February 16, 2023).

(to capture those with recent experience and consumption of luxury products), and (2) made purchases before the COVID-19 outbreak (to understand the impact of COVID-19 on their purchasing behaviour). Volunteers who did not meet these two criteria were not invited to participate in the interviews. We utilized two sampling approaches: **purposive sampling** and **snowball sampling** (Quach and Thaichon, 2017). Initially, we sought respondents who had purchased luxury goods in the past 12 months. Additional participants were recruited through snowball sampling, whereby interviewees recommended others in their social circles who met the study criteria. The lead author contacted these referrals. There was no financial incentive for participating in the study. The interviews were conducted in Chinese, either face-to-face, by telephone, or through audio-visual means. All interviewees' identities were anonymized, and the interviews lasted between 25 minutes to 1 hour. To ensure consistency, the lead author conducted all interviews and transcribed each one without waiting for all interviews to be completed (Silverman, 2016). The interviews were conducted, recorded, and transcribed verbatim. Data collection ceased once theoretical saturation was reached.

For qualitative analysis, we employed computer-assisted qualitative data analysis software - **Nvivo. Thematic analysis** was used due to its flexibility in treating the entire text as a potential unit of analysis and its ability to extract codes and themes (Braun et al., 2019). The initial coding grids (pre-codes) were based on the literature review (theory driven), while new codes (post-codes) also emerged (data driven) (Fereday and Muir-Cochrane, 2006).

#### 4. Research Findings

##### *4.1. Motivations for Purchasing Luxury Goods by Chinese Consumers of “Y and Z” Generations*

The study's findings confirm the motivations for purchasing luxury goods identified in the literature review, including symbolic, hedonic, instrumental, aesthetic, identity, financial motives, fashion effect, special occasions, as well as celebrity endorsement, and Chinese cultures related to *mianzi* and *guanxi*. **Four new motivations** for purchasing luxury goods by Chinese consumers of “Y and Z” generations have emerged: nationalism related to Chinese cultures, brand-consumer relatedness, recommendations based on big data and user-generated content (c.f. Table 1). It is worth noting that the factor of nationalism did not influence the purchasing motivation of overseas Chinese consumers. On the one hand, luxury products are becoming increasingly accessible to a larger number of consumers due to globalization and the democratization of luxury. As a result, luxury brands face the risk of dilution, as the exclusivity and "distance to the public" are weakened (Kapferer, 2015; Zeng, 2018). On the other hand, Chinese consumers of “Y and Z” generations seek a closer and more equal relationship with luxury brands, considering them as friends, family members, teachers, colleagues, etc., rather than feeling looked down upon or distanced from them.

**Table 1: Motivations for purchasing luxury goods by Chinese consumers of “Y and Z” generations**

Motivations		Verbatims
Symbolic motive	Veblen effect	<i>“One of the reasons I purchase luxury watches is to display my social status and position in society (M_Y_Technical director_Beijing_CN).”</i>

	<b>Snob effect</b>	<i>“I purchased this luxury brand because I believe it aligns with my desired level of prestige and social status (F_Y_CEO_Shanghai_CN).”</i>
	<b>Bandwagon effect</b>	<i>“A luxury watch serves a social function in that it is associated with a particular social circle. The watch I wear may differ based on the specific social circle I am a part of, or I may need to switch watches when transitioning from one circle to another (M_Y_Technical_director_Beijing_CN).”</i>
<b>Hedonic motive</b>	<b>Hedonic effect</b>	<i>“Wearing a famous brand will make me very happy (F_Z_Student_Beijing_CN).”</i>
<b>Instrumental motive</b>	<b>Perfectionist effect</b>	<i>“The reason I like this brand is because their bags are durable, practical, and exceptionally well-crafted (F_Y_Product_manager_Beijing_CN).”</i>
<b>Aesthetic motive</b>	<b>Product design appeal</b>	<i>“I appreciate this luxury brand because it embodies a strong sense of design and creativity (F_Z_Student_Hohhot_CN).”</i>
<b>Fashion effect</b>		<i>“I sometimes feel like I buy luxury goods more for the sake of keeping up with the trend rather than for my genuine appreciation of them (F_Y_Student_Shanghai_CN).”</i>
<b>Identity motive</b>	<b>Actual self-congruency</b>	<i>“I feel that the design of this brand aligns well with my personal style and self-image (F_Z_Project_manager_Shanghai_CN).”</i>
	<b>Family</b>	<i>“I tend to purchase the same luxury brands as my parents (F_Z_Student_Beijing_CN).”</i>
	<b>Reference groups</b>	<i>“When I was studying in South Korea, I was influenced by my peers to buy luxury goods. The prevalence of luxury consumption among my classmates made me feel that it was the norm, and I followed suit (M_Z_Teacher_Chengdu_CN).”</i>
	<b>Relatedness*<sup>25</sup></b>	<i>“I want to establish a genuine connection with a luxury brand, for example like friends, where mutual understanding and respect exist. Instead of adopting a condescending attitude towards consumers, luxury brands should strive to comprehend their needs and expectations. By doing so, they can effectively communicate messages that resonate with their consumers, building a lasting relationship based on equality and trust (F_Z_Project_manager_Shanghai_CN).”</i>
<b>Celebrity endorsement motive</b>		<i>“I am committed to choosing brands endorsed by Li Yuchun [a Chinese singer], because I know that my purchase of products from her endorsed brands is a way to support her and contribute to her success. Additionally, while the choice of a brand may not be a significant factor for me, I do believe that every brand has at least one product that would be suitable for me or my friends, so why wouldn't I buy the brand endorsed by my favourite celebrity (M_Y_Student_Beijing_CN).”</i>

<sup>25</sup>The factor marked with an asterisk (\*) indicates a new emerged element.

<b>Financial motive</b>		<i>“When purchasing luxury items, the preservation of their value is a crucial factor for me. (F_Y_Business development director_Stuttgart_DE).”</i>
<b>Special occasions</b>		<i>“Luxury bags are typically most appropriate for formal occasions (F_Z_Student_Paris_FR).”</i> <i>“This bracelet was gifted to me by my husband to celebrate our first wedding anniversary (F_Y_Office manager_Shenyang_CN).”</i>
<b>Chinese cultures</b>	<b>Mianzi</b>	<i>“Luxury bags are more recognisable to the public and they give me mianzi when worn(F_Y_Professor_Yanji_CN).”</i>
	<b>Guanxi</b>	<i>“While some luxury brands may not appeal to my personal taste, I am aware that others may appreciate their styles. Therefore, I am willing to purchase products from these brands as gifts for those who do enjoy their aesthetics (F_Y_Student_Lyon_FR). ”</i>
	<b>Nationalism motive*</b>	<i>“Following the pandemic, I have been increasingly drawn towards purchasing luxury products from local Chinese designer brands. In light of the current economic climate, I believe it's crucial to support the national economy by investing in Chinese luxury goods. Therefore, I plan to continue buying more Chinese luxury products in the future (F_Y_CEO Tongliao_CN).”</i>
<b>Recommendation</b>	<b>Big data*</b>	<i>“Last year, all of the luxury products I purchased were recommended by RED, based on my search history. While I find the recommendations from the big data on RED's homepage to be useful, I don't rely on influencers. I simply rely on the algorithm to continuously push the recommendations based on my preferences. Ultimately, if I find something that catches my eye and meets my standards of beauty, I will make the purchase (F_Y_Product manager_Beijing_CN).”</i>
	<b>User-generated content*</b>	<i>“Before making a purchase on RED, I will thoroughly review the product descriptions and user feedback to make a decision on whether or not to purchase it (F_Y_Student_Heze_CN).”</i>



#### 4.2. Perceived Risks of Purchasing Luxury Goods by Chinese Consumers of “Y and Z” Generations

This study is the **first to investigate the perceived risks** associated with purchasing new luxury goods by Chinese consumers, we will illustrate the definitions as follows. (c.f. Table 2):

**Table 2: Perceived risks of purchasing luxury goods**

(Source: Authors)

Perceived risk	Definition
<b>Functional risk</b>	Product does not work as intended.
<b>Aesthetic risk</b>	Design does not meet individual aesthetic standards.
<b>Inaccessible risk</b>	Due to the exclusivity of luxury products, some models are reserved for a limited group of consumers.
<b>Risk of dilution</b>	A luxury brand suffers brand dilution and loses its halo in the eyes of consumers, due to the democratisation of luxury and the business expansion globally.
<b>Nationalism</b>	Brand's actions offend the patriotic sensibilities of consumers.
<b>Social risk</b>	Fear of shame or loss of face and negative reactions from society.

The findings indicate six perceived risks: functional and aesthetic risk, inaccessible risk due to the exclusivity of luxury brand, risk of dilution related to democratisation of luxury and globalisation, nationalism risk, and social risk. Among these, only functional and social risks are shared with the perceived risks of purchasing second-hand luxury goods. Additionally, the nationalism risk was only found among local Chinese respondents (c.f. Table 3).

**Table 3: Perceived risks of purchasing luxury goods by Chinese consumers of “Y and Z” generations**

Perceived risk	Verbatims
<b>Functional risk</b>	<i>“The hardware on the Prada bag I purchased was of such poor quality that it left me with a negative impression of the brand (F_Y_Student Shanghai_CN).”</i>
<b>Social risk</b>	<i>“I used to consider [brand] as my favourite, but after their involvement in the 'mamiqun' (horse head skirt) issue, I can no longer support it. Not only did it emotionally hurt me, but also raised concerns about how others may perceive me if I continue to consume this brand (F_Z_Student Hoh-hot_CN).”</i>
<b>Aesthetic risk*<sup>26</sup></b>	<i>“I am not fond of the design of [brand], as I find it overly ornate (F_Y_Student Lyon_FR).”</i>
<b>Inaccessible risk*</b>	<i>“The use of a hunger marketing strategy by [brand] is unacceptable to me. It is difficult for me to obtain the specific style that I desire (F_Z_Student Paris_FR).”</i>
<b>Risk of dilution*</b>	<i>“I dislike [brand] because I find it vulgar. It seems to be popular among Chinese tycoons, which doesn't align with my personal taste (M_Y_Technical director Beijing_CN).”</i>
<b>Nationalism risk*</b>	<i>“I refuse to purchase brands that insult China, such as those whose designs exclude Hong Kong and Taiwan from the map of China, or brands</i>

<sup>26</sup>The factor marked with an asterisk (\*) indicates a new emerged element.



*that participate in the boycott of Xinjiang cotton. I choose not to support them (M\_Y\_Student\_Beijing\_CN)."*

#### 4.3. Impact of COVID-19 Pandemic on the Procurement Modes Used by Chinese "Y and Z" Generations Consumers of Luxury Goods

The COVID-19 pandemic and restrictions on non-essential travel have resulted in a shift in luxury consumption among Chinese consumers in mainland China from foreign market to the domestic market. The trend towards digitalization has accelerated, with social e-commerce experiencing a significant boost due to lockdown measures. However, *daigou* and *haitao* trades, which involve overseas procurement of luxury goods, have suffered due to longer delivery times and concerns around the health and safety risks associated with international shipments (c.f. Table 4).

**Table 4: Impact of COVID-19 pandemic on the procurement modes used by Chinese "Y and Z" generations consumers of luxury goods**

Impact of COVID-19	Verbatims
<b>Shifted their consumption from abroad to the domestic channel*</b> <sup>27</sup>	<i>"After the Covid-19 outbreak, international travel has become impossible, so I am now limited to traveling domestically, such as shopping at duty-free shops in Sanya (F_Y_Bar owner_Yantai_CN)."</i>
<b>Digitalization is accelerating*</b>	<i>"Due to the lockdown of our residential area, I had to resort to online shopping (F_Y_Office manager_Shenyang_CN)."</i>
<b>Social e-commerce is booming*</b>	<i>"Due to being quarantined at home, I didn't have many entertainment options, so I started watching more short videos and live streaming platforms. I also began shopping through live streaming platforms (F_Y_Bar owner_Yantai_CN)."</i>
<b>Daigou trade is suffering*</b>	<i>"Due to the COVID-19 pandemic, I stopped buying luxury goods through daigou as the delivery time had become excessively long. Additionally, I am concerned about the risk of the virus being transmitted through the parcels (F_Y_Professor_Yanji_CN)."</i>
<b>Haitao trade is also in difficulty*</b>	<i>"Due to the COVID-19 pandemic, haitao shopping has become quite inconvenient. The shipping time, which used to take about three weeks, can now take up to a month or even two. Sometimes, the products do not arrive for a long time, causing me to buy less frequently (F_Y_Product manager_Beijing_CN)."</i>

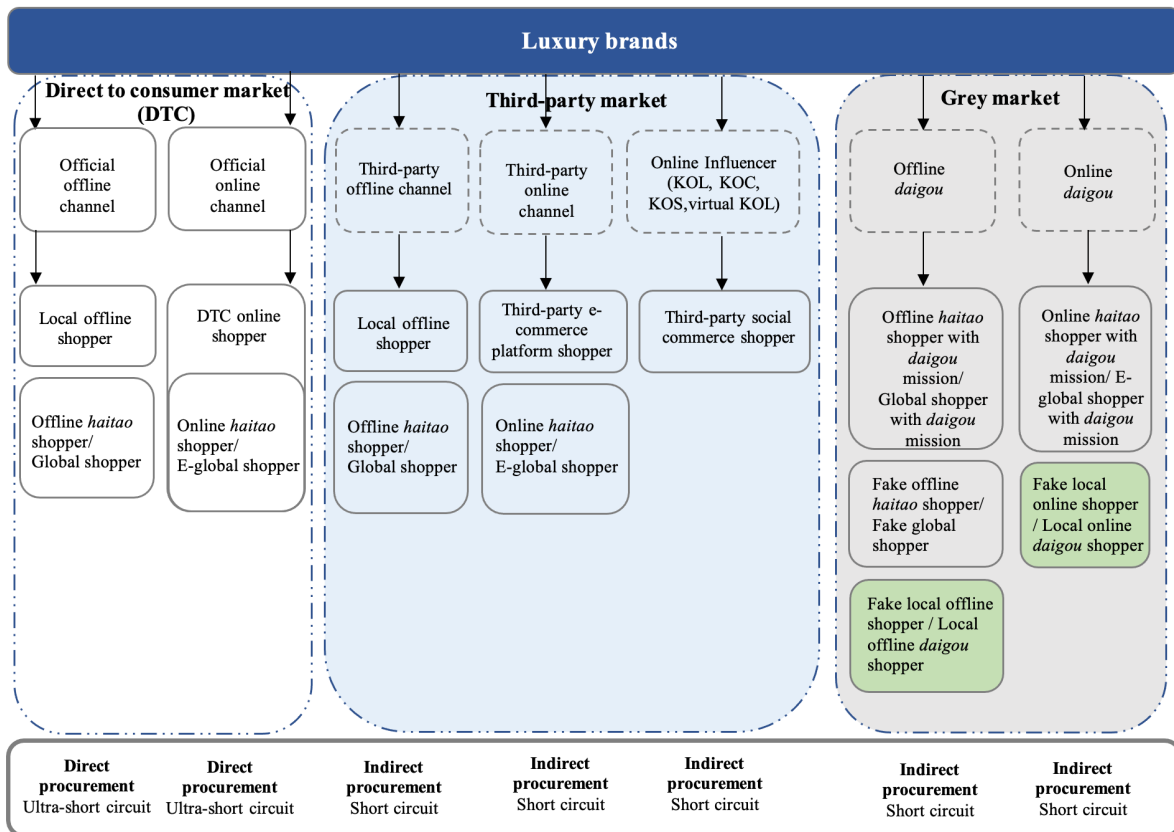
Zhao (2020, p.2554) defined the *daigou* activity as the interpersonal business "*practice of purchasing locally manufactured products overseas and reselling them to consumers in China via international courier services.*" However, our qualitative data revealed the existence of local *daigou* trade, where Chinese consumers purchase luxury goods through local *daigou* shoppers. As Z\_Student\_Zhangjiakou\_CN argued: "*I frequently purchase jade products through (local) daigou agent, because he is very professional and reliable. He can help me avoid buying counterfeit products... He also provides excellent after-sales service. He would follow up with me after I receive the goods, inquiring about my user experience.*"

<sup>27</sup>The factor marked with an asterisk (\*) signifies the newly emerged element.

This finding allows us to update the procurement modes used by Chinese “Y and Z” generations consumers of luxury brands, including the fake local offline shopper (or local offline *daigou* shopper) and fake local online shopper (or local online *daigou* shopper) (c.f. Chart 2). In the following sections, we will analyse the reasons why mainlanders choose *daigou* shoppers, their desired relational benefits, and the perceived risks associated with these procurement modes.

**Chart 2: Procurement Modes Used by Chinese Consumers of “Y and Z” Generations for Purchasing Luxury Goods**

(Authors: an analysis of literature review and qualitative data from consumers)



4.4. *Desired Relational Benefits in Procurement Modes Used by Chinese “Y and Z” Generations Consumers of Luxury Goods*

Regarding the desired relational benefits of Chinese “Y and Z” generations consumers, the findings highlight the importance of **confidence** benefits, **social** benefits, and **special treatment** benefits in various procurement modes. Confidence benefits and social benefits are particularly relevant in official channels. Additionally, Chinese consumers of “Y and Z” generations primarily seek special treatment benefits in terms of time-saving advantages from official channels. Conversely, the results indicate that Chinese consumers of “Y and Z” generations primarily seek special treatment benefits related to economic advantages in non-official channels, such as *daigou* and *haitao* trades, as well as third-party e-commerce platforms. However, it should be noted that social benefits are absent in the online *haitao* pattern. Respondents typically place their orders directly through the platform without contacting customer service, as

the return service is guaranteed. In contrast, social benefits are important in livestreaming shopping and *daigou* trade. In fact, the *daigou* trade is closely associated with confidence benefits and social benefits (Table 5).

**Table 5: Desired relational benefits in procurement modes used by Chinese “Y and Z” generations consumers of luxury goods**

Procurement mode		Relational benefits
Direct to consumer market	Official of-line channel	<p><b>Social benefits, special treatment benefits*<sup>28</sup>:</b>  <i>“I prefer visiting physical shops as I enjoy the shopping experience and being assisted by knowledgeable sales staff who can provide me with personalized recommendations and assistance. In addition, during the lockdown period, I was pleasantly surprised to receive a greeting message from the store manager, which made me feel valued as a customer. This personal touch and attention to customer service are important to me and make the shopping experience more enjoyable (F_Y_Business development director_Stuttgart_DE).”</i></p> <p><b>Confidence benefits, social benefits*:</b>  <i>“I prefer to purchase luxury goods from a brand's physical store or official website. This allows me to see and feel the product in person, which gives me more confidence in its authenticity. Furthermore, buying directly from the brand often guarantees better consumer service and warranty options(F_Y_Accountant Paris FR).”</i></p>
	Official online channel	<p><b>Confidence benefits*:</b>  <i>“I prefer buying from the official website of a brand because I can have the assurance of purchasing a genuine product (F_Z_Student_Hohhot_CN).”</i></p> <p><b>Special treatment benefits*:</b>  <i>“I prefer the convenience and time-saving aspect of shopping online from the comfort of my own home (F_Y_Painter Paris FR).”</i></p>
Grey market	Overseas Of-line/ Online <i>daigou</i>	<p><b>Confidence benefits*:</b>  <i>“I often rely on my friends to make purchases overseas for me because I trust them (M_Y_Technical director_Beijing_CN).”</i></p> <p><b>Special treatment benefits*:</b>  <i>“I purchase luxury goods through daigou mainly because of the cost advantage it offers. (M_Y_Student_Beijing_CN).”</i></p>
	Local Offline/ Online <i>daigou</i>	<p><b>Confidence benefits* and social benefits*:</b>  <i>“I frequently purchase jade products through daigou agent, because he is very professional and reliable. He can help me avoid buying fake goods... He also provides excellent after-sales service. He would follow up with me after I receive the goods, inquiring about my user experience (M_Z_Student_Zhangjiakou_CN).”</i></p>

<sup>28</sup>The factor marked with an asterisk (\*) indicates a new emerged element.

Third-party market	Third-party offline channel	<p><b>Special treatment benefits*:</b>  <i>“I prefer to shop for luxury items at malls because they often offer rewards points for purchases and provide discounts on member days (F_Z_Student_Paris_FR).”</i></p>
	Third-party online channel	<p><b>Special treatment benefits*:</b>  <i>“I used to rely on third-party online flagship stores for my luxury purchases due to the convenience and time-saving benefits of online shopping (F_Y_Shenyang_Office manager_CN).”</i>  <i>“Online shopping offers many benefits such as promotions and discounts, especially during festive seasons. Additionally, third-party online stores often provide instalment payment services, which I find useful. If the payment plan is interest-free, I would opt for the instalment payment option (F_Z_Project manager_Shanghai_CN).”</i></p>
	Online influencers (KOLs, KOCs, KOSs, virtual KOLs)	<p><b>Social benefits*:</b>  <i>“Live streaming has the biggest advantage of providing real-time interaction with the presenter. This makes me feel valued when the presenter responds to my comments and questions, which in turn increases my enthusiasm for consuming the product. Another benefit is that presenters on live streaming platforms are usually very professional and knowledgeable, which can help me make more informed purchase decisions (F_Y_Office manager_Shenyang_CN).”</i></p> <p><b>Confidence benefits*:</b>  <i>“Based on the positive feedback from other users who had purchased products from the shop through the live streaming channel, I decided to trust the shop and make a purchase (F_Y_Office manager_Shenyang_CN).”</i></p> <p><b>Special treatment benefits*:</b>  <i>“The recommendation system is tailored to my preferences, taking into account my search history, taste, and favorite items, which saves me a significant amount of time (F_Y_Business manager_Beijing_CN).”</i></p>

#### 4.5. Motivations for Choosing Procurement Modes Used by Chinese “Y and Z” Generations Consumers of Luxury Goods

This study is the **first to examine the motivations** behind Chinese “Y and Z” generations consumers’ choices of procurement modes for luxury goods. In addition to the relational benefits sought by Chinese “Y and Z” generations consumers of luxury goods through various procurement modes mentioned above, there are other factors that drive them to choose official brick-and-mortar stores. These include impulsive, practical, symbolic (Veblen effect, Snob effect and Bandwagon effect), hedonic and sensory motives. Livestreaming e-commerce is associated with impulsive motive. *Haitao* trade is linked to Snob effect. *Daigou* trade is closely connected to the concept of *guanxi* and the confidence benefits. All respondents stated that their *daigou* agents are either their friends or family members, or those recommended by their close circle, as *guanxi* plays a vital role in Chinese culture (Guo et al., 2018). Compared to Western rule-based, China is a *guanxi*-based society, where interpersonal trust between individuals can effectively facilitate business transactions (Zhao and Vinig, 2019; Shareef et al.,

2020). Unlike local Chinese consumers of “Y and Z” generations who have multiple choices of procurement modes, overseas Chinese tend to favour official channels. (c.f. Table 6).

**Table 6: Motivations for choosing procurement modes used by Chinese “Y and Z” generations consumers of luxury goods**

Procurement mode	Motivations
<p><b>Direct to consumer market</b></p> <p><b>Official of-line channel</b></p>	<p><b>Impulsive motive:</b>  <i>“I often make impulsive purchases of luxury goods when shopping with my girlfriend or friends, particularly when I find a style that I really like (M_Z_Student_Seoul_KR).”</i></p> <p><b>Hedonic motive:</b>  <i>“One of the most memorable shopping experiences I had was in France, where I bought a bag that offered engraving services. I picked up the bag three days before leaving France, but upon inspection, I found that it had been engraved with the wrong letters. However, after communicating with the sales advisor, he apologized and promptly gave me a new engraved product the very next day. In addition to the excellent customer service, I also received a beautifully crafted travel card of Paris. Overall, it was an incredibly pleasant shopping experience (F_Y_Product manager_Beijing_CN).”</i></p> <p><b>Sensory motive:</b>  <i>“I prefer to physically touch the materials and try the model on myself before making a purchase (F_Y_Bar owner_Yantai_CN).”</i></p> <p><b>Veblen and Bandwagon effects*<sup>29</sup>:</b>  <i>“I prefer visiting physical shops as I enjoy the shopping experience and being assisted by knowledgeable sales staff who can provide me with personalized recommendations and assistance. In addition, during the lockdown period, I was pleasantly surprised to receive a greeting message from the store manager, which made me feel valued as a customer. This personal touch and attention to customer service are important to me and make the shopping experience more enjoyable (F_Y_Business development director_Stuttgart_DE).”</i></p>
<p><b>Official online channel</b></p>	<p><b>Practical reason*:</b>  <i>“Online shopping for luxury goods is practical (F_Y_Office manager_Shenyang_CN).”</i></p> <p><b>Hedonic and sensory motives*:</b>  <i>“Online shopping is always a delightful experience, particularly when I receive my orders. There's a sense of excitement and surprise when I finally open the package and see my purchase. I can't wait to try it on and see how it looks on me (F_Z_Student_Hohhot_CN).”</i></p>

<sup>29</sup>The factor marked with an asterisk (\*) indicates a new emerged element.



Third-party market	Third-party offline channel	<b>Impulsive motive:</b> “When I’m waiting for my flight at the airport and have some time before boarding, I enjoy browsing the luxury shops and buying anything that catches my eye (M_Z_Student_Seoul_KR).”
	Third-party online channel	<b>Practical reason*:</b> “One of the significant advantages of online shopping is the convenience it offers. I can browse and purchase products from the comfort of my home, without having to physically visit a store (F_Z_Project manager_Shanghai_CN).” <b>Snob effect*:</b> “I frequently use haitao shopping apps to purchase niche brands that are not available in China. These apps often provide discounts, making it more affordable to buy luxury goods that would otherwise be difficult to find locally (F_Y_Bar owner_Yantai_CN).”
	Online influencers (KOLs, KOCs, KOSs, virtual KOLs)	<b>Impulsive motive*:</b> “The lure of impulse purchases has motivated me to buy products through live streaming (F_Y_Office manager_Shenyang_CN).” <b>Sensory motive*:</b> “One of the most significant benefits of live streaming is the ability to interact with the streamer. I can easily communicate with the streamer and request help in trying on styles that interest me, which is incredibly helpful in determining the fit and suitability of the product (F_Y_Office manager_Shenyang_CN).”
Grey market	Offline/ Online daigou	<b>Sensory motive*:</b> “Prior to the COVID-19 pandemic, I was fortunate to have friends who could bring back luxury goods from their travels, so I never needed to use daigou services. But after the outbreak, I turned to a professional daigou buyer recommended by a friend. She provides meticulous documentation of the entire purchasing process, including product presentation, labels, and payment, and sends me personalized videos or pictures, resulting in a more tailored one-on-one experience. While she used to provide live streams, the recent strict regulations of the shop have prompted her to switch to shorter videos lasting around 10 seconds (F_Y_Product manager_Beijing_CN).”

#### 4.6. Perceived Risks Associated with Procurement Modes Used by Chinese “Y and Z” Generations Consumers of Luxury Goods

Perceived risks associated with choosing procurement modes are risk of wasting time, transaction security risk, physical risk related to health and safety concerns, risk of unprofessional service in Chinese market, unavailability risk, cost risk, anti-advertising sentiment and counterfeit risk. The last **five** factors are identified as **new** in this research. We will illustrate the definitions of perceived risks of procurement modes as follows (c.f. Table 7):

**Table 7: Definitions of perceived risks associated with procurement modes**

Perceived risk	Definition
<b>Risk of wasting time</b>	Fear of wasting time during the purchasing process (Veloutsou and Bian, 2008 ).
<b>Transaction security risk</b>	Transaction security risk is the uncertainty associated with the online system related to credit cards as well as any activities during the purchase process (Choi and Lee, 2003).
<b>Delivery risk</b>	Delivery risk refers to uncertainty about when the product will be delivered (Choi and Lee, 2003).
<b>Physical risk</b>	Fear of harming health and safety (Viot et al., 2014 ).
<b>Unprofessional risk<sup>*30</sup></b>	Unprofessionalism among service staff (Authors).
<b>Unavailability risk*</b>	The possibility that certain products, economic benefits, or interpersonal relationships are not accessible through a particular procurement mode (Authors).
<b>Cost risk*</b>	The risk of purchasing a product through a particular procurement mode at a higher price than what is offered by other modes of procurement (Authors).
<b>Anti-advertising sentiment*</b>	The resistance that consumers have towards the advertising effects of online influencers (Authors).
<b>Counterfeit risk*</b>	The potential danger or likelihood of acquiring counterfeit products, regardless of whether they are obtained through official or non-official channels (Authors).

The results revealed several key findings (c.f. Table 8). Firstly, all respondents who had experienced luxury shopping abroad expressed dissatisfaction with the lack of professionalism among service staff in the domestic market. Furthermore, the COVID-19 pandemic has introduced a new physical risk associated with health and safety concerns when using overseas procurement modes. The outbreak has also heightened the delivery risk in cross-border trade. Additionally, the unavailability of certain luxury products in the local Chinese market has driven consumers to seek alternative procurement modes such as *daigou* and *haitao*. However, Chinese consumers of “Y and Z” generations are wary of these intermediate procurement modes due to counterfeit risk, which is the primary reason for their apprehension. The *daigou* trade has been associated with the presence of counterfeit goods, posing a threat to the brand image. For instance, it has been estimated that approximately 10% of luxury brands traded by *daigou* shoppers from France to China are counterfeit. Interestingly, contemporary young Chinese consumers are becoming more discerning and less influenced by traditional advertising methods. An experimental study by Sun et al. (2022) found no evidence supporting the influence of advertisers on the purchasing intentions of Chinese Gen Z consumers regarding luxury products. Instead, opinion leaders on social media, friends and peers, and celebrity endorsements significantly and positively influence the purchase intentions of Chinese Gen Z consumers, with friends and peers having the strongest impact. This finding is supported by the statement from F\_Z\_Consultant\_Paris\_FR, who stated: *"the official account of a brand is less attractive to me because the purpose of advertising is to boost customers' desire to buy products, so advertising is meaningless to me. Some Key Opinion Leaders (KOLs) may also compare different products or brands, which is really useful for me before making a purchase decision."*

<sup>30</sup>The factor marked with an asterisk (\*) indicates a new emerged element.

**Table 8: Perceived risks associated with procurement modes used by Chinese “Y and Z” generations consumers of luxury goods**

Procurement mode		Perceived risks
Direct to consumer market	Official of-line channel	<p><b>Risk of wasting time:</b>  <i>“Due to my busy schedule, I find it difficult to make time for visiting a physical store (F_Y_Office manager_Shenyang_CN).”</i></p> <p><b>Unavailability risk<sup>*31</sup>:</b>  <i>“Physical shops may not always have certain styles available in stock (F_Y_CEO_Shanghai_CN).”</i>  <i>“The luxury brick-and-mortar shops in Ningxia do not offer anything particularly new (F_Z_Student Kunming_CN).”</i></p> <p><b>Unprofessional risk*:</b>  <i>“In my personal experience, I have found that the service provided by luxury shops abroad is better than that of domestic shops. The sales advisors overseas appear to be more friendly, approachable, and professional (F_Z_CEO_Tianjin_CN).”</i></p> <p><b>Counterfeit risk*:</b>  <i>“I have read news reports about consumers purchasing counterfeit goods in physical stores in China, where some salespeople would swap fake bags for genuine ones for their personal gain (M_Z_Teacher Chengdu_CN).”</i></p>
	Official online channel	<p><b>Unavailability risk*:</b>  <i>“I typically browse for new products on the official overseas websites of foreign brands. Since there are differences between the Chinese and foreign websites, the latest products are usually first released on the foreign website rather than the domestic one. Once I find a model that I like, I ask my friends who live abroad to purchase it for me (F_Y_Student Shanghai_CN).”</i></p>

<sup>31</sup>The factor marked with an asterisk (\*) indicates a new emerged element.



Third-party market	Third-party offline channel	<p><b>Cost risk*:</b>  <i>“I would definitely avoid buying items at the airport as they tend to be more expensive (M_Y_Technical director_Beijing_CN).”</i></p>
	Third-party online channel	<p><b>Counterfeit risk*:</b>  <i>“I don't trust third-party online flagship stores as the product that I bought online seems to be fake (F_Z_Student_Hohhot_CN).”</i></p> <p><b>Transaction security risk:</b>  <i>“I prefer not to make purchases on Tmall and Jingdong due to security concerns (M_Y_Technical director_Beijing_CN).”</i></p> <p><b>Delivery risk:</b>  <i>“Due to the COVID-19 pandemic, haitao shopping has become quite inconvenient. The shipping time, which used to take about three weeks, can now take up to a month or even two. Sometimes, the products do not arrive for a long time, causing me to buy less frequently (F_Y_Product manager_Beijing_CN).”</i></p>
	Online influencers (KOLs, KOCs, KOSs, virtual KOLs)	<p><b>Anti-advertising sentiment*:</b>  <i>“I find it difficult to fully trust online influencers who have business relationships with brands and heavily promote them. Therefore, before making a purchase, I compare other product presentations and read reviews to make an informed decision (F_Y_Student_Zibo_CN).”</i></p>
Grey market	Offline/ Online daigou	<p><b>Counterfeit risk*:</b>  <i>“I don't trust daigou agents due to the risk of purchasing counterfeit products (F_Z_Student_Chengdu_CN).”</i></p> <p><b>Delivery risk:</b>  <i>“The delivery time for daigou purchases is typically lengthy (M_Y_IT director_Beijing_CN).”</i></p> <p><b>Physical risk*:</b>  <i>“Due to the COVID-19 pandemic, I stopped buying luxury goods through daigou as the delivery time had become excessively long. Additionally, I am concerned about the risk of the virus being transmitted through the parcels (F_Y_Professor_Yanji_CN).”</i></p>

## 5. Discussions

This research offers valuable contributions by providing clear definitions and identification of new motivations and perceived risks related to luxury goods purchases among Chinese consumers of “Y and Z” generations, particularly within the context of the COVID-19 pandemic. Additionally, it sheds light on the intricate landscape of procurement modes available to these consumers. Furthermore, the study delves into the motivations, relational benefits, and perceived risks that influence their decision-making process when selecting procurement modes.

The research findings reveal new motivations for Chinese consumers of “Y and Z” generations when purchasing luxury goods, such as nationalism, brand-consumer relatedness, recommendations based on big data and user-generated content. It is worth noting that the factor of nationalism did not influence the purchasing motivation of overseas Chinese consumers. This study is the first to examine the perceived risks associated with purchasing luxury goods, identifying six risks perceived by Chinese consumers of “Y and Z” generations: functionality, aesthetic risk, inaccessibility, nationalism, social risk, and risk of dilution. The sourcing patterns used by Chinese consumers of “Y and Z” generations for luxury goods are complex, involving intermediaries like *daigou* and online influencers. Additionally, with the rise of international travel and cross-border e-commerce, the phenomenon of *haitao* is emerging. Three factors of relational benefits (confidence, social, special treatment) were identified in their choice of procurement modes. Chinese consumers primarily seek economic advantages from non-official channels and time-saving advantages from official channels. Furthermore, impulsive motives, practical reasons, symbolic motives (Veblen effect, Snob effect, and Bandwagon effect), hedonic motive, and sensory motive were identified as reasons for purchasing luxury goods from official brick-and-mortar stores by Chinese consumers of “Y and Z” generations. Livestreaming e-commerce is also associated with impulsive motives. *Daigou* trade is closely linked to *guanxi* and confidence benefits, while *haitao* trade is linked to the Snob effect. Unlike local Chinese consumers of “Y and Z” generations who have multiple choices of procurement modes, overseas Chinese tend to favour official channels. Additionally, five new perceived risks of procurement modes were identified: risk of unprofessional service, unavailability risk, cost risk, anti-advertising sentiment and counterfeit risk. In addition, Chinese consumers of the “Y and Z” generations perceive both local and foreign *daigous* as experts who can assist them in avoiding the purchase of counterfeit luxury goods.

Furthermore, the results indicate that there are no significant differences between Chinese luxury consumers of generations “Y and Z” in terms of motivations, perceived risks, and relational benefits related to luxury purchasing and procurement mode choices. Regardless of their generation, consumers with similar financial capacity and residing in comparable urban areas exhibit similar purchasing motivations, perceived risks, and desired relational benefits when it comes to consuming luxury goods and selecting procurement modes.

This study has made a substantial theoretical contribution to the field of distribution by introducing comprehensive definitions of procurement modes and uncovering the diverse range of procurement modes used by Chinese consumers of luxury goods. These findings open up new research possibilities and provide insights into the brand relationship between luxury brands and Chinese consumers, taking into account intermediaries such as *daigou*, online influencers, and *haitao* platforms.

This study provides valuable insights for luxury brands, helping them better understand the diverse preferences of Chinese consumers from the “Y and Z” generations. Traditionally, luxury brands have been associated with notions of prestige, social distinction, and the allure of exclusivity (Liucci-Goutnikov, 2011). However, in today's global market, luxury products have become more accessible, appealing to a broader customer base (Antoni et al., 2004 in Magnelli, 2020). The findings of this study highlight the evolving expectations of Chinese consumers from the “Y and Z” generations. They seek a closer and more intimate relationship with luxury brands, akin to that of friends. They desire a relationship that is built on respect and equality, where luxury brands can align with their interests and embrace their cultures. Adapting communication strategies to cater to the specific needs of different categories of Chinese clients can be crucial for the success in China.

Moreover, China has emerged as an innovation hub, and Chinese consumers are no longer content with simply following global trends—they aspire to set trends themselves. They expect brands to embrace and showcase Chinese culture and cater to Chinese preferences, moving away from the traditionally influential Western perspective on Chinese fashion. A survey conducted by Daxue Consulting (2022) among 1000 Chinese consumers revealed that luxury goods made in China have gained significant appeal and surpass those from France and Italy. Chinese consumers now place greater value on the incorporation of Chinese elements in luxury brands, making them the top choice in terms of attractiveness. However, the *Guochao* phenomenon does not exclude foreign brands. Chinese consumers are eager to reward foreign brands that can incorporate Chinese elements and perspectives into their creations. Additionally, Chinese consumers from the "Y and Z" generations have a strong preference for celebrity endorsements and online influencers, with 80% of Chinese consumers reported to have purchased products endorsed by online influencers<sup>32</sup>. Luxury brands should consider enhancing collaborations with local artists and influencers to resonate with this consumer segment. Given the growing nationalistic sentiments among Chinese consumers, brands should carefully consider their strategies in China, and collaboration between the head office and local teams can become essential in this regard.

Chinese consumers of “Y and Z” generations opt for non-official channels such as *daigou* and online *haitao* platforms not only to benefit from price advantages, but also due to the limited availability of certain luxury goods models in the Chinese domestic market. However, as highlighted by LVMH Chairman and Chief Executive Officer Bernard Arnault: “*For your image, there is nothing worse than the daigou trade. It's dreadful* (The Moodie Davitt, 2023<sup>33</sup>).” Luxury brands need to strike a balance in their distribution models across different markets and ensure synchronization in launching new products globally.

Besides, Chinese customers lack confidence in domestically available luxury products (Zhao et al., 2019) due to incidents involving the purchase of counterfeit luxury goods through the brand's official third-party online platforms and brand-owned physical stores (China News, 2022<sup>34</sup>; Shanghai Observer, 2023<sup>35</sup>). The presence of widespread high-end counterfeit channels, both online and offline, further erodes consumer trust in the authenticity of domestically available luxury products. Therefore, luxury brands combat counterfeiting with NFT and blockchain solutions. AURA Consortium authenticates luxury goods through unique identifiers and online certificates. Yet, information integrity is not assured, and full transparency needs all parties' cooperation. Vestiaire Collective and other brands face adoption challenges (Daxue consulting, 2023<sup>36</sup>). Despite the current challenges, the adoption of the AURA Consortium authentication system represents a significant technological advancement in the realm of luxury anti-counterfeit solutions. Additionally, Chinese consumers of “Y and Z” generations perceive a lack of

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<sup>32</sup> CHI R., The drum, China's KOL economy: shaping the conversation for western brands, available online: [www.thedrum.com](http://www.thedrum.com), published on October 14, 2021, (accessed on May 16, 2022).

<sup>33</sup> The Moodie Davitt, Bernard Arnault slams duty free daigou trade and expresses optimism in Chinese travelling shopper rebound, available online: [www.moodiedavittreport.com](http://www.moodiedavittreport.com), published on January 27, 2023, (accessed on July 05, 2023).

<sup>34</sup> China News, LV 售假货上热搜，专柜为何会流出假货？, available online: [www.chinanews.com.cn](http://www.chinanews.com.cn), published on May 20, 2022, (accessed on July 06, 2023).

<sup>35</sup> Shanghai Observer, 女子称在旗舰店买到假奢侈品包，花了近2万元！市监部门已介入, available online: [www.export.shobserver.com](http://www.export.shobserver.com), published on February 24, 2023, (accessed on July 06, 2023).

<sup>36</sup> Daxue Consulting, Chinese counterfeit products dominate the worldwide fakes industry, available online: [www.daxueconsulting.com](http://www.daxueconsulting.com), published on February 9, 2023, (accessed on July 06, 2023).

professionalism among domestic sales advisors, making it imperative for luxury brands to enhance the quality of training provided to their staff in China.

In the online context, consumers heavily rely on visual representations, product information, consumer reviews, and other persuasive cues. For instance, consumer-generated product reviews have been shown to positively impact attitudes toward a product (Gai, 2014). However, in order to maintain the exclusivity, luxury, and simplicity of online shopping, online luxury retailers often lack an online review system. As a result, consumers have to depend on the experiences shared by other users on social media platforms. Therefore, luxury brands need to explore ways to minimize the perceived risk associated with purchasing luxury goods through their online shops. Moreover, Chinese consumers of “Y and Z” generations are digitally adept and readily influenced by technology, particularly user-generated content and big data. Additionally, companies now have access to a wealth of customer data, and there is an opportunity for luxury brands to leverage both small data from frontline employees and large-scale data at the firm level (Lam et al., 2017).

## **6. Limitations and Future Studies**

The gender and age distribution in our sample is unbalanced, with only 7 male consumers and 11 Gen Z respondents. It is important to note that the 28 interviews were conducted before China abolished its zero-COVID policy on January 8, 2023. Therefore, it is possible that the opinions expressed by some interviewees may have significantly changed in response to these policy changes.

While purchase of luxury goods can be a highly experiential process (Keller, 2003; Berthon et al., 2009), and the moment of purchase itself can be a source of value (Rivière and Mencarelli, 2012), perceived value is ultimately the consequence of the consumption experience (Holbrook and Hirschman, 1982). Previous research has provided empirical evidence of a positive relationship between perceived value and loyalty (Grosso and Castaldo 2015). Future research could consider extending data collection through quantitative research methods to explore the links between motivations, relational benefits, perceived risks and consumption experience across various procurement modes. Moreover, future studies could investigate the perceived value of different procurement modes and their impact on the loyalty of Chinese consumers toward luxury brands.

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## Appendix

## Appendix 1: Fundamental Definitions

*1.1. Definitions of the Motivations for Purchasing Luxury Goods***Table 1: Definitions of the motivations for purchasing luxury goods**

Motivation		Definition and/or existing literature
<b>Symbolic motive</b>	<b>Veblen effect</b>	These consumers are motivated by ostentation purchase luxury products to impress others and communicate their social status and wealth to their peers (Vigneron and Johnson, 1999; Heinemann, 2008). They consume prestigious goods to enhance their own image or to inflate their ego (O’Cass and McEwen, 2004).
	<b>Snob effect</b>	These consumers are motivated by the exclusivity of luxury products, perceiving a unique value in them and often avoiding popular brands (Vigneron and Johnson, 1999). Snobby consumers seek to stand out from others and crave products to which others have limited access (Husic and Cicic, 2009). The desire for uniqueness is also linked to the development and enhancement of personal and social identity. The perceived uniqueness of a product can increase its value and improve the consumer's position in the social hierarchy (Tian et al., 2001).
	<b>Bandwagon effect</b>	Bandwagon effect is related to the snob effect, but it differs in the motivation of consumers who seek conformity through their luxury consumption. This effect describes the tendency of individuals to follow the crowd and conform to the norms and preferences of their ideal reference group (e.g., the upper social class), while also avoiding association with an undesirable reference group (e.g., the lower social class) (Vigneron and Johnson, 1999).
<b>Hedonic motive</b>	<b>Hedonic effect</b>	Consumers who are influenced by the hedonic effect believe that luxury products can evoke positive emotions in themselves, and therefore, this effect is motivated by emotional value (Vigneron and Johnson, 1999). Other research focusing on internal motivations has argued that consumers are motivated to satisfy their self-esteem by purchasing luxury products that provide self-directed pleasure (Truong and McColl, 2011; Amatulli and Guido, 2011).

<b>Instrumental motive</b>	<b>Perfectionist effect</b>	These consumers are motivated by the premium quality of luxury products associate these products with other personal values as well (Vigneron and Johnson, 1999). In fact, the literature on luxury consumption motivations emphasizes the importance of premium quality in luxury goods (Hung et al., 2021; Bian and Forsythe, 2012). These consumers seek reassurance from luxury products because they expect superior quality (Vigneron and Johnson, 1999).
<b>Aesthetic motive</b>	<b>Product design appeal</b>	Product design appeal refers to the extent to which the product design is perceived as beautiful, stunning, gorgeous, hence “ <i>the consumer’s perception of attractiveness and pleasure from its appearance</i> ” (Kumar and Noble, 2016, p. 614). The appeal of the product design consists of several elements chosen and blended into a whole by the design team to achieve a particular sensory effect (Bloch, 1995).
<b>Fashion effect</b>		Fashion effect is an attitude defined by a person's positive or negative evaluations, emotional feelings, and action tendencies towards an object or idea. This attitude is stable over time and places individuals in a state of mind where they either like or dislike an object, idea, or situation, and move towards or away from it (Krech et al., 1962).
<b>Identity motive</b>	<b>Actual self-congruency</b>	Actual self-congruency refers to the level of congruity between a person's actual self-image and the image of a product (Sirgy, 1985). Onkvisit and Shaw (1987) suggest that consumers tend to choose products and shops that align with their self-concept.
	<b>Family</b>	Family members form the basic structure of the initial reference group, and they have a significant impact on buyer behaviour. In everyone's life, two types of families can be formed. The first type is a family in which an individual is born and raised, and their religion, politics, economics, and education are directly influenced by that family. The second type of family that affects the buyer's behaviour includes children and individuals under supervision (Kotler and Keller, 2006).
	<b>Reference groups</b>	A reference group includes a buyer's reference group, such as family members, friends, social organizations, professional institutions, and trade, which heavily influences the selection and specific brand. Reference groups have a significant impact on the values and behaviour of individuals. (Kotler and Keller, 2006).
<b>Celebrity endorsement motive</b>		Using actresses, sportsmen, models, and music stars in marketing and advertising is a common practice (Choi et al., 2005). Celebrity endorsement is defined as “ <i>any individual who enjoys public recognition and uses that recognition on behalf of a consumer good by appearing with it in an advertisement</i> ” (McCracken, 1989, p. 310). Celebrities are often considered as credible sources of information, and their endorsement of luxury brands can encourage customers to engage with these brands through social media (Creevey et al., 2022).

<p><b>Financial motive</b></p>	<p>The financial dimension of consumer behaviour encompasses direct monetary aspects such as price, resale value, discounts, investments, and more (Ahtola, 1984; Chapman, 1986; Mazumdar, 1986; Monroe and Krishnan, 1985). In the case of luxury handbags, consumers often perceive them as extravagant purchases, and investing in them may be questioned. However, they are no longer just viewed as a fashion statement or an item for aesthetic appeal. As bag collectors have demonstrated, a well-chosen investment bag can yield substantial returns in the long run (Piiroinen, 2014).</p>				
<p><b>Special occasions</b></p>	<p>Luxury goods are often purchased and used by consumers for special occasions, such as date nights, anniversaries, weddings, birthdays, and other events (Hume and Mills, 2013; Nieves-Rodriguez et al., 2017; Kara and Vredevel, 2020; Eastman et al., 2020). Consumers with higher socio-economic status may perceive luxury goods as essential for important professional and social occasions (Chen and Lamberti, 2015).</p>				
<p><b>Chinese cultures</b></p>	<table border="1"> <tr> <td data-bbox="376 596 584 842"> <p><b>“Mianzi”</b></p> </td> <td data-bbox="584 596 2051 842"> <p>Face (“<i>mianzi</i>”, 面子) refers to “<i>a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context</i> (Goffman, 1967 in Sun et al., 2011, p.390).” People try to gain and maintain face while avoiding losing it (Hwang, 1987). In Chinese culture, individuals tend to choose brands and products based on their prestige (Wong and Ahuvia, 1998), as expensive luxury products are viewed as symbols of wealth and success (Richins, 1994). By consuming these products, people aim to enhance their own and their social counterparts' face (Joy, 2001).</p> </td> </tr> <tr> <td data-bbox="376 842 584 1005"> <p><b>“Guanxi”</b></p> </td> <td data-bbox="584 842 2051 1005"> <p>Giftng has been identified as a significant motive for Chinese consumers to purchase luxury products (Wang et al., 2011). Prior studies (Bond, 1991; Gu et al., 2008) have linked giftng to the establishment and maintenance of “<i>guanxi</i>” (关系) in Chinese society. “<i>Guanxi</i>” is explained as interpersonal ties that play a critical role in various aspects of everyday life in China.</p> </td> </tr> </table>	<p><b>“Mianzi”</b></p>	<p>Face (“<i>mianzi</i>”, 面子) refers to “<i>a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context</i> (Goffman, 1967 in Sun et al., 2011, p.390).” People try to gain and maintain face while avoiding losing it (Hwang, 1987). In Chinese culture, individuals tend to choose brands and products based on their prestige (Wong and Ahuvia, 1998), as expensive luxury products are viewed as symbols of wealth and success (Richins, 1994). By consuming these products, people aim to enhance their own and their social counterparts' face (Joy, 2001).</p>	<p><b>“Guanxi”</b></p>	<p>Giftng has been identified as a significant motive for Chinese consumers to purchase luxury products (Wang et al., 2011). Prior studies (Bond, 1991; Gu et al., 2008) have linked giftng to the establishment and maintenance of “<i>guanxi</i>” (关系) in Chinese society. “<i>Guanxi</i>” is explained as interpersonal ties that play a critical role in various aspects of everyday life in China.</p>
<p><b>“Mianzi”</b></p>	<p>Face (“<i>mianzi</i>”, 面子) refers to “<i>a sense of favourable social self-worth that a person wants others to have of him or her in a relational and network context</i> (Goffman, 1967 in Sun et al., 2011, p.390).” People try to gain and maintain face while avoiding losing it (Hwang, 1987). In Chinese culture, individuals tend to choose brands and products based on their prestige (Wong and Ahuvia, 1998), as expensive luxury products are viewed as symbols of wealth and success (Richins, 1994). By consuming these products, people aim to enhance their own and their social counterparts' face (Joy, 2001).</p>				
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1.2. Definitions of the Perceived Risks in Purchasing Luxury Goods

**Table 2: Definitions of the perceived risks in purchasing second-hand luxury goods**

Perceived risk	Definition	Reduces purchase intention	Effect is insufficient to reduce the intention
<b>Financial risk</b>	Monetary loss in case of non-functioning of the product	Leisen and Nill, 2001; Michaelidou and Christodoulides, 2011	Bian and Moutinho, 2009; Leisen and Nill, 2001
<b>Functional risk</b>	If the product does not work as intended	Leisen and Nill, 2001; Riquelme et al., 2012; Viot et al., 2014	Ha and Lennon, 2006; Phau et al., 2009
<b>Physical risk</b>	Fear of harming health and safety	Viot et al., 2014	Ha and Lennon, 2006
<b>Psychological risk</b>	Fear of not fitting the self-concept	Veloutsou and Bian, 2008; Viot et al., 2014	
<b>Social risk</b>	Fear of shame or loss of face and negative reactions from society	Bian and Moutinho, 2009; Penz et al., 2008; Viot et al., 2014	Leisen and Nill, 2001
<b>Risk of wasting time</b>	Fear of wasting time during the purchasing process		Veloutsou and Bian, 2008

1.3. Definitions of the Key Constructs of Relational Benefits

**Table 3: Definitions of the key constructs of relational benefits**

Construct	Definition	Common aliases
<b>Confidence benefits</b>	Customers feel reduced anxiety and increased confidence in the service provider as a result of their loyalty to the organization (Gwinner et al. 1998).	Functional benefits* <sup>37</sup> , psychological benefits, trust benefits, competence benefits (Gremler et al., 2019)



<b>Social benefits</b>	Fraternization benefits refer to the level of personal friendship and familiarity between a customer and an employee, and/or the degree of personal recognition received by the customer from employees due to their loyalty to the organization (Gwinner et al. 1998).	Social bonds, interpersonal relationships, social rewards (Gremler et al.,2020)
<b>Special treatment benefits</b>	Advantages that customers can gain from their loyalty to an organization, such as special deals, time savings, additional services, and/or preferential treatment (Gwinner et al. 1998).	Economic benefits, preferential treatment, functional benefits* <sup>38</sup> , customization benefits, financial bonds (Gremler et al.,2019)

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<sup>37</sup> Synonyms marked with an asterisk (\*) are classified as one of these relational benefits according to the content of the measurement items in that study.  
<sup>38</sup> Idem.

## 1.4. Definitions of the Perceived Risks in Purchasing Fashion Items Online

**Table 4: Definitions of the perceived risks in purchasing fashion items online**

Perceived risk	Definition	Author
<b>Risk perception</b>	Risk perception in the online context refers to the potential loss that may occur when making a purchase online.	Featherman and Pavlou, 2003
<b>Time/convenience</b>	Time/convenience refers to the possibility of a time loss caused by wasted time and inconvenience during the online purchase process.	Forsythe et al., 2006; Forsythe and Shi, 2003
<b>Privacy risk</b>	Privacy risk refers to the possibility that a consumer's personal information may be collected and used inappropriately by online retailers, leading to the invasion of the consumer's individual privacy.	Jarvenpaa and Todd, 1996
<b>Source risk</b>	Source risk refers to the likelihood of purchasing a product online from an untrust-worthy source.	Lim, 2003
<b>Delivery risk</b>	Delivery risk refers to uncertainty about when the product will be delivered.	Choi and Lee, 2003
<b>Transaction security risk</b>	Transaction security risk is the uncertainty associated with the online system related to credit cards as well as any activities during the purchase process.	Choi and Lee, 2003
<b>Customer service risk</b>	Customer service risk refers to the uncertainty involved in contacting customer service.	Choi and Lee, 2003

**Appendix 2 : Participants' profiles****Table 5: Consumers' profiles**

Genger_Age group_Job title_City_Country	Country	Gender	Age group	Annual household income	Interview format	Duration of interview (minutes)
M_Z_Student_Zhangjiakou_CN	China	M	Z	N/A	Telephone	90

26<sup>ème</sup> COLLOQUE INTERNATIONAL ETIENNE THIL

F_Z_Project manager_Shanghai_CN	China	F	Z	N/A	Telephone	48
F_Z_Student_Chengdu_CN	China	F	Z	150K-200K (yuan)	Telephone	41
M_Z_Teacher_Chengdu_CN	China	M	Z	N/A	Audio-visual	38
F_Z_Student_Beijing_CN	China	F	Z	N/A	Telephone	50
F_Y_Office manager_Shenyang_CN	China	F	Y	N/A	Audio-visual	50
F_Z_CEO_Tianjin_CN	China	F	Z	60K - 6000K (yuan)	Telephone	30
M_Y_Student_Beijing_CN	China	M	Y	260K (yuan)	Audio-visual	60
F_Y_Professor_Yanji_CN	China	F	Y	150 K (yuan)	Audio-visual	45
F_Y_Bar owner_Yantai_CN	China	F	Y	300-400K (yuan)	Audio-visual	47
F_Y_CEO_Tongliao_CN	China	F	Y	800K-1M (yuan)	Audio-visual	83
F_Z_Student_Hohhot_CN	China	F	Z	N/A	Telephone	51
F_Y_Product manager_Beijing_CN	China	F	Y	200K (yuan)	Telephone	90
F_Y_Commercial director_Beijing_CN	China	F	Y	200K - 300K(yuan)	Audio-visual	40
M_Y_Chief operating officer_Changsha_CN	China	M	Y	N/A	Telephone	30
M_Y_IT director_Beijing_CN	China	M	Y	500K (yuan)	Telephone	24
M_Y_Technical director_Beijing_CN	China	M	Y	500K (yuan)	Telephone	24
F_Y_Professor_Xi'an_CN	China	F	Y	N/A	Telephone	40
F_Y_Visual manager Tianjin_CN	China	F	Y	N/A	Telephone	15

26<sup>ème</sup> COLLOQUE INTERNATIONAL ETIENNE THIL

F_Z_Student_Kunming_CN	China	F	Z	N/A	Telephone	48
F_Y_Business manager_Bei-jing_CN	China	F	Y	N/A	Telephone	45
F_Y_CEO_Shanghai_CN	China	F	Y	N/A	Telephone	60
F_Y_Student_Shanghai_CN	China	F	Y	N/A	Telephone	35
F_Y_Student_Zibo_CN	China	F	Y	N/A	Telephone	38
F_Y_Full-time wife_Tokyo_JP	Japan	F	Y	N/A	Telephone	37
F_Y_Business development director_Stuttgart_DE	Germany	F	Y	N/A	Telephone	50
F_Z_Student_Paris_FR	France	F	Z	N/A	Telephone	40
F_Y_Student_Lyon_FR	France	F	Y	N/A	Telephone	75
F_Z_Consultant_Paris_FR	France	F	Z	N/A	Face-to-face	32
F_Y_Commercial director_Paris_FR	France	F	Y	N/A	Telephone	27
F_Y_Accountant_Paris_FR	France	F	Y	N/A	Audio-visual	25
F_Y_Full-time wife_Paris_FR	France	F	Y	400K€	Telephone	26
F_Y_Business Manager_Paris_FR	France	F	Y	N/A	Telephone	60
M_Y_Commercial director_Tokyo_JP	Japan	M	Y	85K€	Audio-visual	33
F_Y_Professor_Guangzhou_CN	China	F	Y	N/A	Telephone	36
F_Y_Painter_Paris_FR	France	F	Y	N/A	Telephone	51
F_Y_Project manager_Montreal_CA	Canada	F	Y	N/A	Telephone	31

26<sup>ème</sup> COLLOQUE INTERNATIONAL ETIENNE THIL

F_Y_Marketing director_Singapore_SG	Singapore	F	Y	N/A	Telephone	35
F_Z_Restaurant owner_Seoul_KR	South Korea	F	Z	N/A	Telephone	35
F_Y_Bank staff_Boston_US	United States	F	Y	N/A	Telephone	62

**26<sup>ème</sup> COLLOQUE INTERNATIONAL ETIENNE THIL**