Research on the Impact of Social Media on Luxury Consumer Behavior

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Abstract. A luxury brand needs to decide based on its own positioning whether to retail only on its official website to maintain brand tonality, or to sell some or all of its products on aggregated platforms like Farfetch. We can analyze this from the perspective of "Place" within the 4P framework. In the past, people generally believed that they would not purchase expensive items online, preferring instead to enjoy personalized customer service and tactile shopping experiences in physical stores. However, this perception has shifted in recent years. While e-commerce only accounts for 4% of luxury sales, it represents just one aspect of digital opportunities. This paper depicted that brands need to weigh the pros and cons based on their own positioning, target consumers, and market strategies to choose the most suitable sales channel. Whether retailing only on the official website or selling on aggregated platforms, brands must ensure a quality shopping experience while maintaining their uniqueness and tonality.

Keywords: Impact, Social Media, Luxury, Consumer Behavior.

1. Introduction

For a long time, luxury goods have been commodities that only a few people can own, a symbol of status. People consume luxury goods to show their wealth and status to others. However, in recent years, the consumption trend has changed. Research shows that the decline in conspicuous luxury consumption and the rise of inconspicuous luxury consumption reflect the overall trend of the luxury goods industry (Janssen et al, 2014). At present, most of the relevant studies are general research on luxury consumption behavior, mainly focusing on its status attributes. A few studies have divided luxury goods into conspicuous and inconspicuous types, but there is still a lack of theoretical concepts and empirical tests specifically aimed at popular luxury brands and niche luxury brands. A former study focuses on the impact of brand types of luxury goods on consumers' purchase intention, and sorts out and summarizes the theories of luxury consumption, power distance, and attitude function (Shaozhi, 2020).

In the era of social media, the global luxury goods industry has shown new development trends. Under the development dilemma of global economic recession and consumer shift, major brands have adjusted their existing marketing models to seek new development markets, strategic opportunities, and future growth. Facing the two development prospects of accelerated digital transformation and new strategic layout centered on the Chinese consumer market, luxury brands have actively sought new industry changes and reshaping in the field of digital marketing based on the traditional 4P marketing model (Moreau et al, 2020). This is mainly reflected in increasing investment in enhancing their digital capabilities, exploring new ways of online interaction with consumers, providing customers with a broader digital experience, and developing differentiated live broadcast services and social business platforms (Kahn, 2021).

In the process of exploration, this paper revealed that traditional marketing strategies and digital marketing strategies have achieved integrated development, realizing the bidirectional flow of online and offline, promoting the recovery of the luxury consumer market, and giving birth to a new marketing ecological model. For luxury brands, the choice of "Place" (sales channel) is crucial. If a brand chooses to retail only on its official website, it can ensure the uniqueness of its products and maintain brand tonality. The official website typically offers a more direct and personalized shopping experience, while also reinforcing brand image through website design and content display. Additionally, the paper revealed that official website serves as an important channel for brands to
establish direct connections with consumers, providing valuable market insights through the collection of user data and analysis of user behavior.

2. **Research objective: How luxury influence consumer behavior through social media**

As one of the world's largest luxury consumption countries, China's luxury consumption market is booming, and local luxury brands have great potential for development. This article analyzes the current situation of the prosperous development of China's luxury market and the growing purchasing power of Chinese consumers, as well as the problem that the competitiveness of foreign luxury brands is much greater than that of local luxury brands in China. Finally, corresponding solutions are proposed (Pujol & González, 2023). This study believes that the reasons why luxury brands influence brand behavior through social media marketing can be explained from multiple dimensions as follows.

**Entertainment:** A strong motivation for consuming user-generated content (UGC) is entertainment. Brands can engage their audience by posting interesting and engaging content that captivates and entertains users. Recently, it has brought together the audiences on far right parties, medievalism and opinion leadership (Esteve-Del-Valle & Costa López, 2022), while it may depend on having average knowledge about a certain topic (Dekoninck & Schmuck, 2022).

**Interaction:** Interaction is a crucial driver of UGC. Brands should encourage users to engage with their content by responding to comments, sending private messages, and conducting polls or votes. This interaction fosters a sense of community and encourages further participation, such as the condition in Japan (Assmann, 2018).

**Trendiness:** Trendiness can be a catalyst for purchases. Brands can leverage trends through advertising and fashion shows, showcasing their products in a way that aligns with current tastes and styles. This helps attract consumers who are seeking to stay up-to-date with the latest trends, which could be explained by the issues in marketing (Kim et al, 2018).

**Customization:** Customization builds stronger brand affinity and loyalty. By offering personalized customization options, brands can create a unique experience for each consumer, making them feel valued and connected to the brand (Wilson, 2020). Brogan (2010) discusses motivations and behaviors associated with social media engagement, providing an understanding of the roles played by key opinion leaders, individuals, and experts.

**Reputation:** Electronic word-of-mouth or reputation has greater credibility. Brands can collaborate with influencers or celebrities to amplify their message and leverage their followers' trust. This type of endorsement can significantly impact consumers' purchasing decisions. Scott et al. (2020) focus on the role of key opinion leaders in cyberspace, comparatively analyzing media trust, fact-checking, and the potential for falling into the "echo chamber" effect among key opinion leaders and information recipients.

**Blogger Collaborations & Disguised Selfies:** Collaborating with bloggers and using disguised selfies (such as brand/consumer selfies that appear candid but are actually staged) can be an effective way to promote a brand. Bloggers have a dedicated following and can help expand a brand's reach, while disguised selfies create a sense of authenticity and relatability. Mahoney and Tang (2016) argue that social media technology has made it easier for individuals to engage in causes they care about, examining the impact of civic engagement in social media on political communication, behavioral change, and historical trends in luxury consuming.

Overall, in order to maintain the core values of the brand, such as exclusivity, scarcity, and uniqueness, luxury brands have always been cautious about social media. However, with the development of Internet technology and social media, as well as the impact of COVID-19, luxury brands have begun to face the challenge of e-retail. It is noteworthy that in the realm of social media, marketers must develop strategies to identify and differentiate individuals, experts, and key opinion leaders. Constructing models based on these motivations will assist marketers in conducting more successful social media campaigns with reduced costs and risks.
3. Findings: The influence of social media on luxury marketing

For luxury brands, online marketing has traditionally been approached with caution due to concerns about maintaining brand tonality (including uniqueness, exclusivity, craftsmanship, authenticity, and shopping experience), as well as concerns about security. However, due to the combined forces of economic globalization and the COVID-19 pandemic, luxury brands have had to embrace online marketing strategies.

3.1 Main elements which influenced luxury marketing in social media

This paper found the rise of short videos from technological, social, and content-related perspectives, considering external environments, internal logics, and challenges in terms of innovation and development. The rapid growth of short videos is attributed to technological advancements and user demand, resulting in fragmented, diverse, and context-specific content. The role of online opinion leaders where they disseminate messages influence us much (Gomes, Marques & Dias, 2022).

**Brand Awareness and Image:** Social media serves as a crucial channel for information dissemination, significantly influencing the enhancement of luxury brand awareness and the shaping of brand image. Through precise targeting of intended audiences and the dissemination of creative content, luxury brands can establish a unique brand image on social media, attracting the attention of more potential consumers.

**Consumer Attitudes and Opinions:** User reviews and discussions on social media have a significant impact on consumers' purchase decisions. Positive reviews can enhance brand credibility and increase purchase intention, while negative reviews may lead to the loss of potential consumers. Therefore, luxury brands need to closely monitor user feedback on social media and adjust their marketing strategies accordingly.

**Consumer Purchase Intention and Performance:** The ultimate goal of social media marketing is to stimulate consumers' purchase intention and convert it into actual purchasing behavior. Through data analysis, we can assess how much purchase intention has been converted into actual actions, thereby measuring the effectiveness of social media marketing. Additionally, by tracking consumers' purchase records, we can understand their preferences and decision-making factors during the purchase process, providing powerful support for future marketing activities.

Existing studies on "KOLs" primarily focus on interpreting the concept, particularly exploring the new dynamics of key opinion leaders in the context of luxury selling. These studies have enriched the understanding of key opinion leaders beyond the original scope. In the era of mobile Internet, Wang (2021) argues that vloggers have become new key opinion leaders, significantly influencing users' lifestyles, interaction patterns, and consumption behaviors on luxury.

**Engagement:** Consumer interaction with luxury brands on social media is an important indicator of brand attractiveness and user stickiness. Consumers engage with brands through selfies, participating in activities, liking posts, etc., which not only helps to increase brand exposure but also enhances consumers' sense of brand identity and belonging. Therefore, luxury brands need to actively plan various interactive activities to encourage consumer participation and sharing, thereby expanding the brand's influence.

To unveil the identity characteristics, influence paths, and influencing factors of these new key opinion leaders, this paper systematically reviews and analyzes relevant literature. It begins by interpreting the two expressions of mobile key opinion leaders and celebrities of luxury brands. Subsequently, it examines existing research, theoretical frameworks, research methods, and statistical analyses from the perspectives of users and bloggers. Finally, it builds a model depicting the behavioral path and influencing factors of mobile key opinion leaders' influence, drawing insights from the existing literature. The former study explores the connotation and impact of new key opinion leaders in the mobile social era and offers future research directions and trends in related fields of luxury.
Impact of Different Types of Social Media: Text-based and video-based social media platforms have different characteristics and advantages in luxury marketing. Text-based social media such as Weibo and WeChat focus on the dissemination and discussion of textual content, suitable for publishing brand stories, product introductions, and other in-depth content. Video-based social media platforms like Douyin and Kuaishou primarily feature short videos that visually showcase product features and effects, attracting consumers' attention. Additionally, SNS and other platforms like Youtube have their own unique characteristics and user groups. Luxury brands need to select the appropriate platforms for marketing based on the characteristics of their target audience.

Gender Differences: Gender stereotype is the basic factor which affect how people perceive the whole world (Taylor, 2016). Gender is a non-negligible factor in luxury consumption. There are significant differences between men and women in purchase decisions and consumption preferences. Therefore, luxury brands need to formulate different marketing strategies for different genders. At the same time, cross-gender marketing has gradually become a trend, attracting a wider consumer base by breaking gender boundaries.

Negative Impact of False Advertising: False advertising is an issue that needs to be guarded against in social media marketing. Once discovered, false advertising can lead to a severe crisis of trust and negative word-of-mouth for luxury brands. This not only damages the brand image but also may lead to the loss of potential consumers. Therefore, luxury brands need to adhere to honest business practices, ensuring the authenticity and accuracy of their promotional content to maintain the brand's reputation and consumers' trust.

3.2 Digital technologies which could influence the luxury much

Otherwise, digital technologies, such as VR/AR, have become integral to this shift. These innovative tools allow brands to create immersive and engaging online experiences that better reflect the unique and exclusive qualities of their products. By leveraging VR/AR, luxury brands can offer customers a virtual shopping experience that closely resembles the traditional in-store experience, maintaining the authenticity and exclusivity of their brand while also addressing safety concerns. However, selling products on aggregated platforms also has its unique advantages. These platforms often boast a large user base and efficient logistics systems, enabling brands to expand their exposure and reach a wider consumer audience. By selling on aggregated platforms, brands can more easily reach potential new customers and leverage the platforms' marketing and promotional activities to enhance brand awareness and sales.

The former study has found that the purchasing behavior in the luxury goods market is increasingly influenced by consumers' digital experiences, and this influence is quite significant. Specifically, up to 40% of luxury goods purchase decisions are influenced to some extent by consumers' online activities. These online activities include, but are not limited to, searching for product information online, browsing brand official websites or social media platforms, and obtaining purchase advice or inspiration through interactions and discussions on social media. For example, many consumers will conduct detailed searches and comparisons online before purchasing luxury goods, to understand information about different brands, styles, and prices. This online search not only helps them make more informed purchase decisions, but may also influence their purchase preferences to some extent. In addition, some consumers are also influenced by the "buzz" on social media, which refers to discussions, shares, and recommendations on social media. They may be inspired to purchase after seeing photos or purchase experiences of friends or influencers sharing their luxury goods.

The impact of this digital experience on luxury purchases is not only reflected in online purchases, but also extends to offline purchases. Many consumers will learn about product information online and then choose to visit physical stores for try-on, try-wear, or experience before finally completing the purchase. This combined online and offline purchasing approach not only satisfies consumers' need for a real product experience, but also leverages the convenience and informational richness of digital technology. Therefore, for luxury brands, understanding and grasping consumers' digital experiences is crucial for enhancing brand image, promoting sales, and increasing consumer loyalty.
Brands need to actively utilize digital technology to enhance the user experience on their online platforms, strengthen interactions and communication with consumers, in order to attract more potential customers and promote the occurrence of purchase behavior.

4. Conclusion

This article first explores how social media influences luxury marketing, including the ways and mechanisms of its influence. Next, it analyzes the different reactions and attitudes of consumers towards these influences, as well as how these reactions reflect their purchasing behaviors and preferences. Additionally, it discusses the differences among various social media platforms in luxury marketing, as well as the gender differences reflected in luxury consumption. In practical terms, this article aims to help luxury brands better understand and utilize social media for marketing purposes, in order to increase brand awareness and attract more consumers. At the same time, by analyzing consumers' reactions and attitudes, brands can formulate more targeted marketing strategies that meet the needs of consumers and thereby improve sales performance. In theoretical terms, the research in this article contributes to enriching and improving the theoretical system of luxury marketing, providing new perspectives and ideas for future research. Finally, this article looks ahead to future research directions, proposing possible improvements and innovations in order to achieve more breakthroughs and progress in the field of luxury marketing.

References


