

# Factors influencing luxury consumption and the moderating role of debt attitude amongst Generation Z in China

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**Abstract:** In recent years, China's economy has undergone rapid development. Increased disposable income and the rapid expansion of Internet-based financial services have positioned China as the largest market for luxury goods. Gen Z, the youngest demographic within emerging markets, is expected to play a pivotal role as the primary driver of the luxury market. However, while China's luxury market continues to exhibit a high growth rate, this growth has gradually decelerated in comparison to the previous two years according to researchers. This presents a significant challenge for the luxury industry, as maintaining and enhancing the global growth trend has become a pressing concern where consumer behavior is concerned. The second key issue addressed in this study revolves around the concepts of compulsive buying and brand addiction, which can lead individuals, particularly Gen Z, to develop an addiction to luxury consumption. This study is based on an integrated model of conspicuous consumption, social comparison, and impression management theory. The key variables are materialism, brand consciousness, status-seeking, peer pressure, and collectivism to predict the luxury consumption model with debt attitude introduced as a moderating variable to study consumer behaviour in this age group. A non-probability sampling method and 480 people were selected as research samples. Quantitative analysis was used in this study, and SPSS and Smart PLS were used as data analysis tools. Structural equation model (SEM) using partial least squares method was used to determine the relationship of the variables and the moderating effect of debt attitude. The results showed that brand consciousness, status seeking, debt attitude and materialism had the strongest relationship with luxury consumption. Debt attitude as a moderating factor has a significant impact on the hypothesized relationship of the model. This paper provides empirical evidence for research on Gen Z's luxury consumption, which has practical implications to marketers, luxury companies, local luxury brands and credit institutions.

**Keywords:** Gen Z; luxury consumption; debt attitude; quantitative analysis; consumer behaviour

## 1. Introduction

The China Luxury Report (2020) highlights a notable trend: the decreasing age of luxury consumers, particularly among Generation Z. For instance, the survey found that the average age of many Gen Z consumers making their first luxury purchases is less than 20 years old. Generation Z constitutes the newest and youngest market segment by consumer age. This trend is fueled by the increasing recognition among Chinese consumers, particularly those with high materialism, of international high-end luxury goods as symbols of success, wealth, and status (Park et al., 2008).

Furthermore, Rahman et al. (2020) underscore brand consciousness as a significant psychological orientation driving consumers towards well-known brands. Luxury consumption prediction models established by scholars such as Maziriri and Madinga (2018) verify the positive and significant effects of brand consciousness on luxury consumption behavior.

In China, individuals often long for peer recognition, leading young people to be significantly influenced by peer pressure (Wu et al., 2021). This pressure can have both positive and negative impacts on behavior, attitudes, and values, directly shaping their adherence to peer norms and altering their way of life (Congshan et al., 2018; Hung et al., 2020; Wang and Foosiri, 2018). Consequently, these studies emphasize luxury consumption as a significant research topic, striving to examine various factors influencing luxury consumption among Generation Z. These factors include materialism, brand consciousness, status seeking, collectivism, peer pressure, and debt attitude (Khandelwal et al., 2022; Zhao, 2018).

However, the luxury industry in China faces challenges, particularly in light of the global epidemic. The growth rate of China's luxury market has slowed, presenting a bottleneck in industry development (Bain and Company, 2023). On one hand, luxury brands resort to price increases to enhance brand value and offset epidemic-related losses. On the other hand, some luxury manufacturers prioritize profit margins over product quality, leading to repercussions in the Chinese market (Liu, 2022). Additionally, a significant gap exists between domestic luxury brands and their Western counterparts, highlighting deficiencies in brand management and marketing strategies (Wu, 2022).

The foregoing issues warrant an examination of additional factors influencing luxury product consumption in Chinese markets to preempt a decline in consumption (Bain and Company, 2021). The second problem addressed in this study is that both compulsive buying and brand addiction can lead to addiction to luxury consumption and have profound consequences for Generation Z (Rey-Ares et al., 2021). Individuals often resort to excessive purchases to alleviate pressure and anxiety, particularly in response to peer influences (Rey-Ares et al., 2021). However, the lack of self-control and repetitive or excessive purchasing can lead to unmanageable debt burdens (Mestre-Bach et al., 2017; Mrad and Cui, 2020). Compulsive purchasers, driven by strong brand consciousness, may lose control over spending and accumulate significant debts. Consequently, the debt burden increases due to a carefree attitude towards spending and impulse purchases (Ahmad et al., 2022). Compulsive spenders often use credit cards to satisfy their shopping desires, further exacerbating the financial consequences. Moreover, the proliferation of online consumption, installment payment options, and credit card facilities stimulate young people's desire for advance consumption, delaying the financial consequences (Mestre-Bach et al., 2017).

The research objective is to examine the relationship between Chinese Gen Z's psychological factors and luxury consumption, and to study the moderating effect of debt attitudes on psychological factors and luxury consumption.

1) To examine the level of status seeking, materialism, collectivism, peer pressure, brand consciousness and debt attitude amongst the Generation Z in China.

2) To examine the relationship between status seeking, materialism, collectivism,

peer pressure, brand consciousness, debt attitude and luxury consumption amongst the Generation Z in China.

3) To examine the moderating effect of debt attitude on the relationships between status seeking, materialism, collectivism, peer pressure, brand consciousness, debt attitude and luxury consumption amongst the Generation Z in China.

This research aims to fill the gaps in the relationship between psychological factors and luxury consumption for Generation Z in China, and to study the moderating effect of debt attitudes on psychological factors and luxury consumption. The research seeks to address the following questions:

1) What are the levels of status seeking, materialism, collectivism, peer pressure, brand consciousness, and debt attitudes among Generation Z in China?

2) Do status seeking, materialism, collectivism, peer pressure, brand consciousness, and debt attitudes significantly influence luxury consumption among Generation Z in China?

3) How does debt attitude moderate the relationships between psychological factors and luxury consumption among Generation Z in China?

## **2. Literature review and theory**

### **2.1. Underpinning theories**

The research chooses the theory of conspicuous consumption, social comparison theory, and impression management theory as the theoretical underpinning.

The conspicuous consumption theory provides three variables: Materialism, Status-seeking, and Luxury consumption for the framework of this study. Luxury consumption is often based on the economic income of consumers, when a higher income level is reached, consumers can make luxury consumption. “conspicuous” is one of the important motivations of luxury, in terms of conceptual extension, conspicuous consumption includes luxury consumption (Marcoux et al, 1997; Tan, 2022). In addition, because the starting point of conspicuous consumption is to pursue a higher social status, Veblen (1998) proposed the framework of this phenomenon, that is, to formulate consumer preferences according to social status. Therefore, analyzing the interaction between consumer status-seeking and consumers should be the focus of conspicuous research. Materialism itself is related to various consumer behaviors, and the prevalence of materialism is an important reason for the emergence of conspicuous consumption behavior (Veblen, 1899).

China’s rise as a luxury consumer powerhouse stem from a desire to assert status through upward social comparison while subtly downplaying lower classes (Suls and Wills, 2024). This penchant for status is rooted in Festinger’s social comparison theory. Consequently, attitudes towards debt often align with this mindset, as individuals may leverage it to maintain favorable comparisons with others (Festinger, 1954).

In the present study, the variable of brand consciousness, peer pressure, and collectivism are derived from the model of impression management theory (Chin et al., 2019). Consumers of luxury goods want to display their social value in groups, their wealth, and social status, and often by using brand features to make an impression on others (Goffman, 1959). In the process of promoting luxury goods consumption, the use of luxury goods is always first attributed to brand awareness, this model

provides a theoretical basis for the relationship between luxury consumption and brand awareness (Azhari et al., 2023). Individuals with collectivist cultural tendencies prioritize team goals, loyalty, and sociability, often employing impression management to protect relationships (Peterson and Stewart, 2020). In Chinese culture, impression management extends to family and close friends, influencing brand consciousness and susceptibility to peer pressure, all rooted in this theory (Yang and Zhang, 2022).

## **2.2. Literature on luxury**

This paper explores the concept of luxury from various perspectives, focusing on its scarcity, quality, symbolism, cultural influence, and market dynamics.

Luxury goods are characterized by their scarcity, often being held by a select few individuals, which enhances their exclusivity and allure (Kim, 2018; Veblen, 1899). They also boast a strong brand image and high quality, satisfying customer needs and fostering loyalty (Park et al., 2021). Luxury goods exhibit practical functions and are defined as goods or services with consumption growth rates surpassing income growth rates (Haque et al., 2020). Luxury goods possess distinct characteristics, including excellent quality, which signifies their functionality and performance (Zhang and Zhao, 2019). They often entail higher prices, increasing the potential for conspicuous consumption (Kapferer and Valette-Florence, 2019). Luxury items are also characterized by their uniqueness, scarcity, and symbolic nature (Anand, 2019; Belk, 1988; Kim, 2018). Moreover, luxury consumption is influenced by cultural factors (Choi et al., 2020).

With rising incomes in China, consumers prioritize product functionality over price, with Chinese youth displaying high levels of materialism and conspicuous consumption (Kapferer and Valette-Florence, 2019; Zhang and Zhao, 2019). Luxury consumption in China varies from disdain for the wealthy to a symbol of diligence and success, particularly in collectivist societies influenced by Confucian values (Eastman et al., 2018; Wong and Ahuvia, 1998).

The luxury goods market offers unique and distinctive products, with luxury brands striving to broaden their appeal and cultivate brand loyalty among diverse consumer groups, including the youth market segment (Cristini et al., 2017; Eastman et al., 2020). Brands innovate their business models to align with consumer preferences and emphasize their “green” image, reflecting growing environmental consciousness among luxury consumers (Bain and Company, 2019). For instance, Longchamp and its Le Pliage Green series incorporate environmentally friendly materials, catering to environmentally conscious consumers.

## **2.3. Definition of key terms**

### **2.3.1. Luxury consumption**

Conceptual definition: From the perspective of economics, luxury goods are goods or services that exclude necessities. The sociological definition emphasizes the symbolic meaning and value of luxury goods (Shukla, 2017), while marketing definition starts from the rarity of luxury goods which can demonstrate a person’s identity and status.

**Operational definition:** This study defines luxury consumption as the willingness to purchase luxury goods and the intensity of recommending luxury goods to others (Loureiro et al., 2014). The luxury goods in this study selected 42 brands in the four fields of clothing, bags, jewelry and makeup as the brand categories of questionnaires, which is measured among the Chinese Generation Z.

### **2.3.2. Status seeking**

**Conceptual definition:** The motivation of status-seeking is people's desire and pursuit for higher social status. People will feel threatened by those with higher status in their actual life, which should manifest in status attainment (Lange et al., 2019).

**Operational definition:** This study defines status seeking as the degree of interest in purchasing products that can enhance status and how much you are willing to pay to buy (Eastman, 2019).

### **2.3.3. Materialism**

**Conceptual definition:** Materialism can be regarded as a value that consumers focus on material possession, which can lead to satisfaction and happiness in life (Richins and Dawson, 1992).

**Operational definition:** This study defines materialism as a person who puts his material possession at the center of his life, when he obtains material possession, he obtains happiness. The quantity and quality of material possession are the basis for evaluating the success of himself and others.

### **2.3.4. Brand consciousness**

**Conceptual definition:** Consumer shopping decision-making style is a psychological orientation. The stronger the brand awareness, the more consumers will think of the brand when choosing products, and the more likely they will eventually buy it (Sproles and Kendall, 1986).

**Operational definition:** This study defines brand consciousness as the perception and cognition of the importance of the brand.

### **2.3.5. Collectivism**

**Conceptual definition:** As defined by Triandis (1995), collectivism thinks of oneself as a member of a group and lives according to other expectations.

**Operational definition:** This study defines collectivism as the degree of recognition and compliance with the norm that individual needs are subordinate to group interests.

### **2.3.6. Peer pressure**

**Conceptual definition:** Peer pressure refers to the direct influence their friends have on others, forcing them to act and think to be accepted in the group (Santor et al., 2000).

**Operational definition:** Peer pressure refers to the degree of pressure that an individual feels about thinking and acting under the influence of behavior among friends (Santor et al., 2000).

### **2.3.7. Debt attitudes**

**Conceptual definition:** Białowolski et al. (2020) defined debt attitude as a psychological tendency measured by a specific entity to what extent approval or

disapproval of debt.

Operational definition: Debt attitudes refer to consumers' perception and understanding of debt when purchasing luxury goods.

## **2.4. Hypotheses of the study**

### **2.4.1. Relationship between status seeking and luxury consumption**

Eastman et al. (1999) found that status-seeking consumers enjoy the glory and fame of status consumption when purchasing goods or services, status demand is an important driving force of human behavior, and consumers can meet their needs (Veblen, 1899). Luxury consumption, as an important way of status consumption, is often used as a means of self-expression, which applies to the purchase intention of luxury fashion (Kim and Jang, 2014). Consumers tend to buy luxury goods in order to win the respect of others, connect with ideal social groups, enhance their self-confidence through impression management, and show or improve their status in society, materialism is positively associated with status-seeking of impression management (Annathurai et al., 2023). In emerging markets, the symbolic meaning of luxury goods is irreplaceable. The value of luxury goods lies in their high price, which makes them a symbol of identity and noble social status (Zhao and Jin, 2018). For consumers in mature markets, luxury goods tend to have good quality, high-use value, uniqueness, and availability, which are all factors that consumers pay attention to, so the price is high, and realize their own pursuits (Tuominen et al., 2022). Through the analysis and summary of the above content, the following hypothesis is put forward:

H1: Higher status seeking has a positive and significant relationship with luxury consumption.

### **2.4.2. Relationship between materialism and luxury consumption**

Scholars mainly focus on relationship of materialism and conspicuous consumption, which shows that of them are usually related, and luxury goods may be the natural choice of materialists (Wong and Ahuvia, 1998). Materialism consumer believe that luxury consumption may enhance material life. Materialism is positively correlated with luxury consumption (Chacko et al., 2018), green luxury consumption is precisely a kind of populist behavior that can help materialistic consumers gain such reputation and approval (Talukdar and Yu, 2020). Young people in Chinese cities may tend to be highly materialistic, collectivism and materialism are significantly and positively associated with conspicuous consumption (Zakaria et al., 2021). Recently under the influence of western culture, materialism, brand awareness and trendy luxury consumption behavior have a significant impact on the willingness to buy foreign luxury goods online (Burnasheva et al., 2019; Mainolfi, 2020). Through the analysis and summary of the above content, the following hypothesis is put forward:

H2: Higher materialism has a positive and significant relationship with luxury consumption.

### **2.4.3. Relationship between brand consciousness and luxury consumption**

More and more scholars establish luxury consumption prediction models to verify that BC and luxury consumption have positive and significant effects (Maziriri and Madinga, 2018). As the economy develops, lifestyle centrality influences brand consciousness (BC), subsequently impacting various dimensions of conspicuous

consumption (Melo et al., 2021). BC and luxury consumption are deeply intertwined with cultural factors, while scholars, such as Assimos et al. (2019), strive to unveil research results across different regions. In emerging markets where the luxury market is developing rapidly, high brand consciousness is the main driving force for consumers to buy luxury brands (De Silva et al., 2020). For example, the findings support that materialism and BC are positively associated with luxury consumption in India, which plays an important role in predicting the behavior of young luxury buyers (Sharda and Bhat, 2018). BC is based on a higher priced brand as a higher quality signal. Since luxury brands are typically more expensive, they may represent a perfect choice, in the emerging markets of luxury goods, for example, collectivist consumers in China gradually awaken their brand consciousness, and the orientation of collectivist values leads to brand individuality (Mainolfi, 2020). Through the analysis and summary of the above content, the following hypothesis is put forward:

H3: Higher brand consciousness has a positive and significant relationship with luxury consumption.

#### **2.4.4. Relationship between collectivism and luxury consumption**

Good quality goods will consume more socially necessary labor time, so the value is high (Lee et al., 2023). The value determines the price, so the price of goods is high, which is also one of the reasons why collectivists tend to buy luxury goods (Aliyev and Wagner, 2018). Members of the collectivist culture are sensitive to prestige, and collectivists buy products to preserve ‘face’ (Tong et al., 2021), because they believe that their social status is largely determined by economic progress and the display of wealth. Consumers with solid collectivist values will focus on products and services that can bring social value in addition to practical functions when choosing products, making consumers seem more successful and wealthier (Han et al., 2021). From different cultural and regional perspectives, American luxury consumers influenced by individualistic values are more likely to have symbolic motivation (Jha, 2021). Due to the influence of consumerism and hedonism in recent years, Chinese consumers also have personal motivations for luxury consumption: self-enjoyment, quality refinement, and self-gifting (Yu and Sapp, 2019). Through the analysis and summary of the above content, the following hypothesis is put forward:

H4: Higher collectivism has a positive and significant relationship with luxury consumption.

#### **2.4.5. Relationship between peer pressure and luxury consumption**

Adriani and Sonderegger (2019) further analyzed the conspicuous consumption represented by luxury purchase behavior through empirical methods, and signaling models of self-esteem can be applied to peer stress measurements, which is the research of pressures involved in costly signaling varied with the distribution of peer properties was analyzed using the “honor-stigma” model. Therefore, it is very important for many consumers to want to impress others, including their peers and those in different societies or age groups, as one needs to have a positive sense of self-identity, and buying luxury goods with high status symbols would reinforce this positive self-concept (Bakir et al., 2020). Therefore, they would prefer to buy some brand clothes with guaranteed quality such as luxury goods, to gain support and recognition from others (Gil et al., 2017). Through the analysis and summary of the

above content, the following hypothesis is put forward:

H5: Higher peer pressure has a positive and significant relationship with luxury consumption.

#### **2.4.6. Relationship between debt attitude and luxury consumption**

Conspicuous consumption has maintained an upward trend in developed and developing countries in recent years, and since conspicuous consumption can lead to financial difficulties, it is important to investigate conspicuous consumption and attitudes towards debt (Wai and Osman, 2019; Wang et al., 2011). Maurizka et al. (2021) conducted a study using a sample of 1141 respondents and found that debt attitudes have a significant impact on users' intention to buy luxury goods. Gamble et al. (2019) reviewed research on young people's attitudes towards borrowing, most of which focused on student loans, and found that positive attitudes were associated with higher spending during luxury purchases. When college students have limited financial security, their attitude towards debt is often negative, understanding and using the meaning of personal finance can make college students good at financial management and lay the foundation for a richer future life (Yogasnumurti et al., 2019). Through the analysis and summary of the above content, the following hypothesis is put forward:

H6: Debt attitude has a positive and significant relationship with luxury consumption.

#### **2.4.7. Moderating effect of debt attitude**

Debt attitude is generally divided into positive debt attitude that is debt is beneficial; and negative debt attitude that is debt is bad, which will make the individual uneasy and anxious. Consumers' positive attitude towards debt makes them indifferent about credit debt. And it is their attitude that often makes them get deeper and deeper in the mire of credit debt. Social influence based on the environment of consumers, consumers' attitudes towards debt will change so that consumers will no longer worry about the use of revolving credit and installment payments (Kerre, 2019). Positive debt attitudes enable consumers to frequently use consumer credit, and increase compulsive purchases, mainly when holders of credit instruments such as credit cards cannot manage their purchases (Khandelwal et al., 2021). Such consumers obtain the social status they pursue by buying luxury goods and high-end goods that they cannot afford. Therefore, we can think that positive debt attitude will strengthen the relationship between social status pursuit and luxury goods, and negative debt attitude will weaken the relationship between status-seeking and luxury goods (Gil et al., 2017).

Materialism has a certain role in promoting the attitude of debt, high materialists will have more frequent credit card use behavior (Widjaja and Pertiwi, 2020). If Gen Z have a clearer understanding of lending knowledge, it means that they are more familiar with the operating mode of credit cards or microloans and Internet lending, understand their functions, and can more rationally evaluate the consequences of overdraft consumption, including luxury goods related consumption (Wang et al., 2020). Therefore, consumers with relatively high knowledge and attitudes towards borrowing should be able to positively adjust the relationship between psychological factors and the purchase of luxury goods by consumers when they are interfered with by other psychological factors (Kerre, 2019).



The past activities of peers and individuals within one's personal social network can significantly influence an individual's brand addiction behavior (Jabeen et al., 2023). Customers exhibiting brand addiction hold significant value for enterprises, impacting both brand value and product sales (Francioni et al., 2021). Thus, we can speculate that positive debt attitude has a positive effect in promoting brand awareness and luxury purchase, while negative debt attitude will weaken brand addiction, thus reducing the role of brand consciousness on luxury purchase (Meijani et al., 2021).

Factors influencing debt attitudes, such as education and risk tolerance, are closely tied to recent studies revealing strong correlations between individuals' debt attitudes and those of their parents. This suggests that debt attitudes are culturally ingrained and transmitted across generations within families (Srisamarn and Fernando, 2018). Foreign-born respondents often express discomfort with debt, highlighting the influence of cultural factors like collectivism. Therefore, this paper hypothesizes that positive debt attitudes may reinforce collectivist norms and drive luxury purchases aligned with collectivist values (Almenberg et al., 2021).

A survey of 225 US college students from different cultural backgrounds showed that the surrounding environment and the spread of the Internet have an obvious impact on the credit card business. The perception of young consumers of the people they consider important will stimulate them to borrow, and overspend purchases using credit cards, because peer pressure makes them want to be at the same level as their peers, it becomes important that others share experience. As a result, a positive debt attitude will make them more indifferent to their debt, thus increasing the relationship between peer pressure and luxury purchases (Sotiropoulos and D'Astous, 2012).

To sum up, Attitude can affect the final behavior of the individual. Previous research has indicated that attitude has three dimensions, cognitive attitude, emotional attitude and behavior attitude. Debt perception attitude refers to consumers' cognition of borrowing knowledge, debt emotional attitude refers to consumers' emotions and reactions to debt, debt behavior attitude refers to the behavior of individuals that cause debts related to borrowing (Kerre, 2019). Consumers with a thorough understanding of lending concepts, including credit cards, microloans, and internet lending, are better equipped to evaluate the implications of overdraft consumption, including luxury purchases. Thus, individuals with strong borrowing knowledge and attitudes can mitigate the impact of other psychological factors on luxury goods consumption, adjusting their purchasing behaviors more positively (Potrich and Vieira, 2018). Following the above elaboration, the present study presents the following hypotheses (**Figure 1**):

H7a: The positive relationship between status seeking and luxury consumption will be stronger when debt attitude is stronger.

H7b: The positive relationship between materialism and luxury consumption will be stronger when debt attitude is stronger.

H7c: The positive relationship between brand consciousness and luxury consumption will be stronger when debt attitude is stronger.

H7d: The positive relationship between collectivism and luxury consumption will be stronger when debt attitude is stronger.

H7e: The positive relationship between peer pressure and luxury consumption will be stronger when debt attitude is stronger.

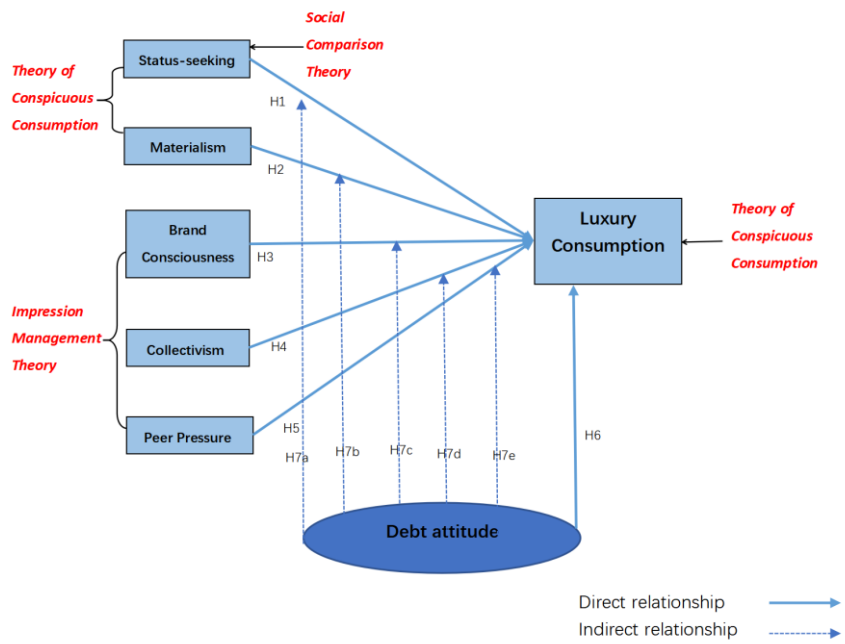


Figure 1. Conceptual framework.

### 3. Research methodology

#### 3.1. Questionnaire design

This paper uses a survey questionnaire composed of Likert scale as a research tool. The original items of the survey questionnaire come from the refinement of the variables that need to be measured, and these variables are obtained from existing literature (Khalil et al., 2022). On this basis, it aids the respondent to accurately understand the questionnaire items in order to obtain a complete and accurate survey information. The questions in the questionnaire are mainly based on previous literature reviews, and are selected from a mature scale with good reliability and validity (Barman et al., 2023). The first part of the questionnaire includes the background information of the respondents (gender, age, occupation). The second part is the formal questionnaire, the items are all using the Likert six-point scale, which has a clear structure, is easy to read and complete, and reduces the degree of dislike of the respondents. The use of a 6-point Likert scale maximizes information retrieval (Green and Rao, 1970). As the number of response options increases, the reliability will also increase, with a higher convergent validity (Taherdoost, 2019). The scoring method is: 1 is “strongly disagree”, 2 is “disagree”, 3 is “slightly disagree”, 4 is “slightly agree”, 5 is “agree”, 6 is “strongly agree”.

#### 3.2. Sample size

In this study, the research objective is luxury consumers among the Chinese generation Z who were born between 1995 to 2004, Generation Z is the fastest growing consumer group, they account for about 15% of China’s total population, which is about 180 million (Statista, 2023). In the process of quantitative research, samples are a necessary condition for empirical research based on the positivist methods. For the selection of sample of the study the author has used the G-power software and

reference to procedure of Morgan (Krejcie and Morgan, 1970), thus the recommended sample size is 384. Finally, 480 samples will be collected in this study to increase the accuracy of our model.

### **3.3. Data collection method**

In terms of data collection, the combination of online and mall-intercept interview data collection method is adopted. For the online questionnaire, a web link of the questionnaire (questionnaire star) is shared in social sites such as QQ or WeChat, and students were asked to help share the questionnaire to their circle of their friends. These data come from different universities in different cities. The main distribution method was through We Chat, which is the most popular social network in China, because most respondents prefer to WeChat through their mobile phones (Weil et al., 2020). At the same time, offline research data was collected through mall-intercept interview, collection sites involve data from major shopping malls in Beijing, Tianjin and Baoding. A physical copy of the questionnaire was shared. It is estimated that between July 1st and October 1st 2022, to compensate the missing data during data collection, 20% of more questionnaires were further be collected, and finally 481 questionnaires were distributed. The survey included the questionnaire, its aims and instructions to complete the questionnaire. The online questionnaire attracted interested members to participate in the survey by awarding a We chat bonus envelope of 6 to 20 yuan.

### **3.4. Data analysis technique**

This study assessed the measurement and structural model using PLS-SEM (Henseler et al., 2009). The model is intended to show the relationship between the latent variable and the item or index it measures (Mateos-Aparicio, 2011). In addition, the measurement model will be used to evaluate the reliability and discriminative validity of the adopted measures. Finally, it would like to emphasize that this approach includes tests of the reliability of individual indicators, reliability of internal consistency, convergence, and discriminative validity of each structure (Hair et al., 2012).

Accepted econometric model tests are based on confirmatory factor analysis (CFA). CFA is a method for verifying measurement items of measurement structure (Hair et al., 2016). Based on the acquired information, the method estimates a predetermined link between indicators and theoretical predictions about the structure (Hair et al., 2019). The researchers built a measurement model to verify the reliability and validity of the measures used. Conversely, if the model is unreliable and cannot meet the minimum requirements, then the model in the next step is neither reliable nor valid. The structural model will be assessed through the path coefficient analysis. The purpose of this model is to test the predictive power of the research model and the detection of endogenous variables ( $R^2$ ) (Peng and Lai, 2012), the estimation of the path coefficient, the estimation of the effect size ( $f^2$ ), and the predicted correlation ( $Q^2$ ).

## **4. Result and discussion**

### **4.1. Demographic profile of the respondents**

In the actual distribution process, 480 questionnaires were distributed according to the principle of 1.2 times, the questionnaires with incomplete answers and consumers who had not consumed luxury goods in the past two years were directly deleted, and those who did not answer seriously were also deleted. Finally, the rest 459 questionnaires were valid (**Table 1**), and the recovery rate was 95.6%.

**Table 1.** Demographic profile of the respondents.

<b>Variable</b>	<b>Frequency (N = 459)</b>	<b>Percentage (%)</b>
<b>Gender</b>		
Male	180	39.2
Female	279	60.8
<b>Age</b>		
18–23 years old	257	56
24–27 years old	202	44
<b>Employment status</b>		
Student	276	60.1
Working	183	39.9
<b>Luxury purchase experience</b>		
Yes	459	100
No	0	0

Among them, the number of male respondents is 180, and the number of women is 279. Women in China are gaining economic independence and have reached the point where they have their own money to spend on luxury goods. Therefore, more female consumers are selected as research objects in this study (Shen et al., 2018). Through the calculation of percentages, it can be seen that the number of males accounts for the total number of respondents. The total number of respondents was 39.2%, and the proportion of women was 60.8%. Regarding the occupational status of Gen Z, the respondents are mostly college students or young people who have recently graduated. Among them, 183 people have participated in the work, and 276 are college students, accounting for 39.9% and 60.1%. According to the sample’s age distribution, 202 respondents aged 24–27, accounting for 44% of the total respondents, and 257 respondents aged 18–23, the proportion of the total number of Z is 56%.

#### **4.2. Descriptive analysis**

As shown in **Table 2**, the focus of the descriptive statistical analysis in this study was to describe the overall sampling through the four indicators of mean, standard deviation, skewness, and kurtosis, and analyzes its corresponding ability through the results (Mehla et al., 2020).

**Table 2.** Descriptive statistics of the variables.

Item code	N statistic	Range statistic	Minimum statistic	Maximum statistic	Mean of dimension	Mean of item	s.d.	Skewness	Kurtosis
SS1	459	5	1	6	-	2.99	1.345	0.260	-0.575
SS2	459	5	1	6	-	3.19	1.360	0.093	-0.611
SS3	459	5	1	6	-	2.91	1.310	0.325	-0.422
SS4	459	5	1	6	-	2.79	1.036	0.628	0.548
SS5	459	5	1	6	-	2.67	1.279	0.466	-0.375
SS	-	-	-	-	2.91	-	-	-	-
MAT1	459	5	1	6	-	3.57	1.404	-0.048	-0.680
MAT2	459	5	1	6	-	4.01	1.354	-0.384	-0.448
MAT3	459	5	1	6	-	3.80	1.189	-0.497	-0.113
MAT4	459	5	1	6	-	3.71	1.257	-0.303	-0.398
MAT5	459	5	1	6	-	3.95	1.292	-0.342	-0.312
MAT6	459	5	1	6	-	4.00	1.132	-0.368	0.111
MAT8	459	5	1	6	-	4.22	1.279	-0.428	-0.273
MAT9	459	5	1	6	-	3.24	1.237	0.101	-0.409
MAT10	459	5	1	6	-	3.48	1.041	-0.230	-0.150
MAT11	459	5	1	6	-	3.59	1.210	0.044	-0.458
MAT12	459	5	1	6	-	3.96	1.216	-0.224	-0.261
MAT14	459	5	1	6	-	4.36	1.240	-0.473	-0.312
MAT	-	-	-	-	3.82	-	-	-	-
BC1	459	5	1	-	-	3.76	1.178	-0.291	-0.119
BC2	459	5	1	-	-	3.36	1.230	0.127	-0.438
BC3	459	5	1	-	-	3.44	1.225	0.012	-0.437
BC4	459	5	1	6	-	3.32	1.163	0.006	-0.398
BC5	459	5	1	6	-	3.44	1.203	0.163	-0.252
BC	-	-	-	-	3.46	-	-	-	-
COL1	459	5	1	6	-	3.86	1.246	-0.319	-0.267
COL2	459	5	1	6	-	4.22	1.136	-0.188	-0.309
COL3	459	5	1	6	-	4.25	1.096	-0.485	0.245
COL5	459	5	1	6	-	3.92	.958	-0.341	0.370
COL6	459	5	1	6	-	3.95	1.019	-0.061	-0.077
COL7	459	5	1	6	-	3.69	1.127	0.006	-0.220
COL8	459	5	1	6	-	3.78	1.130	0.117	-0.259
COL	-	-	-	-	3.95	-	-	-	-
PP1	459	5	1	6	-	2.87	1.050	0.072	-0.129
PP2	459	5	1	6	-	2.74	1.108	0.231	-0.212
PP3	459	5	1	6	-	3.15	1.063	0.074	-0.107
PP4	459	5	1	6	-	3.11	1.198	0.076	-0.275
PP5	459	5	1	6	-	3.22	1.257	0.031	-0.530
PP	-	-	-	-	3.02	-	-	-	-

**Table 2.** (Continued).

Item code	N statistic	Range statistic	Minimum statistic	Maximum statistic	Mean of dimension	Mean of item	s.d.	Skewness	Kurtosis
DA1	459	5	1	6	-	3.25	1.140	0.185	0.058
DA2	459	5	1	6	-	3.86	1.022	-0.117	-0.113
DA3	459	5	1	6	-	3.25	1.181	0.128	-0.250
DA4	459	5	1	6	-	3.37	1.207	-0.257	-0.356
DA5	459	5	1	6	-	3.49	1.136	0.125	-0.180
DA6	459	5	1	6	-	3.67	1.057	0.119	-0.067
DA7	459	5	1	6	-	3.19	1.154	0.160	-0.109
DA8	459	5	1	6	-	2.95	1.176	0.061	-0.451
DA	-	-	-	-	3.38	-	-	-	-
LC1	459	5	1	6	-	3.26	1.244	0.207	-0.318
LC2	459	5	1	6	-	3.66	1.282	0.015	-0.434
LC3	459	5	1	6	-	3.19	1.211	0.310	-0.264
LC	-	-	-	-	3.37	-	-	-	-

The mean of dimension for Status seeking, Materialism, Brand consciousness, Collectivism, Peer pressure, Debt attitude and Luxury consumption were 2.91, 3.82, 3.46, 3.95, 3.02, 3.38 and 3.37, respectively. All data spans were at the maximum value of 5. In addition, it is worth noting in the scale that when the value of the standard deviation is less than 1, it indicates that the respondents have the recognition degree is highly consistent, that is to say, the variability of the item is small. When the standard deviation value is between 1 and 2, the respondents differ significantly in their opinions or attitudes on the item. The item has more significant variability and discrimination (Qin, 2017). The evaluation standard for skewness is that when the skewness value is greater than +1 or less than -1, the data has a skewed distribution. As far as kurtosis is concerned, when the kurtosis value is greater than 1, it means that the kurtosis has reached a high level, and when it is less than -1, the kurtosis has reached the top level. If the skewness of the data exceeds the above value with the kurtosis, it means that the data distribution is not normal. The skewness and kurtosis of these items do not exceed +1 or less than -1, indicating that the distribution of these observed variables is normal distribution (Loperfido, 2020).

### 4.3. Assessment of measurement model (outer model)

In this section, the article will evaluate the measurement model of PLS-SEM. Before evaluating the structural model of PLS-SEM, the measurement model often needs to be measured first (Hair et al., 2019).

#### 4.3.1. Internal consistency reliability

The complete reliability of CR ranges from 0 to 1, and the higher the reliability, the closer to 1. CR above 0.7 is good reliability (Hair et al., 2019). **Table 3** contains the Cronbach's alpha and composite reliability values. From the values shown in the table, it can be seen that the Cronbach's  $\alpha$  of each variable is high. At the minimum critical value of 0.70, the combined reliability CR values are also greater than 0.7,

indicating that the scale in this study has high reliability.

**Table 3.** Construct reliability and validity.

	<b>Cronbach's alpha</b>	<b>Composite reliability</b>	<b>Average variance extracted (AVE)</b>
BC	0.861	0.900	0.643
COL	0.869	0.898	0.557
DA	0.859	0.890	0.503
LC	0.838	0.903	0.755
MAT	0.930	0.939	0.564
SS	0.917	0.938	0.751
PP	0.828	0.877	0.588

**4.3.2. Indicator reliability**

According to Hair et al. (2019), the indicator value of Outer Loadings is at least equal to or greater than 0.708. Although the values of COL1, DA2, DA5, DA6, MAT10, and MAT11, items are lower than 0.708, they are very close to this threshold, at 0.6–0.7, it is necessary to combine the validity to judge further whether to delete, combining the CR values and the AVE values, because both values are above the threshold of 0.7 and 0.5, respectively, according to Hair et al. (2011), in this study one by one Retention remained after analysis.

**4.3.3. Convergent validity**

If the AVE value of the model is greater than or equal to 0.5, the measured facet explains more than half of its measurement indicator. Variation; if the AVE value is less than 0.5, it means that the error component of the variation is greater than the proportion that the facet can explain (Ahmed et al., 2022). The final evaluation value of The AVE ranges from 50.3% for debt attitude to 75.5% for luxury consumption, and all variables exceed 50%. Therefore, when testing the reliability of variables, the validity index should be fully considered. It cannot be directly deleted, although the reliability index value does not get the threshold, which should consider the two comprehensively (Hair et al., 2016). In this study, although the outer loading value of 6 items is lower than 0.7, the AVE measurement (Fei et al., 2024). The results of the value have already supported that the measurement model has good convergent validity, or the construct measurement validity is at an acceptable level, so the above 6 items are reserved (Mien et al., 2023).

**4.3.4. Discriminant validity**

This study will use two ways to measure the effect of each aspect, the first method is to observe the Cross Loadings index, and the other is the Fornell-Larcker index. Hair et al. (2021) argue that the loading of each indicator should be greater than its overall cross-loading, so the correlation of each column should be compared with other structures (Chin, 1998).

In **Table 4**, each item loading of brand consciousness, collectivism, debt attitude, luxury consumption, materialism, peer pressure, and status-seeking meets cross-loading criteria and has good convergent validity. However, Hair et al., (2019) also proposed that the cross-loading criterion is too loose, and the Fornell-Larcker index is

another relatively strict criterion for evaluating convergent validity. With the square root of AVE, good discriminant validity is demonstrated if the diagonal element exceeds the value of the off-diagonal element (Fornell and Larcker, 1981). In this study, the square root of the seven dimensions AVE is significantly higher than other dimensions, which has high discriminant validity (Hair et al., 2021). The Fornell-Larcker metric is the most popular method for assessing discriminant validity (Ab Hamid et al., 2017), which can be used to assess multicollinearity problems. The Fornell-Larcker metric mainly tests discriminant validity by comparing the correlation between the square root of the AVE of individual constructs and the latent variables as shown in **Table 5**, by performing all correlation comparisons.

**Table 4.** Cross loading.

	<b>BC</b>	<b>COL</b>	<b>DA</b>	<b>LC</b>	<b>MAT</b>	<b>SS</b>	<b>pp</b>
BC1	0.797	0.118	0.283	0.399	0.257	0.302	0.198
BC2	0.814	0.154	0.249	0.401	0.221	0.295	0.231
BC3	0.839	0.170	0.263	0.390	0.192	0.270	0.176
BC4	0.767	0.147	0.213	0.347	0.208	0.249	0.161
BC5	0.790	0.107	0.211	0.348	0.227	0.284	0.161
COL1	0.096	0.683	0.091	0.091	0.115	0.108	0.121
COL2	0.174	0.803	0.144	0.189	0.177	0.181	0.058
COL3	0.144	0.754	0.101	0.181	0.171	0.186	0.085
COL5	0.118	0.737	0.076	0.134	0.167	0.160	0.076
COL6	0.134	0.772	0.154	0.187	0.120	0.131	0.074
COL7	0.115	0.742	0.088	0.143	0.138	0.161	0.089
COL8	0.107	0.727	0.092	0.147	0.107	0.131	0.037
DA1	0.170	0.090	0.700	0.253	0.184	0.243	0.256
DA2	0.290	0.213	0.668	0.319	0.216	0.256	0.191
DA3	0.234	0.050	0.723	0.254	0.188	0.195	0.252
DA4	0.233	0.024	0.707	0.212	0.238	0.189	0.219
DA5	0.152	0.132	0.679	0.250	0.184	0.165	0.149
DA6	0.169	0.139	0.656	0.249	0.213	0.186	0.115
DA7	0.225	0.127	0.767	0.327	0.218	0.222	0.230
DA8	0.240	0.039	0.764	0.334	0.146	0.251	0.157
L1	0.424	0.158	0.344	0.874	0.348	0.392	0.160
L2	0.376	0.177	0.326	0.853	0.311	0.361	0.120
L3	0.427	0.219	0.359	0.880	0.321	0.417	0.079
MAT1	0.205	0.163	0.153	0.292	0.767	0.223	0.095
MAT10	0.186	0.141	0.256	0.242	0.697	0.181	0.109
MAT11	0.210	0.133	0.245	0.267	0.699	0.201	0.098
MAT12	0.232	0.109	0.237	0.305	0.744	0.266	0.091
MAT14	0.174	0.172	0.213	0.252	0.753	0.243	0.057
MAT2	0.176	0.160	0.143	0.292	0.778	0.221	0.093
MAT3	0.216	0.163	0.167	0.226	0.741	0.246	0.090



**Table 4.** (Continued).

	BC	COL	DA	LC	MAT	SS	pp
MAT4	0.212	0.140	0.215	0.296	0.755	0.238	0.124
MAT5	0.201	0.140	0.216	0.293	0.792	0.229	0.106
MAT6	0.190	0.144	0.221	0.269	0.754	0.248	0.100
MAT8	0.253	0.115	0.270	0.297	0.771	0.242	0.116
MAT9	0.221	0.161	0.173	0.327	0.756	0.206	0.093
PP1	0.201	0.105	0.217	0.124	0.048	0.151	0.784
PP2	0.136	-0.013	0.179	0.076	0.050	0.114	0.723
PP3	0.198	0.085	0.221	0.136	0.109	0.099	0.850
PP4	0.161	0.055	0.216	0.065	0.105	0.086	0.732
PP5	0.180	0.116	0.225	0.095	0.200	0.173	0.738
SS1	0.266	0.195	0.222	0.363	0.246	0.869	0.108
SS2	0.302	0.200	0.257	0.403	0.262	0.884	0.138
SS3	0.309	0.179	0.266	0.396	0.284	0.870	0.146
SS4	0.288	0.174	0.265	0.374	0.267	0.866	0.158
SS5	0.347	0.146	0.308	0.410	0.259	0.846	0.155

**Table 5.** Fornell-Larcker criterion.

	BC	COL	DA	LC	MAT	SS	pp
BC	0.802	-	-	-	-	-	-
COL	0.174	0.746	-	-	-	-	-
DA	0.306	0.148	0.709	-	-	-	-
LC	0.472	0.213	0.396	0.869	-	-	-
MAT	0.276	0.192	0.277	0.376	0.751	-	-
SS	0.350	0.206	0.305	0.450	0.304	0.867	-
pp	0.233	0.099	0.275	0.137	0.130	0.163	0.767

#### 4.4. Assessment of structural model

Following an evaluation of the external model’s reliability and validity, attention shifts to assessing the structural model. It’s crucial to first verify independence from collinearity issues among the predictive independent variables (Hair et al., 2019). Collinearity can distort path coefficient estimation, potentially leading to errors. After collinearity assessment, path coefficients are tested to elucidate the hypothesized relationships between various structural elements (Bollen, 2011). Normalized path coefficients, ranging from  $-1$  to  $+1$ , provide insights into the internal model’s quality. Statistical significance analysis, including examination of  $R^2$ , effect size ( $f^2$ ), predictive correlation ( $Q^2$ ), and goodness-of-fit metrics, is then conducted to gauge the model’s predictive power and overall fit (Jye et al., 2022). These steps, as detailed by Hair et al. (2019), ensure a thorough evaluation of the structural model (Hair et al., 2019).

##### 4.4.1. Path coefficient

As shown in **Figure 2**, the path coefficient between brand consciousness and

luxury consumption reached 0.285, which is also the maximum value of the path coefficient between all dimensions, showing a solid logical relationship between the two, that is, a causal relationship. When the consumer brand stronger the consciousness, they are more willing to consume luxury goods. There is also a causal relationship between status-seeking and luxury consumption. The path coefficient between the two is 0.236, indicating that the stronger the status-seeking consciousness, the more inclined to buy luxury goods. In addition, the path coefficient between materialism and luxury consumption is 0.167, and the path coefficient from debt attitude to luxury consumption is 0.195, indicating that both materialism and debt attitude have a particular impact on luxury consumption.

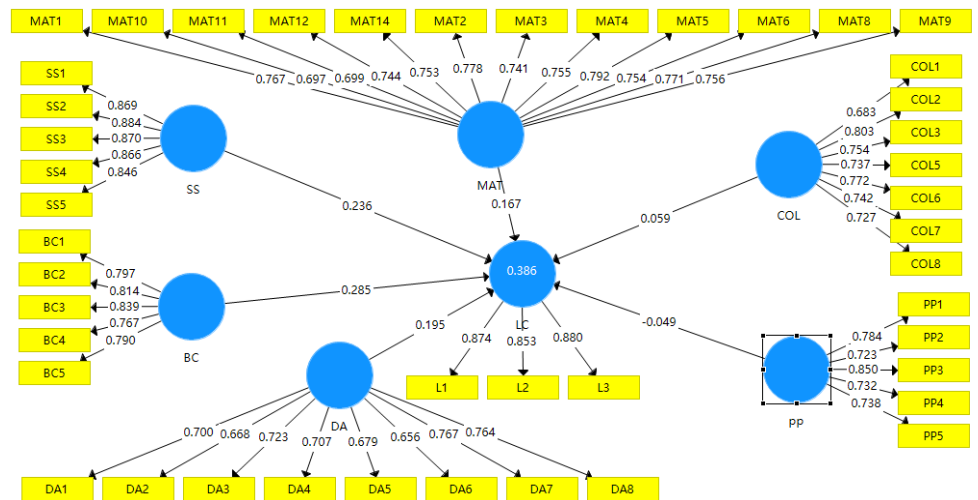


Figure 2. The evaluation of measurement model through PLS algorithm.

#### 4.4.2. Examination of $R^2$ of the endogenous constructs

The  $R^2$  value, ranging from 0 to 1, signifies the extent of explanatory power within a model, with higher values indicating stronger explanatory capabilities (Hair et al., 2019). For studies focusing on factors influencing customer satisfaction, an  $R^2$  value exceeding 0.75 is deemed acceptable, according to Cohen (1988). However, Hair et al. (2011) and Henseler et al. (2009) caution against excessively high  $R^2$  values. Chin (1998) proposed a more balanced criterion, in this study, as presented in Table 6, the path analysis of the Partial Least Squares (PLS) model reveals an  $R^2$  of 0.386, surpassing the moderate explanatory power threshold. This value falls between the moderate standard of 0.33 and the significance standard of 0.67, indicating robust explanatory power for luxury consumption among the exogenous variables (Chin, 1998).

Table 6. R square.

	R-square	R-square adjusted
LC	0.386	0.378

#### 4.4.3. Effect value of the initial model ( $f^2$ )

After measuring the model's significance path coefficient and  $R^2$  level, the effect size and prediction correlation need to be evaluated. The  $f^2$  effect values of this study

are shown in **Table 7**. Overall, the influence of exogenous variables on luxury consumption is relatively small and has not reached the medium effect of 0.15. The  $f^2$  effect value is brand consciousness (0.105), status-seeking (0.072), and debt attitude (0.050) in order from high to bottom. Materialism (0.038). While the values of collectivism and peer pressure are less than the minimum thresholds for the  $f^2$  effect, which are 0.005 and 0.003, respectively, indicating almost no effect.

**Table 7.** Effect size ( $f^2$ ).

Exogenous	Endogenous	Effect Size ( $f^2$ )	Effect
BC	LC	0.105	Small
COL	LC	0.005	None
DA	LC	0.050	Small
SS	LC	0.072	Small
MAT	LC	0.038	Small
PP	LC	0.003	None

#### 4.4.4. Predictive relevance of the model ( $Q^2$ )

To enhance the model’s predictive accuracy, this study will incorporate the  $Q^2$  value proposed by Stone (1977) to assess predictive validity (Hair et al., 2012). Employing cross-validation redundancy, this method evaluates predicted associations across study patterns, applicable to both reflective-item and single-item constructs within endogenous models. Its objective is to ascertain the exogenous variables’ capacity to predict correlations with endogenous variables.  $Q^2$  value exceeding 0 indicates a specific correlation between the path mode and prediction outcome, with higher  $Q^2$  values indicating greater predictive correlation within research models (Hair et al., 2016). In this study, the  $Q^2$  statistic for the endogenous latent variable yielded a value of 0.381. As this result surpasses zero, it indicates the model possesses predictive validity (Hair et al., 2016), with detailed findings presented in **Table 8**.

**Table 8.** Predictive relevance ( $Q^2$ ).

Endogenous	$Q^2$	Result
LC	0.381	Yes

#### 4.5. Moderating effect of debt attitude

**Table 9.** Moderating effect.

Items	Construct	Std. Beta	T-Values	P-Values	Findings
H7a	DA × SS → LC	0.026	2.663	0.008	Supported
H7b	DA × MAT → LC	0.029	4.702	0.000	Supported
H7c	DA × BC → LC	0.027	5.476	0.000	Supported
H7d	DA × COL → LC	0.034	1.221	0.222	Not supported
H7e	DA × PP → LC	0.050	0.832	0.405	Not supported

**Table 9** summarizes the moderating effects of status-seeking, brand consciousness, materialism, peer pressure, and collectivism. The study concluded that

H7a, H7b, and H7c were supported, and the moderating effects were significant. While H7d and H7e were not supported because the moderating relationship was not significant ( $t$ -value < 1.96,  $p$  > 0.05) (Hair et al., 2016).

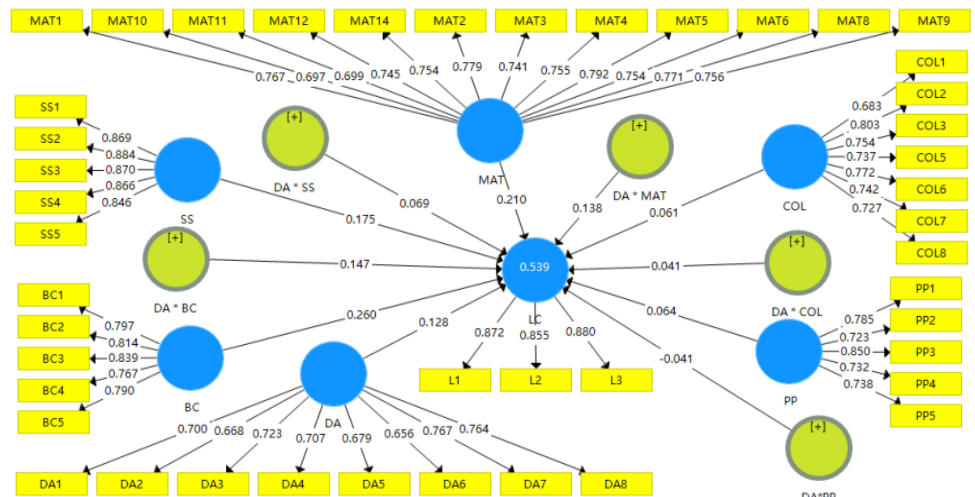
Regarding determining the  $f^2$  threshold of moderating effect, the effect size of this study was still tested according to the standard of Cohen (1988). That is, when the value of  $f^2$  is 0.02, the strength of the moderating effect is small, and when the value of  $f^2$  is 0.15, It is a moderate moderating effect, and a value of  $f^2$  of 0.35 represents a sizeable moderating effect. The output results of the moderating strength of debt attitudes are summarized in **Table 10**. However, according to Chin and Wang (2003), the standard effect does not mean that the regulation effect is not obvious. If the resulting value changes significantly, even the most negligible interaction may be significant, so whether the value change is significant should be considered when judging the influence of the moderating effect (Chin and Wang, 2003).  $R^2$  of the PLS-SEM model increased to 53.9% after moderation from 38.6 %variance. Cohen (1988) as well as Henseler and Fassott (2010) proposed a moderation effect size  $f^2$  value of 0.332 in **Table 10**, which is between moderate and robust. The above results indicate that the model has a moderating effect.

**Table 10.** Strength of the moderating effects.

latent variables	$R^2$ Included	$R^2$ Excluded	$f^2$	Effect size
Luxury consumption	0.539	0.386	0.332	Large

#### 4.6. Hypotheses testing

**Figure 3** and **Table 11** show all the results according to the main effects. Hypotheses H1, H2, H3, and H6 were accepted, and H4 and H5 were rejected. The moderating effect was calculated through the specific indirect effect of path coefficient and bootstrapping, and the results showed that H7a, H7b, and H7c were accepted, indicating that there was moderating effect between status-seeking, materialism, and brand consciousness, and luxury consumption. Attitude cannot adjust the relationship between collectivism, peer pressure, and luxury consumption, so H7d and H7e are rejected.



**Figure 3.** The evaluation of final model through PLS algorithm.

**Table 11.** Results of hypotheses testing.

Hypothesis	Relationship	Std. Beta	T-Values	P-Values	Findings
H1	SS → LC	0.175	4.551	0.000	Supported
H2	MAT → LC	0.210	5.685	0.000	Supported
H3	BC → LC	0.260	6.675	0.000	Supported
H4	COL → LC	0.061	1.777	0.076	Not supportedf
H5	PP → LC	0.064	1.650	0.099	Not supported
H6	DA → LC	0.128	2.862	0.004	Supported
H7a	DA × SS → LC	0.069	2.663	0.008	Supported
H7b	DA × MAT → LC	0.138	4.702	0.000	Supported
H7c	DA × BC → LC	0.147	5.476	0.000	Supported
H7d	DA × COL → LC	0.041	1.221	0.222	Not supported
H7e	DA × PP → LC	-0.041	0.832	0.405	Not supported

## 5. Discussion, recommendation and conclusion

### 5.1. Discussion

The study investigated various factors influencing luxury consumption among Generation Z in China and explored the moderating effect of debt attitude. The findings shed light on the complex relationship between these variables and provide valuable insights into consumer behavior in the luxury market.

Overall, the study found that status seeking, materialism, brand consciousness, and debt attitude significantly influence luxury consumption among Chinese Generation Z consumers. However, the relationship between collectivism, peer pressure, and luxury consumption showed mixed results.

**Status seeking and luxury consumption:** The study confirmed a positive relationship between status seeking and luxury consumption, aligning with prior research indicating that individuals often use luxury goods to signal their social status (Cui et al., 2020; Eastman et al., 2018). Luxury consumption serves as a means of self-expression and status enhancement among Generation Z in China, reflecting the importance of symbolic consumption in modern society.

**Materialism and luxury consumption:** Consistent with existing literature, the study found a significant positive relationship between materialism and luxury consumption (Jebarajakirthy and Das, 2021; Talukdar and Yu, 2020). Materialistic tendencies drive individuals to seek social validation through conspicuous consumption, leading to an increased propensity to purchase luxury goods.

**Brand consciousness and luxury consumption:** The results revealed a strong positive association between brand consciousness and luxury consumption, indicating that highly brand-conscious consumers are more likely to purchase luxury products (Jadhav and Khanna, 2016). Brand recognition and quality assurance play crucial roles in influencing consumer behavior, especially in online shopping environments.

**Collectivism, peer pressure, and luxury consumption:** Contrary to expectations, the study found mixed results regarding the relationship between collectivism, peer pressure, and luxury consumption. While some studies have suggested a positive

association between collectivism and luxury consumption (Wong and Ahuvia, 1998), our findings did not consistently support this relationship. Similarly, peer pressure did not show a significant influence on luxury consumption among Generation Z in China, indicating that individuals with stable self-concepts may resist external influences and maintain their unique consumption preferences (Gil et al., 2017).

**Debt attitude and luxury consumption:** The study confirmed a positive relationship between debt attitude and luxury consumption, consistent with previous research highlighting the role of positive debt attitudes in promoting luxury purchases (Gamble et al., 2019; Maurizka et al., 2021). The acceptance of debt as a means of financing luxury consumption reflects changing attitudes toward credit and financial management among Chinese Generation Z consumers.

**Moderating effect of debt attitude:** Debt attitude was found to moderate the relationship between status seeking, materialism, and brand consciousness, indicating that individuals with more positive debt attitudes are more likely to engage in luxury consumption to fulfill their status-seeking and materialistic desires (Francis et al., 2023). However, debt attitude did not significantly moderate the relationship between collectivism, peer pressure, and luxury consumption, suggesting that these factors may operate independently of debt considerations (Jiayuan et al., 2018).

In conclusion, the findings highlight the multifaceted nature of luxury consumption behavior among Generation Z in China and emphasize the importance of understanding individual motivations and attitudes in shaping consumer preferences (Wangyanwen et al., 2023). Future research could explore additional contextual factors and employ longitudinal studies to further elucidate the dynamics of luxury consumption in evolving markets.

## **5.2. Limitation and recommendation**

The findings for the sample are limited to Gen Z consumers. Future research should delve deeper into other segments of Generation Y and Generation X consumers to determine whether age differences exist between the various factors. Furthermore, individualism should be added in future research groups whose cultures reflect a broader demographic, such as Gen Z in the US. This study did not include some dimensions of luxury shopping orientation, such as perceived quality and value of a function. Future studies could conduct cluster analysis on the collected data and individual variables to establish an overall subdivision of luxury shoppers with different purposes and orientation intentions (such as status orientation) according to their interaction intentions (Husain et al., 2022). In addition, the Internet of things and Luxury 4.0 are closely linked, and empirical analysis of luxury goods and consumption trends will provide clear and exciting future research directions (Wahab et al., 2024).

## **5.3. Implication of the study**

### **5.3.1. Theoretical implication**

First of all, this study developed and tested a comprehensive model on luxury consumption. Second, this study is the first to integrate three theories into one model, which extends and endorses the impression management theory, social comparison theory, and conspicuous consumption theory of luxury consumption by generation Z

consumers in emerging markets. Thirdly, the results of this study indicated that the  $R^2$  value of the key dependent variable luxury consumption was 38.6%. This suggests that the model is able to account for the factors associated with luxury goods. Another theoretical contribution to this study is that debt attitude was a moderator variable first time. Lastly, the study takes China as an emerging market to conduct research, and it will be a new attempt to understand which value orientations affect conspicuous consumption behaviors through Gen Z groups.

### **5.3.2. Managerial implication**

The study's findings offer valuable insights for luxury brands and marketers targeting Generation Z consumers in China. Key strategies include prioritizing status seeking and brand consciousness in marketing efforts, engaging in localized communication with consumers, and tailoring strategies for personalized shopping experiences (Pathmanathan et al., 2022). Cultural relevance and digital innovation are emphasized, along with government support for industry integration and responsible borrowing practices by financial institutions (Ramalingam et al., 2024). These strategies provide actionable guidance for luxury brands to thrive in China's evolving market landscape and effectively capture the attention of Generation Z consumers, thereby driving brand growth and market success (Wai et al., 2024).

### **5.4. Conclusion**

Debt attitudes have strengthened the Generation Z group's luxury consumption concept through status-seeking, materialism, and brand consciousness, achieving the effect of stimulating consumption and promoting economic development in various fields (Jebarajakirthy and Das, 2021; Widjaja and Pertiwi, 2020), the findings will enrich the current literature on luxury consumption and integrate marketing, psychology and finance.

Through the confirmation of the influencing factors of luxury consumption, it is very beneficial for marketers, who can adjust their marketing strategies according to these factors and increase their competitive advantage, so as to attract more luxury buyers and increase their profits (Sirajuddin et al., 2023). The government can also stimulate new economic growth points and promote local luxury goods with Chinese cultural elements by adjusting its policies on the luxury industry (Senathirajah et al., 2024). From the new perspective of debt attitude, it is also beneficial to financial institutions to innovate financial products and think about the control of credit risks (Osman et al., 2022). This chapter finally proposes that in the future, the development of the luxury industry will be closely related to the digital and sustainable development.

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