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The changing mature consumer behavior of Chinese customer in luxury market

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Abstract

With the continuous development of domestic economy in China, citizens' living standard and consumption level are increasing, So China has become a very important global luxury good market, many of the luxury brands to enter the domestic market, and try to know more about the Chinese customers' consumer behavior and motivations. The complexity and variability of the Chinese market bring more challenges, and consumer behavior is also complex and various. At different levels of the city in the consumer motivation, consumer behavior and consumer preferences are different.

With the fact that more and more Chinese people are getting richer and richer these years, they were willing to spend more on education and travel, even to the overseas countries, then we find the interesting point that their consumer behavior is becoming mature very soon. Therefore, it is important to study the changing mature behavior preferences and motivations of Chinese luxury consumers and to find out how to change and why they change.

The main purpose of this study is based on the changing mature consumer behavior in China in luxury segment, to further the consumers' motivation and preferences, and find the inner reasons of changing, to help the luxury brands in China to know more about the consumers.

Starting from the literature review, the paper plans to summarize the definition of luxury, consumer behavior theory and the typical customer segmentation in china market, try to draw a picture of the changing mature consumer behavior process of Chinese customers and find the inner reasons, motivation and preferences. The luxury brands in China need to follow their changing way and make matched marketing and sales plan to attract their eyes.

Both qualitative and quantitative methods are the main methods of study. The analysis of luxury consumers in China is based on the qualitative analysis; while the inner reasons of the changing mature behavior is based on both focus group and Questionnaire in Shanghai with the luxury office and store staff and customers to find the commons and differences.

Obtained by qualitative and quantitative analysis, the consumer behavior of Chinese customer in luxury industry is changing and being more mature than before, the consumers are becoming more rational and gradually have their own taste and preference on the style and design.

Key words: Chinese luxury market, mature consumer behavior, customer segmentation

1. The introduction

1.1 Research background

With the implementation of the open policy and the rapid development of the Chinese economy, China has become one of the most essential luxury markets throughout the world. From the 1990s, Chinese consumers began to buy fancy cosmetics, and in the 21st century, items such as leather good, jewelry, clothing and accessories have also begun to attract their eyes. According to the report of the luxury good industry by Bain and Fondazione Altagamma in recent 7 years, we can see it clearly that in 2010 and 2011 the Chinese luxury market presents a flourishing situation, each big brand expanded their market from first-tier cities like Shanghai, Beijing to the second and third tier cities, for instance Hangzhou, Chengdu, Shenyang and so on. Consumers from first-tier cities tended to purchase more different brands, and the second and third tier cities began to become an important battlefield luxury brand in China, the consumers 'awareness and willingness from these cities to spend on luxury good is close to Shanghai and Beijing. In 2012, the market growth rate decreased to about 7 percent, while Chinese consumers have become the world's largest consumer group of luxury good, accounting for about 25 percent of the world. China has now taken the place of Japan as the second-largest luxury market, just after the United States. Overall market growth continued to decrease in 2013. Major brands stopped their expansion and even shut down some of the biggest stores in big cities, for instance, Louis Vuitton closed its stores in Shanghai, Chengdu and Shenyang in 2015. Chinese consumers started from a conspicuous consumption and then gradually changed into cognitive consumption. Moreover, consumption motivations and preferences tend to be more like the mature markets such as Europe. After 2015, the Chinese people were more used to using online shopping platforms and often travelled abroad, their consumption ability shocked the foreign countries and Chinese consumers became the very important group for the luxury retail stores in the famous detonations like France, Milan, New York and Tokyo. The big brands all want to know more about the Chinese consumers and then they can do the typical marketing or sales strategy in China for the Chinese consumers.

Chinese consumer behavior presents the complexity and variability; in different cities the consumer has differences in behavior, attitudes and values. The fast development of internet, technology, education and cross-culture communication in China lead to the change of customers' consumer motivations, preferences, habits and behavior which need to be investigated deeper and make a prediction to prepare an effective marketing and sales plan in China market.

1.2 Research purpose and significance

The main purpose of this study is to find the inner reasons why the Chinese customers consumer behavior has changed a lot these recent years and become mature now, then try to draw a picture of the changing process and make a prediction for the future for the luxury brands to help them do a proper marketing and sales plan which is designed for Chinese customers.

1.3 Research methods

Both qualitative and quantitative methods are applied. The qualitative analysis is about the luxury consumers in China, which tries to do the customer segmentation. The inner reasons of the changing mature consumer behavior is studied on the basis of focus group and Questionnaire to both brand office staff and store salesman and customers which aims to find the differences and commons.

1.4 Thesis framework

This paper is divided into six chapters.

The first chapter is introduction: Aim to explain the research background, research purpose and significance, and research methods.

The second chapter is literature review: on the basis of the domestic and foreign literature, the paper tries to study and summarize the definition of luxury, luxury consumption motivation theory and China's economic, cultural and other related theories in order to find the inner relation with the changing mature consumer behavior.

The third chapter is China's luxury market analysis: On the basis of authoritative statistics published by a large number of research institutions, try to describe and conclude the current situation of China's luxury good industry. Concentrate on the Changeable market and the reason why it changed so fast, and predict the future trend.

The Fourth chapter is the analysis of luxury consumers in China. On the basis of statistical data, summarize the customer segmentation changing process, and explore the customers' characteristics, consumer motivations and preferences.

The fifth chapter is the inner reasons of the changing mature consumer behavior: apply both focus group and Questionnaire in Shanghai with the luxury office and store staff and customers to find the reasons of the changing process.

The sixth chapter is the research results and suggestions for the luxury industry in China: through the qualitative and quantitative analysis, we get the research results and have the proper luxury marketing and channel management for Chinese customers. Finally, point out the innovation point, limitations and future research direction.

2. Literature review

2.1 The definition of luxury

If go back to the source, the word "luxury" comes from the Latin word "LUX", which means light, the light is helpful for the individual but is also seen by the others. According to Merriam-Webster's dictionary, "luxury" has three kinds of meanings: First of all, it means a very comfortable, pleasant environment. Secondly, it means some unnecessary but expensive things. Finally, it means something that is popular and useful, but not easy to get and is not often used. Luxury good is defined as "a kind of consumer good that beyond people's survival and development needs, which is unique, scarce and rare", also known as the unnecessary of life. It shows how affluent the consumers are, their social status, values and lifestyle.

The meaning of luxury varies due to different society, culture, and economy. At the beginning of the 15th century, Italians thought that luxury was dessert, sugar, cocoa, coffee and tea. Thus, people's first impression of luxury good is a rare, expensive, enjoyable and pleasant object. When in the 19th century, luxury was defined as an expensive item that only the rich could afford to buy.

So far, the definition of luxury is still not settled yet, that is due to the uniqueness of luxury good. Because for each consumer, the meaning of luxury good is different, and the meaning of luxury can be defined from two directions: broad sense and narrow sense. From the broad perspective, more generalized, it means when eliminating the influence on the concept of luxury from economics, sociology and other academic background, regarding luxury as an independent academic field to study the definition, while from the narrow point of view, it means doing the research based on both economics and society, and the consumer good are beyond the basic living standards and development.

2.1.1 The broad definition of luxury goods

The value of luxury embodies in the consumers’ expectation of it, which is worth much more than the use value of the product itself. Based on the understanding, here comes to the generalized definition of luxury good, luxury good are the one specific kind of commodity which consumers expect it can bring more experience value than the use value of it. The main function of this commodity is not to realize the transfer of use value, but to meet the needs of the experience and psychology. Due to the large individual differences between the consumers, the value that can be realized is also different from the perception of the consumer. According to the broad definition, luxury goods should have the following three basic features:

First of all, luxury good is a relative concept. The relativity shows in the following two aspects, firstly, different income level of consumers, and various personal preference for luxury goods lead to the different understanding degree is relative; secondly, due to the development of society, the understanding of luxury goods and the concept of luxury goods is also always changing or developing, consumers could not be divorced from or against the influence of social development, so their own understanding of luxury goods is relative to the development and change.

Secondly, its value is widely acknowledged and accepted, but the effective demand is limited. Luxury goods can provide experience which is widely recognized, but luxury goods are not necessities that are not produced directly by the recognition, and not everyone can afford to buy it, so the effective demand is absolutely limited.

Thirdly, the supply is also limited. Consumers can generate experience value of luxury goods from the following two aspects, one is derived from some kind of scarce natural resources, such as gold, diamond, jade and so on, and the other one is artificial scarcity, such as the late artist's works which are the limited goods. A large amount of supply will lead to the popularity of the commodity, and then its value will gradually return back to use value, thus losing the unique experience that luxury goods must obtain, so in order to ensure that consumers' psychological expectations, the supply of luxury good must be controlled strictly, and must be limited.

2.2.2 The narrow definition of luxury goods

To explore the definition from the perspective of economics, Adam Smith in the < wealth of nations >, discussed what luxury is: “Everything is luxury which exceeds what is absolutely necessary for the support of human nature.” Classical economics defined luxury goods as the product whose price elasticity of demand is greater than 1, which means the kind of commodity’s demand will not reduce when prices rise. However, when the price increases, demand also will increase. Luxury good refers to the product, whose ratio between the value and the quality is the highest, and its quality and price are also the highest among the similar kind of products, but range of the price beyond the ordinary consumer goods is much higher than range of its quality beyond others.

From a sociological point of view, luxury good is a product which aims to satisfy the desire of a certain class of people. Sociologists believe that luxury good is already beyond the "corruption, waste, luxury, decadent", but with unusual material symbols to highlight their own style, even build a personalized themselves. On the basis of the qualitative analysis by Dubois and others, luxury goods should have the following six features: 1.Excellent quality; 2.Very high price; 3.Scarcity and uniqueness; 4.Aesthetics and polysensuality; 5.Ancestral heritage and personal history; 6.Superfluousness.

Luxury is not just a simple pure product, but is synonymous with high taste and high level living standards, and it gradually became the necessary expenses of the society, was accepted by the people, and even has begun to become the driving force of economic and cultural development. People are eager to pursue a better life, and luxury good is to a symbol of the good life.

2.2 luxury consumer motivation theory

When Consumers do some shopping, they must have a certain motivation or incentive to buy it, and there is no exception for luxury goods, so motivations can lead to consumer behavior take place.

The characteristic of motivations is lead to consumer behavior, and the function of motivation will disappear after the motivation to be satisfied.

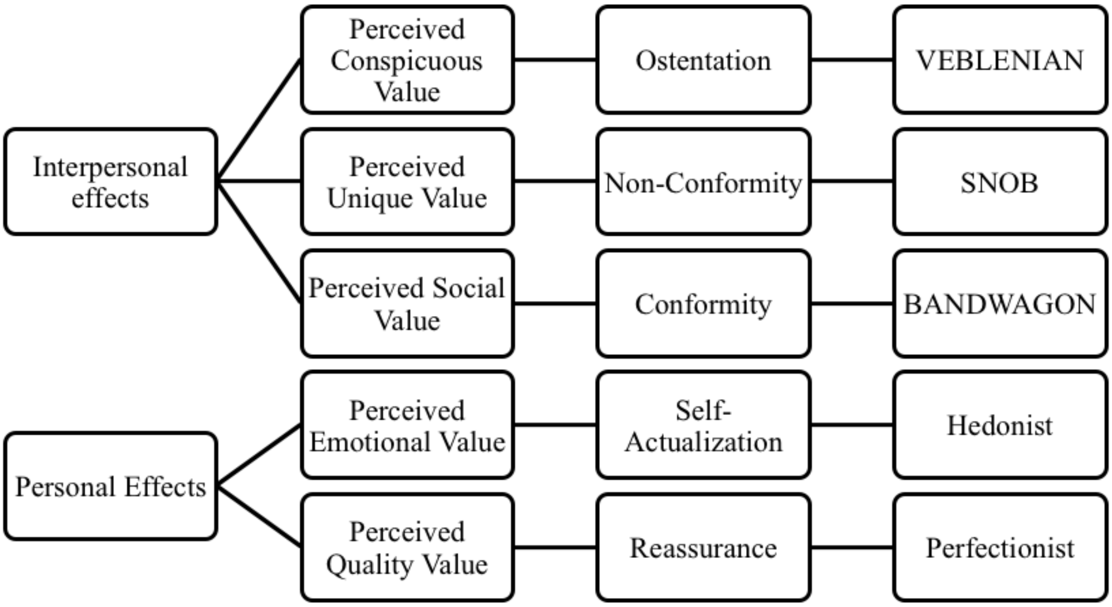
The motivations can work on both psychological and physiological level. The general consumer activities should experience these processes, so consumer behavior requires consumer motivations and motivations force the purchase behavior to happen, and finally satisfy the consumer demand or needs.

2.2.1 Foreign study about the customer motivation

In 1899, Veblen was the first one who came up with the research topic on the consumer motivation for luxury goods, and at that time, he mainly raised the concept of conspicuous consumption in his book named < The Theory of the Leisure Class >. Later, some western scholars made an argument and complementary to the point, but they all focused on the western consumers.

Later, in 1999, the two scholars, Frank and Lester reviewed plenty of literatures about the consumer motivations, and then they did a deeper study on the topic, they raised a concept of self-conscious and apply it to do the psychological segmentation among the consumers, which come up with the structure of western consumers' consumer motivations for luxury goods. The structure divides consumers into two segments: Public Self – conscious and private Self – conscious, corresponding to the segmentation, the influence on the consumers are also divided into two types: one is interpersonal effects and the other one is personal effects, the former one affect the following three kinds of luxury consumption motivations: conspicuous, snob and bandwagon, and the latter one affects hedonist and perfectionist. Then many other empirical studies also verified the structure.

Figure 1: Interpersonal and Personal Effects on Luxury Consumption Motivation



Source: Vigneron, Franck and Johnson, Lester W., A Review and a Conceptual Framework of Prestige-Seeking Consumer Behavior, Academy of Marketing Science Review, 1999, (3): 237-261

2.2.2 Chinese customers' motivation for consuming luxury goods

Later, in 1998, Wong and Ahuvia those two scholars began to pay more attention on the eastern Asian luxury market, and they tried to find the commons and differences from a cross-cultural perspective, from the degree of self-importance, social class, conformity pressure, and so on.

When looking back to the development of luxury markets in Europe, the United States and Japan such kind of mature market, it is obvious that the luxury market is changing from the conspicuous consumption to the self-satisfaction, which is getting mature and mature. The main luxury consumption motivation is personal perceptions which including hedonism and extended self. The consumers prefer 'experiential driven consumption', and they want to have a relaxing holiday or high-quality service to enjoy the elegant, comfortable feeling that luxury can bring to them, and finally they will realize the self-value from it.

Now, taking a look at the Chinese market, it is still an immature or developing market. The Chinese consumers need to be more and deeper educated.Though for the big luxury brands, the number of their targeting consumers is growing year by year, and the concept of self-satisfied luxury consumption has evolved. However, on the basis of former studies when Chinese consumers decide to buy luxury goods, most of them still aim to show off their social position or wealth. According to the luxury stages theory, the first one is subjugation, which means the deprivation builds a hunger, a desire, a dream, then people have money for the first time which is called the start of money, next is to show off, people need to announce the fact that they have money, later they realize what they really fit in, and finally they feel luxury is a way of life, they get used to the fine quality of luxury. The consumers from Japan, Europe and the USA are already in the final stage, while for the Chinese consumers, most of them are still in the show off stage, and they tend to pursue the latest and the most popular goods that are named "commodity-driven consumption" and enjoying the conspicuous, unique, high quality which of luxury goods bring to them.

While recently in China, consumers' attitudes towards luxury goods have changed greatly even beyond the luxury brands' expectation. At the beginning, They all objected to any ostentatious luxury goods, and luxury consumption was regarded as an action of extravagance and wasting which violated the traditional conception of savings in Chinese culture. Later, the Chinese consumers, especially the new rich class and emerging affluent who really like to show off their social status. However, in recent years, it is more and more obvious that the Chinese consumers are becoming mature about the taste, preferences and the motivations, and they are passing to the final stage from fit in to way of life quickly. Chinese luxury market is significantly different from the mature markets like Europe, Japan and the USA. In China, the consumers are pursuing the latest series or products, so the luxury consumption is still largely driven by products such as RTW, jewelry & watch, leather goods and so on. While consumers in mature markets prefer the high quality experience, such as luxury holidays, food or services. Compared to European and American consumers, Chinese consumers are more concerned about the brand, the manufacturer and the country of origin, and at the beginning, when the big luxury brands just entered into China, they preferred to buy high public awareness brands like Louis Vuitton, Prada, Chanel, and the products which have big and obvious brand logo to show off, to tell the others that they buy a luxury good.

While in mature markets such as the United States, almost everyone is able to buy luxury goods though some of them named as the accessible luxury goods like Coach, Tory Burch. Luxury goods, which can be seen everywhere, are often referred as "democratization luxury".

In China, Luxury goods were regarded as wealth and social status. So the world's biggest luxury brands started to open their flagship store or city stores in the best location in the top-tier cities in China, including Shanghai, Beijing and Shenzhen, because this can let the consumer experience the value and DNA of the brand and satisfy Chinese consumers' needs--- Conspicuous consumption. Veblen first raised the concept of conspicuous consumption in his book < The Theory of the Leisure Class > Conspicuous consumption is a consumption activity that can distinguish the upper class and plain folk.

The motivation for the conspicuous consumption in China is the "face", to show or catch up social status, power, abundance, personality, and so on. The reason for this is that those people want to define their status and distinguish from the ordinary people, and they thought luxury goods was a symbol of status, power, and wealth to make themselves part of a certain upper class. As a member of this group, they wanted to maintain internal and external consistency with the other members. At this point, it is obvious that the unique, high quality and expensive luxury goods were the most suitable objects to reflect their wealth or power.

While due the development of economics, Internet technology and overseas trips, the Chinese consumers start to focus on the design, style and other factors, they have their favorite designers, style and unique taste gradually, especially among the young generation, so some fashion or new brands developed fast those years in China.

2.3 China's economic, city, education and other related theories

2.3.1 China's economic development

China's reform and opening up was a policy formulated by the Chinese government in 1978, which has greatly promoted the development of social productivity

China's economy has been growing since the policy launched.

The GDP increased from 67.9 billion yuan in 1952 to 209,407 billion yuan in 2006. Between 1979 and 2006, the average annual growth rate was 9.6%, which was the fastest growth period for the China and at that time, China was the fastest growing country in the world. In the past 30 years, due to the impact of the policy, China's GDP has grown at a rate that was close to 10 percent a year.The total GDP of

2014 was 636,463 billion yuan, compared to the previous year, the increase rate was 7.4%.

When the official figures released, it was the first time China's GDP growth rate lower than the annual growth target which the government set since 1998. In 1998, China was hit by the Asian financial crisis. Since 2015, China's economic performance has faced many unexpected shocks and challenges, and the downward pressure has continued to increase. In 2015, the total GDP was 676,708 billion yuan, and it grew at an annual rate of 6.9%, so it was the slowest growth point since 1990.

According to the State Statistics Bureau, China's GDP grew at 6.7 percent in 2016, surpassing the growth rate of India that was 6.6%. The annual GDP was 744,127 billion yuan. However, the State Statistics Bureau also pointed out that the international and domestic economic environment remained complex and the foundation for economic was not stable.

The rapid growth of the past decade years has been driven mainly by demographic dividends and global dividends. But for now, the two inside and outside big dividends are accelerating and even becoming a drag. The decline in the demographic dividend may lead to a turning point in the savings rate, a decline in potential growth rate and a loss of comparative advantage in the labor force.

In the past 40 years, the proportion of the labor population (those who aged from 15 to 64) increased from 57% to 74.5%, so the gross national savings rate rose sharply from 30% to 53.4% in 2008. However, in 2011, China's population structure has turned to a corner, the proportion of the labor population started to decline and the proportion of the elderly was rising continuously. In the next 10 years, the impact of demographics will accelerate, so the trend will become more visible.

Table 1: China’s GDP and Its Components from 2000 to 2016

	2000	2005	2010	2015	2016
GDP （Billion RMB）	100,280	187,319	413,030	685,506	744,127
Primary Industry	14,717	21,807	39,363	60,871	63,671
Secondary Industry	45,6645	88,084	191,630	280,560	296,236
Tertiary Industry	398,978	77,428	182,038	344,075	384,221

Source from State Statistics Bureau

Table 2:2000-2015 Per Capita Disposable Income, the Engel’s coefficient

Of Urban and Rural Households from

Year	Per Capita Disposable Income of Urban Family		Per Capita Disposable Income of Rural Family		the Engel's Coefficient of Urban Family （%）	the Engel's Coefficient of Rural family （%）
	Value （RMB）	Index （1978=100）	Value （RMB）	Index （1978=100）		
2000	6,280.0	383.7	2,253.4	483.4	39.4	49.1
2005	10,493.0	607.4	3,254.9	624.5	36.7	45.5
2010	19,109.4	965.2	5,919.0	954.4	35.7	41.1
2015	31,790.3	1,396.9	10,772.0	1,510.1	34.8	37.1

Source from State Statistics Bureau

2.3.2 Classification of Chinese cities' tier theory

There are numerous cities in China, and the population size is very large, the number of cities who occupy more than millions of citizens are more than 100. Due to the point, in China it is hard to classify the cities simply based on some indicators. In China, when we want to do the positioning of a city or do some rankings, the first factor concerned is its administrative level, and the reason for such inertia is largely related to the formation of Chinese cities. One Taiwan economic historian, Zhao Gang thinks that the formation of Chinese cities is more based on administrative headquarters and military garrison, so the political and military factors played an essential role.

According to the international understanding of cities, the modern city is the product of industrial and commercial development, and it is a platform or place to exchange human resources, goods, funds, information and so on. K.J. Barton, a famous British economist made the following definition of city, it is a limited space, inside there are various economic markets, including labor, land, housing, transportation and so on.

The development of Chinese cities also validate the above theory, and now, since the reform and opening policy, 30 years past, the development of Chinese cities are gradually breaking through the bondage of the administrative level, and more and more close to the definition of modern city, so the core driver is business. Such a huge change means that relying on economy, industry and commerce, and per capita GDP index to do the city classification is more and more necessary.

As what mentioned before, the State Statistics Bureau announced that in 2016 China's GDP reached

74.4127 trillion yuan, and most Chinese cities' economic data also have been published according to the summary of information, in 2016 China top 10 city GDP (economic output) ranked as follows:

Table 3: China top 10 city GDP ranking

Rank	City	GDP (Billion RMB)	Growth Rate	Population （Thousand）	GDP Per Person
1	Shanghai	26688	6.7	24250	11.0
2	Beijing	24541	6.7	21680	11.3
3	Guangzhou	20004	8.2	16670	12.0
4	Shenzhen	19300	9.0	10770	17.9
5	Tianjin	17800	9.0	15160	11.74
6	Chongqing	17010	10.7	30010	5.67
7	Suzhou	15400	7.5	10600	14.53
8	Wuhan	11913	7.8	10330	11.53
9	Chengdu	11721	7.5	14420	8.13
10	Hangzhou	11700	8.0	8890	13.16

Source from State Statistics Bureau

Among the four major economic provinces, 9 of the 21 municipalities in Guangdong are on the list of the country's top 100 cities. All of Jiangsu's 13 municipalities are on the list.

With the development of reform and opening, Guangdong's economic vitality has been further enhanced as a frontier position. Chengdu which is a fast-growing city in the past few years also has entered the economic restructuring phase, so now it grows slowly. Hangzhou has taken the leading role in completing the economic transformation and upgrading in the Yangtze River region, and now entering into a new period of rapid development.

In the past few years, Nanjing and Qingdao have been growing rapidly due to the events of some international conferences, but as the event has ended, the economy has slowed down to a relatively stable period. Dalian and Shenyang are affected by the overall economic situation in the northeast region, and the development speed is relatively slow.

Because of the complex reality, and there is no unified standard to classify the Chinese cities. The China Business News Weekly does the Chinese city grading reports every year, and the index it considers is more close to the development of commercialization, and more suitable for the study.

The indexes are the followings, First, the future development of the city, choosing 285 enterprises from the Fortune 500 and China's top 100 companies randomly, then do the research to know the company's current strategy in China , the future strategic focus and their view of Chinese city future development; Secondly, the present business situation of the city, from the financial sector, real estate, luxury industry, FMCG industry, and other business, choosing 140 famous brands to know their commercial layout in Chinese cities, and do a survey to research the how the brands enter into the city to do the business and how many stores they set up in each city; Thirdly, human resource in the city, do a random research to more than 1000 young white-collar workers who from traditional first-tier cities, Beijing, Shanghai, Guangzhou, and ask them where they are willing to go to work or live in except for the present city they live or work in. In the end, the data that are collected will be turned into a series of quantitative indicators, such as the number of brands to enter into each city, GDP, per capita income, 211 colleges and universities, the number of Fortune 500 enterprises in each city, large company key strategic cities, the airport throughput, the number of embassies and consulates, in total 10 indicators to reflect the level of economic development of the city, residents' consumption ability. Based on these data, the following are the ranking.

First-tier cities: Shanghai, Beijing, Guangzhou, Shenzhen

Second-tier cities, Chengdu, Hangzhou, Nanjing, Wuhan, Tianjin, Xian, Chongqing, Dalian, Qingdao, Shenyang, Changsha, Fuzhou, Xiamen, Wuxi, Suzhou, Kunming, Jinan, Harbin, Sanya.

Most of the first and second-tier cities are municipalities or the center city of one district which has a strong economic base and large municipal district resident population, and the city has a strong ability of radiation to the surrounding provinces, abundant education resources and convenient traffic environment. Due to these conditions, the city becomes the preferred strategic place of the company.

Third-tier city: Lanzhou, Taiyuan, Qingdao, Wuxi, Hefei, Changchun, Fuzhou, Xiamen, Nanning, Nanchang, Ningbo, Xining, Dongguan, Shijiazhuang, Hohhot, Urumqi, Wenzhou, Guiyang.

Most of the third-tier city are provincial regional central city in Midwest China, and some provincial capital city of the west China, the population also are above several million and the city have certain consumption ability, so for some big companies from some certain industries, the cities also have a certain degree of appeal, but the city competitiveness remains to be further improved.

2.3.3 Social stratification and class solidification theory

Different consumers have different social, cultural and economic resources. Due to the differences, consumers are divided into different social classes that are called social stratification. Thus different classes of people often show off their position and wealth through the products they use and the experience they enjoy.Since the 1980s, China has entered the age of mass consumption, so great changes took place in both the way of daily life and consumption ideas.

Social stratification is the concept of sociology, which is the most important phenomenon in China in recent years, and it is also related to the economy. Social stratification is the symbol of residents and status because people who buy different levels of consumer goods reflect their tastes and status are different.So, social stratification also presents a stratification of the household consumption.

The traditional theory of social stratification can be divided into two schools; one is Marxian school, which is represented by Marx, and the other one is Weberian, which is represented by Weber. These two schools of thought have clear differences both in theory and practice, and the main difference is how to identify and apply criteria of social stratification.

Marxian school thought that the social position of individuals in the society is decided by the proportion of capital goods they hold. It is a theory of one-dimensional social stratification of the Marxian school.

Unlike the Marxian school, the Weberian adopted three dimensions to do the analysis: wealth, power, and prestige. Weber believed that wealth is the economic standard to define the social stratification; and political standards are measured by power; in the meantime, social standards are judged by the fame of the person in the society. So Weber's theory is also known as multi-social stratification theory.

Social stratification is not fixed, and classes can be exchanged, circulated and transformed among the classes. In a healthy society, the lower classes will try to get into the higher class and they will be more satisfied with themselves. But if the flow is blocked, it becomes more difficult to convert from the lower to the higher.The reason why the class solidification appears is that the ownership of the capital goods is different, the lagging society reform, the weakening of education function and the systemic obstacles. So there is no flow among the social classes. As the situation continues, the phenomenon of class solidification appears, and social class solidification has negative and inevitable effect on economy and consumer psychology.

It is obvious that income level is an important basis for social stratification, and consumers also turn income into goods and services that they want to buy or enjoy, via this to satisfy their needs. The different economic situation of diverse classes may lead to different consumption behaviors, which reflecting the whole social consumption stratification.

People with higher incomes would pay lower proportion of the income for food consumption, and the more money they earn, the lower proportion of income they spend on food and housing estate including rent, while the proportion of income they spend on traffic, communication and social activity is increasing. While people with lower income even at the bottom of the income group, they have to spend even half of the income on food. There are still a large number of people in China who are still unsatisfied with their present situation and have not been lifted out of poverty.

In the early stages of reform and opening up, the government planned to let some parts of the people get richer first and let the rich drive the poorer, and eventually the common prosperity would be realized. Indeed, a majority of the population has been lifted out of poverty and became richer and rich, but the rich group didn’t drive the poor group of people. In the end, 80 percent of the wealth was held in 20 percent of people, so the gap was not narrowed, but gradually widening between the rich and the poor and that is a big and essential problem that needs to be solved now. It is not just a simple wealth gap between the highest and lowest income households, and the gap among diverse social classes is also hard to shrink.

Chinese people always emphasis on education, because they believe that good and high quality education can change the destiny of anyone which originated from imperial examination system in the history. However, nowadays the most essential worry is that education level is always growing and improving, and the channel that people can move from the lower class to the higher one through education are getting narrower and narrower. Between the urban and rural districts, the imbalance between education resources and level in different areas is becoming more and more serious, and the individual education resources have an obvious effect on their future social economic status. The circulation becomes narrow and that accelerates social solidification, while social solidification will affect people's education consumption negatively.

2.3.4 Development of education level and Overseas Study

2.3.4.1 Development of education level

Since the foundation of the People Republic of China, the penetration of the basic education in China has been improved and the structure of education also has been improved. In the early years, the party and the government attached great importance to education, meanwhile developed the higher education moderately. The illiteracy rate fell from 33.58% in 1964 to 22.81% in 1982. According to the country's "sixth national population census, in 2010 the main data bulletin (No. 1) that released by the State Statistics Bureau, among the population of China's 31 provinces, autonomous regions and municipalities directly under the central government and the serviceman, the illiterate population (aged 15 and above illiterate people) is 54,656,573 people, compared with in 2000 the fifth national census, the illiterate population declined by 30,413,094 people, and the illiteracy rate reduced from 6.72% to 4.08%.The United Nations educational, scientific and cultural organization（UNESCO） released the "National Education Global Monitoring Report 2013-2014", It showed that India was country which has most of the world's illiterate population, and accounting for 37% of the world's. The report also noted that China's performance was prominent. In the past 20 years, the number of illiterate adults fell by 130 million.

In 2015, there were 1512,000 schools across the country, and all the schools have 260 million students, increased by 3088,000 students comparing with the previous year. And the nine-year compulsory education rate was 93.0%, and that is 0.4 % higher than the previous year.

In 2015, there are 2,852 common and adult higher schools in China, 28 more than the previous year. Among these, the number of the average Institutions of higher learning is 2,560 (including 275 independent colleges). It is an increase of 31 from the previous year, and the number of colleges and universities in China is 1219.

In 2015, the total number of the various forms of higher-education students is 36.47 million, and it increases by 2.5% over the previous year. The high education gross enrollment rate reaches to 40.0%, and that was 2.5 % higher than the previous year. For every 100 thousand people, there are 2,524 students, and there are 36 more than the last year. In 2015, the number of postgraduates is more than 552 thousand, among them, 54000 are PHD students, and the rest are the masters, and the growth rate is a 2.9%. However, the growth rate continues to fall down.

Table 4: Chinese Graduates situation from 2005 to 2015

Unit: million people

Year	Undergra	High	Secondary	Junior	Primary	Special	Preschool

	duate	School	Vocational Education	Middle School	School	Education	Education
2005	30.68	66.16	41.82	212.34	201.95	0.43	102.54
2006	37.75	72.71	47.91	207.16	192.85	0.45	104.51
2007	44.78	78.83	53.09	196.37	187.02	0.50	104.91
2008	51.20	83.61	58.07	186.80	186.50	0.52	104.05
2009	53.11	82.37	62.52	179.77	180.52	0.57	104.06
2010	57.54	79.44	66.53	175.04	173.96	0.59	105.76
2011	60.82	78.77	66.03	173.67	166.28	0.44	118.47
2012	62.47	79.15	67.49	166.08	164.16	0.49	143.36
2013	63.87	79.90	67.44	156.15	158.11	0.51	149.17
2014	65.94	79.96	62.29	141.35	147.66	0.49	152.72
2015	68.09	79.77	56.79	141.76	143.73	0.53	159.03

Source：China Statistical Yearbook

2.3.4.2 Development Overseas Study

In recent years, studying abroad is a social phenomenon in China, which shows the country's participation in globalization and internationalization. The state encourages Chinese students to study abroad (including self-funded and public education).

In 2015, the accumulated number of Chinese students who study abroad is more than 1.26 million, which is accounting for about 25% of the world's total number of international students (5 million), which also means that every four international students, there is one Chinese overseas students. Thus, China has become a country with the largest number of overseas students, so the international flow of Chinese students will affect the global international student.

Recently, the blue book < China overseas study development report (2016) > which is researched by CCG (Center for China & Globalization) was released. The report focused on two parts, one is about the age of globalization how the Chinese students study abroad, and the other one is why and how the foreign students come to China to study further, and the report concentrates more on the phenomenon of studying aboard in younger age, and when the oversea students return home, how they can find a good job or do their own business that is an employment problem, and whether the oversea students are willing to do some political jobs in the government. The report aims to objectively reflect the status and characteristics of Chinese students who study abroad, and make recommendations for the development of overseas study in China. According to the report, the number of Chinese students studying abroad in 2015 was 52.37 million, and compared with 2014 the growth rate is 13.9%. The number of students returning to China was 4.43 million, and the annual growth rate is 12.14%. The gap between the oversea students and those who return to China is shrinking, that is due to the good job opportunities and international compensation package, as well as China liberalized the restrictions on entry and exit, support major scientific research projects.

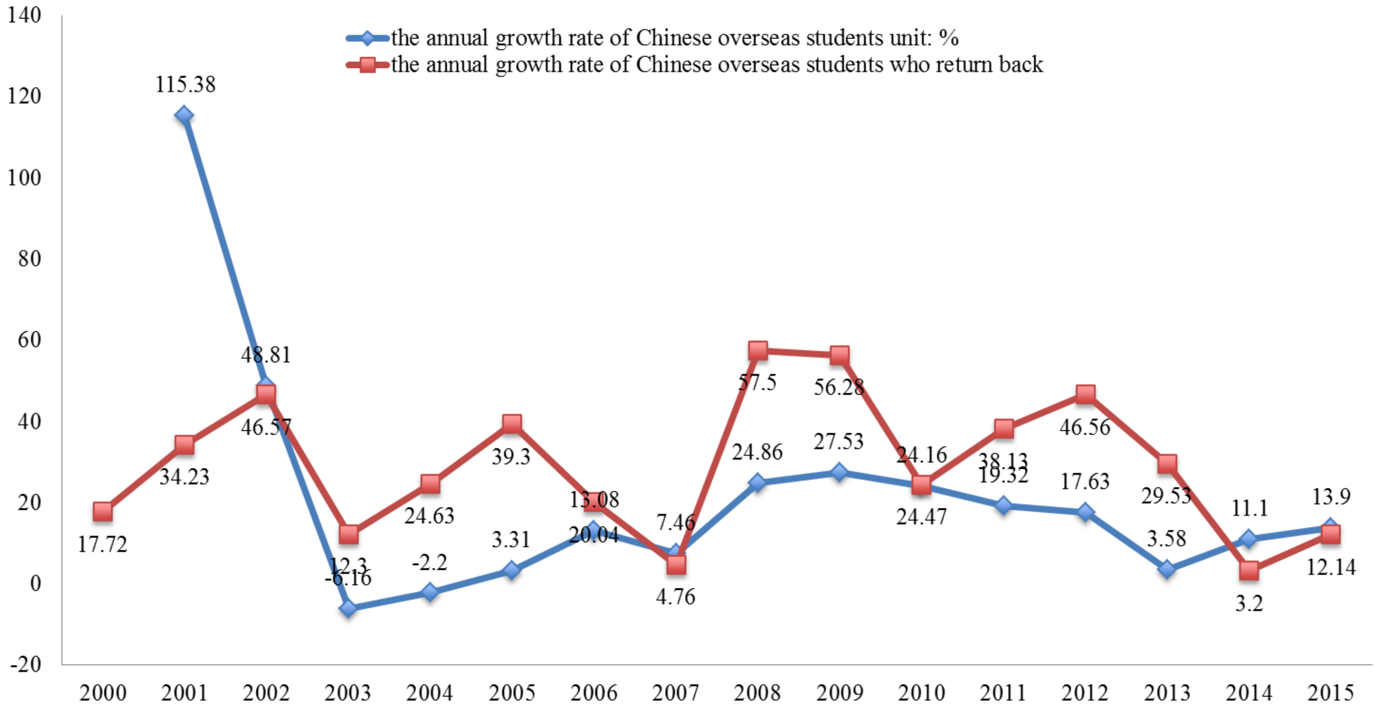
Table 5: 2005-2015the number of Chinese students studying abroad and returning to China

Unit: million people

Year	The number of students studying abroad that year	The accumulated number of students studying abroad	The number of overseas students who return to China	The accumulated number of overseas students who return to China
2005	11.85	93.3	3.50	23.3
2006	13.40	106.7	4.20	27.5
2007	14.40	121.2	4.40	32.0
2008	17.98	139.0	6.93	39.0
2009	22.93	162.0	10.83	49.7
2010	28.47	190.5	13.48	63.22
2011	33.97	224.5	18.62	81.84
2012	39.96	264.46	27.29	109.13
2013	41.39	305.86	35.35	144.48
2014	45.98	351.84	36.48	180.96
2015	52.37	404.21	40.91	221.86

Source：China Statistical Yearbook

Figure 2: 2000-2015 The growth rates of the Chinese oversea students and those who return back



Source: China Statistical Yearbook

By 2015, Most Chinese students choose to go to the United States, Canada, Britain, Australia and other English countries, and also they may choose some Asian developed countries, like Japan and South and the Chinese overseas students is the biggest foreign students source. According to the statistics, the proportion of Chinese students who are in the United States and Canada is over 30%. In addition, in Asian countries, including Japan, South Korea and Singapore, the number of Chinese students is also large. For example, only in Japan and South Korea in 2015, the Chinese students accounted for 55.9% of Japan's total number of international students, and 62% of the total number of south Korean students.

Table 6: the number of Chinese overseas students in foreign countries and the proportion of total number of international students in the country in 2015

Unit: thousand people and %

Country	The ranking of the proportion that Chinese overseas students of the total international students in the country	The number of Chinese students studying in China	The proportion that Chinese overseas students of the total foreign students in the country
U.S.A	1	304	31.2
Australia	1	136	27.3
Canada	1	87.3	32.5
Japan	1	77.8	55.9

The British	1	92.9	18.8
South Korea	1	99.1	62
Singapore	1	50	-
Germany	2	305	10.1
Russia	1	25.0	13.4
New Zealand	1	15.5	33.3
The Swedish	1	4.4	9.3
The French	2	29.7	10.0
Netherlands,	2	6.6	7.3
Belgium	3	1.1	2.6
The Swiss	5	1.1	2.5

Source：China Statistical Yearbook

Notes: 1. Singapore data updated in 2011, and the data from Switzerland and Sweden updated in 2012 and Canadian data updated in 2014. 2. China is the largest source of foreign students in Russia, apart from the former Soviet Union.

From the point of who pay for the studying abroad fees, the phenomenon in China is that in recent year, the proportion of self-funded is high, and the family funding is the main source of the overseas students. In 2015, the number of Chinese overseas students who are sponsored by the country or enterprise is 41,900, while the number of Chinese overseas self-funding students is up to 481,800. The proportion of Chinese overseas self-funding students is continuously increasing, and in 2015 it reached to 92%. Since 2001, the proportion has been over 89%, and in the last five years, the proportion has been over 92%.

It is obvious that in China, studying abroad is becoming more and more common. College students choose to study abroad after graduation, and most of them get their fees from their parents and families, and the proportion of the students in the group is increasing year by year, and in 2010 the number was 86% while in 2015 it reached to 91.1%. However, those who rely on foreign universities or foreign institutions’ scholarship or foundation, these students’ proportion follows the downward trend year by year, it dropped from 10% in 2010 to 5.2% in 2015.

Table 7: Between 2005 and 2015, the number of Chinese overseas students studying abroad sponsored by the country or enterprise and the number of Chinese overseas self-funding students

Unit: thousand people and %

Year	The total annual number of Chinese overseas students	The annual number of Chinese overseas students studying abroad sponsored by the country or enterprise	The annual number of Chinese overseas self-funding students	The proportion that Chinese overseas self-funding students of the total	The annual growth rate of Chinese overseas students
2005	118.5	12	106.5	89.87	3.31
2006	134	13.3	120.7	90.07	13.08
2007	144	15	129	89.58	7.46
2008	179.8	18.2	161.6	89.88	24.86
2009	229.3	19.2	210.1	91.63	27.53
2010	284.7	24.7	260	91.32	24.16
2011	33.97	24.9	314.8	92.67	19.32
2012	399.6	25.1	374.5	93.72	17.63
2013	413.9	29.6	384.3	92.85	3.58
2014	459.8	36.8	423	92.00	11.09
2015	523.7	41.9	481.8	92.00	13.90
In total	3707	302.2	3404.8	91.36	-

Source: the statistics released by the ministry of education

Table 8: 2010- 2015, the changing overseas funds sources proportion of the college students who study aboard after graduation

Unit: %

The origin of study abroad expense	2010	2011	2012	2013	2014	2015
Parents and family's sponsorship	86	85	89	89	90.2	91.1
Depending on foreign universities or foreign institutions	10	12	8	7	5.8	5.2
Relying on foreign employment income	2	2	1	2	3.2	2.6
Bank loan	-	-	-	1	0.4	0.3
Chinese government, university, or other institution' sponsorship	2	1	2	1	0.4	0.8

Source: McKinsey 2010-2015 the survey of Chinese college graduates' social needs &training quality

2.3.5 Outbound Tourism and the exchange rate

2.3.5.1 Outbound Tourism

In the late 1980s, the Chinese citizens started to travel abroad, and the phenomenon developed in the mid of 1990s. Then, in the 21st century, China's outbound tourism industry continues growing at a high speed and reaches to a high spot, and so China is becoming the largest source country which means the number of Chinese tourists is large and Chins also is the fastest growing market of the tourism industry in the Asia-Pacific region.

In 1988, at the starting of outbound tourism, the Chinese often decided to go to Hong Kong and Macau, except for those two places, Thailand became the first choice or destination country for Chinese tourists. With the expansion and deepening of opening-up policy, the number of countries and regions that have become tourist destinations for our country is increasing year by year.

In 1997, the state council approved < The provisional regulations on the management of travel and tourism administration by Chinese citizens> which was formulated by the state council and the ministry of public security, which established the basic management model and main content of outbound tourism.

According to the statistics, from 2002 to 2011 was the fastest growing period that the number of Chinese person trips traveling abroad in 2002 was 6.6 million people, and the number reached to 707 million in 2011, just 10 years ,it increased by 4.2 times. Since then, China's number of outbound tourists has surpassed that of Japan, and it has become the biggest source of tourists in Asia, as well as the global fastest growing, most promising, most influential outbound travel market, so all the countries in the world attach great importance to China's huge tourism market.

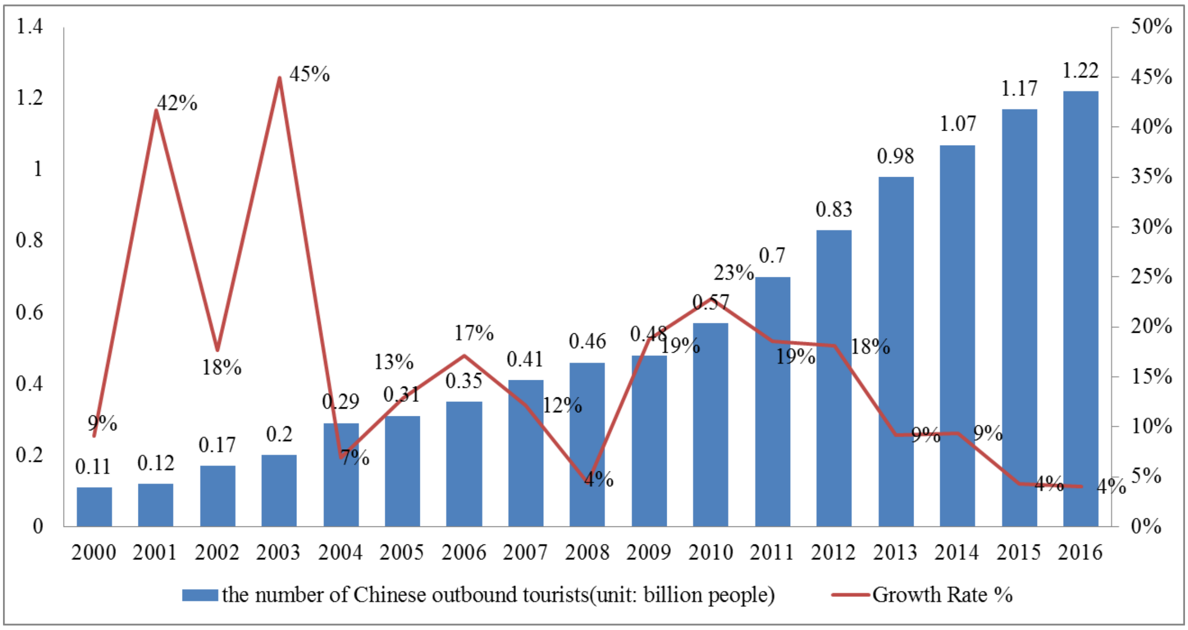
In 2014, the number of mainland Chinese citizens traveling abroad exceeded 100 million for the first time, and the annual growth rate was 17.5%, and the total outbound tourism cost reached to $155 billion, and the annual growth rate was 20.8%.

The number of outbound tourists from mainland China increased by 10.8 times from 8.43 million in 1998 to the first time exceeded 100 million in 2014. As people's living standard has increased, the consumption level also has been improved and people start to pursue the new spirit culture, China's tourism industry has entered a stage of rapid development, which also promotes the production and consumption, and becomes an important part of national economy.

122 million people, nearly the population of Japan, which is the size of our country's outbound tourists in 2016, and their tourism costs is nearly $109.8 billion. On January 20th, 2017, China's largest outbound tourism service provider Ctrip travel platform and research institutions directly under China national tourism administration, issued the report named < 2016 Big data of Chinese outbound tourists >. According to the report, the mainland Chinese tourists are more opting for more convenient, safer, more hospitable and natural living conditions. The purpose for them to go abroad is also changing, at the beginning, they just want to go sightseeing, but now they hope to enjoy the high-quality living environment and service there, including climate, air, goods price, housing, commodity, medical treatment, education and so on. Outbound travel has become a major measure of happiness for Chinese urban families and young people.

In 2016, with the income growth and upgrade of tourism consumption, and the factors that the convenience of visa and flight, China's outbound travel boom continues, and reached to 122 million person time in the last year, while the number of outbound tourism in 2015 was 117 million and the growth rate is 4.3%, so China continued to win the global outbound travel person-time world champion.

Figure 3: 2000-2016 The number of Chinese outbound tourists and the annual growth rate

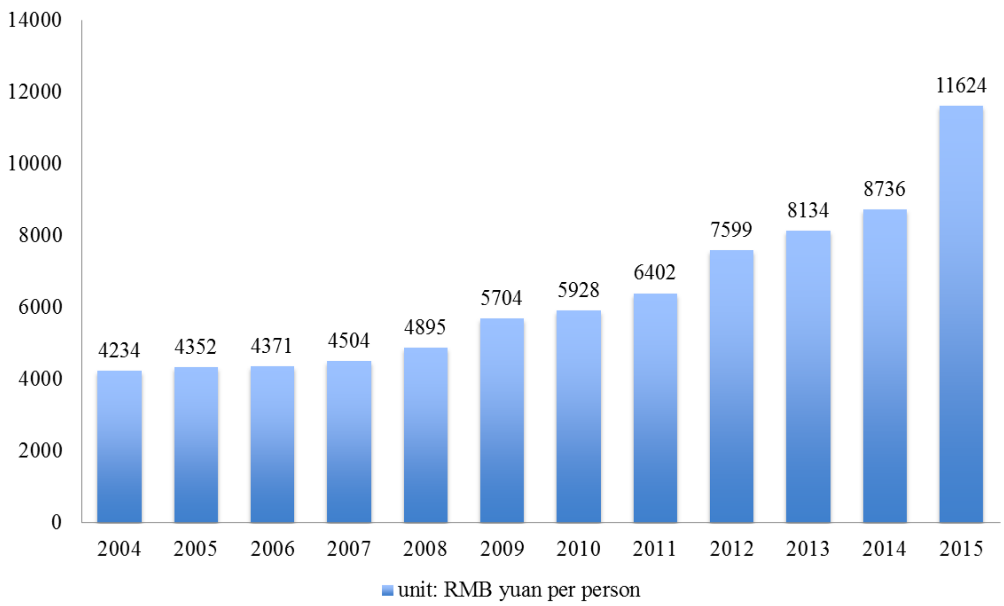


Source: China Statistical Yearbook

China has become the largest inbound tourist origin for many countries, including Thailand, Japan, South Korea, Vietnam, Russia, Maldives and Britain. However, now only less than 10% of the country's population chooses to travel abroad each year, and the number of people who own the passport and certificates accounts for only 10% of the total population, so the outbound tourism market is still potential.

The top ten cities that Chinese tourists spend most are: Seoul, Bangkok, Tokyo, Osaka, Singapore, Chiang Mai, London, Moscow, New York, Rome and Sydney. The Asian cities still take a greater proportion. In 2016, there are also some countries and regions that are frustrated with the mainland Chinses tourism market. For instance, Taiwan, France, Italy, Nepal, Switzerland, Turkey, Greece and other countries have suffered a significant decline in the number of Chinese outbound tourists. Especially, in Europe, the French tourism sector forecasted that there would be a drop of 20% of Chinese outbound tourists in 2016. Since the fourth quarter, the decline has been most obvious in South Korea and Taiwan, and then the Southeast Asian cities become the most popular alternative destination. Although the number of Chinses tourists to South Korea has increased throughout the year, the growth rate has slowed because of Terminal high altitude area defense (THAAD). Turkey, a number of coups and terrorist attacks took place this year, also lost more than half of foreign visitors. As a result, mainland Chinese tourists are more likely to go to more convenient, safer and more hospitable destinations.

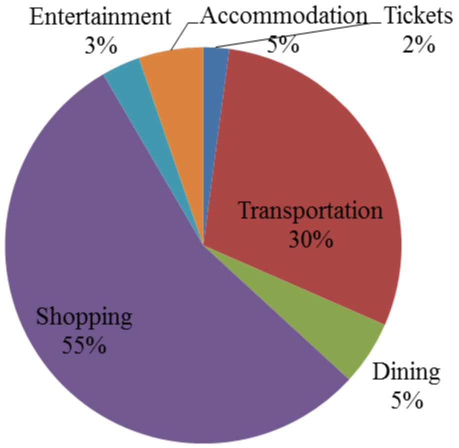
Figure 4: 2004-2015 The cost of Chinese outbound tourists per person



Source: China Statistical Yearbook

Shopping consumption has been a major part of the outbound travel cost, and the proportion is over 50%, which is also an important part of outbound tourism. The consumption power of Chinese people makes the world shocked, especially in luxury market, only in 2015, Chinese consumers global luxury consumption reached $116.8 billion, and $91 billion took place in foreign, accounting for 78%.

Figure 5: 2016 The proportion of Chinese outbound tourists' cost in various parts



Source: China Statistical Yearbook

Moreover, statistics show that women are more willing and like to go abroad than men. According to the report, among the total 122 million Chinese outbound tourists in 2016, 56 % of them were women, and the rest were men. Those who were born in the 1970s and 1980s are still the most important group due to their wealth and physical strength, and accounting for nearly 50% of the total. But more and more those who were born in the 1990s and 2000s and silver-haired people those who born before 1960s have joined the outbound tour because they have more leisure time.

In 2016, the top 10 of the outbound tourism departure cities are: Shanghai, Beijing, Shenzhen, Guangzhou, Hangzhou, Chengdu, Nanjing, Tianjin, Wuhan, Chongqing, and the top 10 fastest growing number of outbound tourists cities are: Zhuhai, Nanning, Hefei, Zhengzhou, Changchun, Kunming, Shenzhen, Qingdao, Chongqing, Xi 'an.

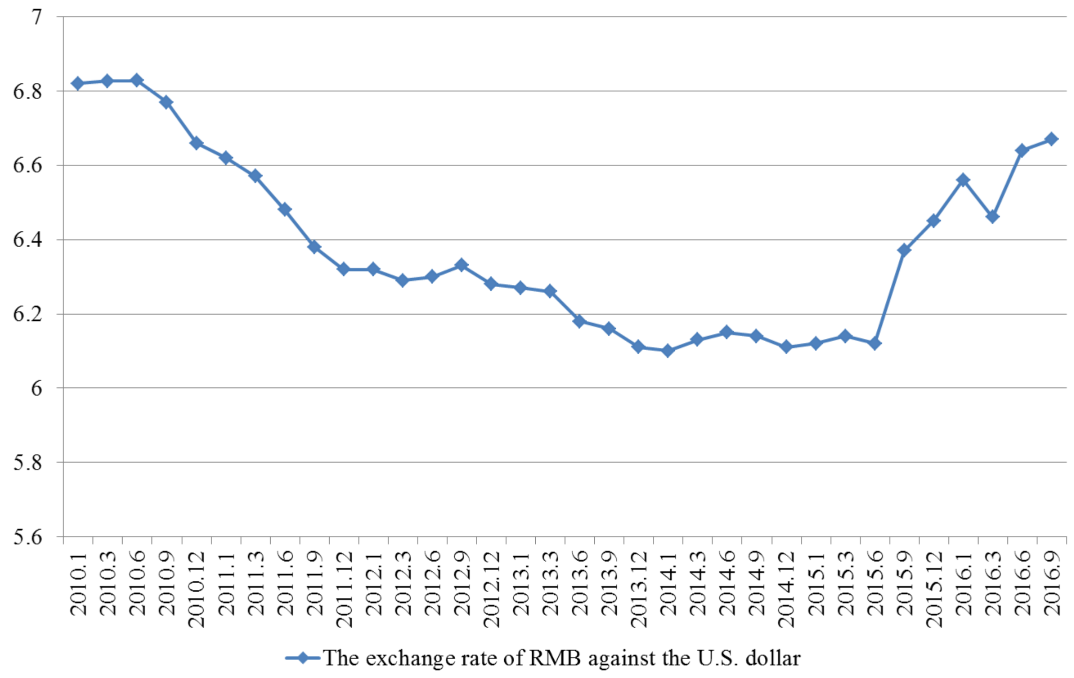
With the appreciation of RMB and the maturing market of e-commerce, the way of traveling abroad will be improved and changed partly by the continuous development of tourism electronic commerce. The tourists' travel experience is getting richer and richer, and they are more willing to pursue better and deeper of experience tourism, so in China, more and more tourists accept the "free" outbound tourism, which means they book transportation tickets, accommodations, the all other arrangements through travel agents or tourism e-commerce sites by themselves and with the appreciation of RMB, "free" outbound tourism will be more popular among the Chinese tourists.

Nowadays, Internet has become an important force to promote China's outbound tourism, and the online travel websites and mobile applications become the most essential channel of tourists when searching and booking the travel information. In 2016, according to updated data, the number of Chinese outbound tourists who book the holiday products including group travel with guide, free outbound tourism, cruise, local play, and other services only via Ctrip is more than 15 million.

2.3.5.2 How the exchange rate affect the outbound tourism

When reviewing the history of China's currency reform, since 1994, the marketization of RMB exchange rate formation mechanism was reforming continuously, and the specific process can be divided into three stages: the first one was from 1994 to 1996, the exchange rate system started to apply the system which was on the basis of market supply and demand and named a single, managed floating exchange rate system. Then came to the second stage: from 1997 to 2005, after the financial crisis, China resisted pressure from the outside and maintained the exchange rate stable. The third stage: Since July 21st, 2005, the exchange rate system started to apply the system which was on the basis of the market supply and demand and a basket of currencies, which was also named the managed floating exchange rate system, and then since the implementation of a managed floating exchange rate regime in 2005, the RMB has appreciated against the dollar, and the prices have reached the new high points continuously.

Figure 6: 2010-2016 The exchange rate of RMB against the U.S. dollar



Source: The People's Bank of China

Exchange rate travel was a new word appearing on the internet in 2015, which referred to the new trend of "traveling with the exchange rate" during the Spring Festival holiday in 2015. In the past, many tourists have chosen to go abroad during the Spring Festival holidays, such as Southeast Asian countries and other places because of the good weather and fresh air there. In 2015, with the RMB appreciating against the Yen and the Euro, many tourists were more willing to choose the destination where the RMB was relatively more valuable. During the Spring Festival, the number of people traveling to Japan and Europe increased rapidly. Thus, the incentives to travel abroad will be more various, and it is obvious that the appreciation of the RMB will boost the continuing growth of outbound travel as the CPI keeps rising, which also means that the cost of domestic travel is going up and the cost of outbound travel is declining, so the enthusiasm for outbound trips will be even higher than before.

The currency factors in different countries will make outbound tourism destination choice more diverse in the future, and some scholars researched the overseas tourist destination of Chinese citizens' preferences and according to the results, the preferred destinations were: 1. European countries, 2. Australia and New Zealand, 3. the United States. These are all remote destinations, and whether they will truly be the main tourist destinations for Chinese tourists, the main factor now is the lower travelling cost there which means when the RMB appreciates against the dollar or euro, it is certainly a big boost for Chinese tourists. With the appreciation of RMB and the maturing of e-commerce, the way of traveling abroad will be promoted

Table 9: 2016-2017 The exchange rate of RMB against different currencies

Currency	2016/1	2008/1	2010/1	2012/1	2016/1	2017/6
AUD	16.92	15.67	17.69	15.33	21.14	19.76
JYP	1459.85	1529.05	1321.00	1230.04	1824.81	1625.32
CAD	14.43	13.66	15.56	16.07	21.32	19.81
USD	12.39	13.70	14.65	15.87	15.38	14.70
EUR	10.46	9.39	11.61	12.16	14.20	13.04
GBP	7.20	6.89	10.19	10.15	10.44	11.40

Source: The People's Bank Of China

2.3.6 The development of E-commerce, B2C and Cross-border Electronic Commerce

2.3.6.1 The development of E-commerce

In 1996, with the establishment of the national information workshop, the dream of e-commerce in

China has begun. Till now, the development of China's e-commerce has passed 20 years, and during 20 years of development, the period can be roughly divided into the several periods: germination stage, embryonic period, recovery stage, stabilization stage, and combination period.

Germination: 1996-1999

From 1996 to 1998, the 2 years' period was the beginning of China's e-commerce dream, and at that time it was just a dream because there was no the foundation of E-commerce. While in 1997 and 1998, the main players of China's e-commerce market were some IT enterprises and the media companies, especially the IT manufacturers, headed by IBM, and they all played an essential role before 1998 in the China's e-commerce market, and they also inspired and guided people to understand deeper about what e-commerce is and developed their interests and needs in the industry, also promoted the introduction of electronic commerce technology, application and development, and then made the Chinese electronic commerce technology to keep up with the trend of the world in a very short time, which established a foundation for the further development later. Then in 1999, Chinese e-commerce market began to enter into a new era characterized by exploring and launching large-scale e-commerce projects, which was largely depending on the following three factors: 1. the number of Internet users in China has risen sharply; 2. Substantial involvement of venture capital within and outside the country; 3. The awareness of application and development of e-commerce has been improved. In general, China's e-commerce market has begun to enter the implementation stage from the start-up stage.

Embryonic period: 2000-2002

The year 2000 was the beginning of the embryonic period, the Internet users in China jumped to 8.9 million suddenly, and the number of computers which can connect to the Internet was 3.5 million, so electronic commerce had the potential market and consumers. In 2000, the number and scale of the Chinese e-commerce sites also reached to a high inflation period, there were more than 2,500 business websites on the market. The concept of "portal" was further interpreted as a horizontal portal or a vertical portal. The number of the online shopping platform which also named B2C (business to customer) was over 1,500. According to statistics, the number of Internet users has increased exponentially since 2000, so substantial breakthroughs took place in distribution, payment and after-sales service these related industries. In 2002, the income of the Internet information service industry was increasing dramatically, and the websites all got profits. Dangdang, and Alibaba both got the higher revenue and profits than the last year and forecasted to continue to grow in the future. The Non-advertising revenue of big portals such as Sina and Sohu, also has increased sharply. More and more e-commerce sites and their businesses were being charged and not free anymore, and China's e-commerce market was getting maturing day by day.

Recovery period: 2003-2005

According to CNNIC statistics, till the June 30th, 2003, the number of Internet users in China reached to a new high point 68 million, an increase of 8.9 million in half a year, and the number of computers which can connect to the Internet was 25.72 million. The e-commerce boom has accelerated the listing of e-commerce companies, both in Hong Kong and NASDAQ stock market. The establishment of Taobao and Alipay was the foundation of Alibaba's business empire. E-bay also regarded China as the biggest market. Moreover, the other macro data of the Internet users in China also increased, the increasing number of online shopping users, and the length of time that online game users spent, which showed the fact that the Internet was rapidly developing in China, and the Internet has gradually penetrated into all levels of the society.

Stabilization stage: 2006-2007

2006 was a great year, the readers and audiences now changed into the maker of information, now the Internet could make everything possible. Youku and Tudou such kind of video platform was appearing and grew rapidly, on those platforms countless users were creating information, so the word content producer was also created, and it made the voice from the general public become the speaker of the new era, while before some geniuses, wonderful works, bloggers may didn’t have the stage or chance to show themselves to the audience. Moreover, Alibaba set up Taobao and launched Alipay, and the country has introduced some important measures to promote e-commerce development.

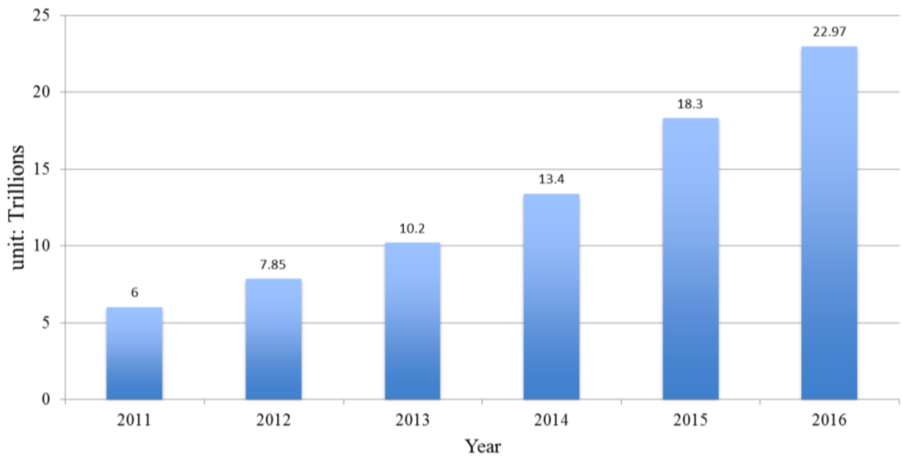
The mass and combination period -- 2008-now

Financial crisis took place in 2008 all of a sudden, although most of the companies were affected by the big fluctuation, but such a low cost and high speed E-commerce model was really attractive for lots of traditional enterprises, and they found a new development direction, so in 2009 there are more and more traditional enterprises engaged in E-commerce field, like Suning, Guomei and Zhongliang.

In 2010, the key words of China's e-commerce market were "investment" and "listing", and the words like vertical development and flat organization were continued to be discussed. Jingdong at that time had a promising that getting the capital investment and having a clear future direction and it formally changed from vertical to comprehensive B2C platform, along with many competitors such as amazon, Dangdang, Suning, and group buying has also been growing up fast. The number of e-commerce transactions volume in China was 22.97 trillion RMB in 2016, and the annual growth rate was 25.5%. The total B2B market transaction volume was 16.7 trillion yuan.

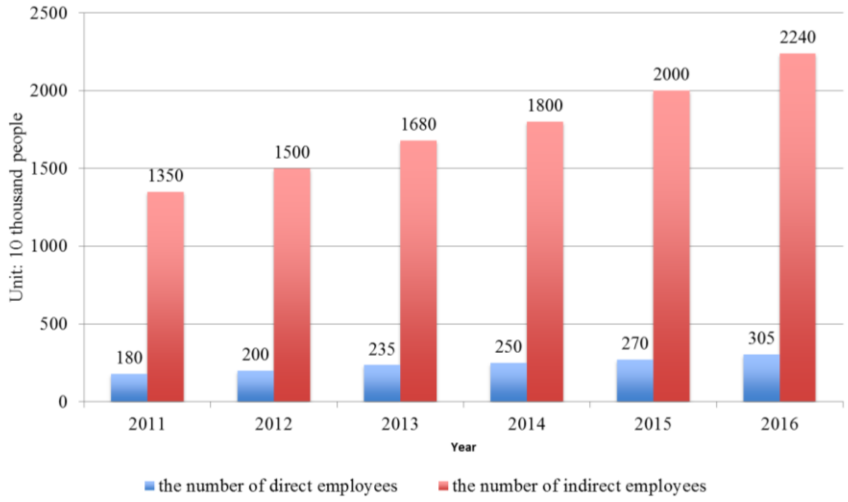
The number of direct employees of Chinese e-commerce service enterprise was more than 3,050,000 people, and the number of indirect employees driven by e-commerce was over 22.4 million. Direct employment, with the large-scale development of e-commerce, more traditional enterprises joined into the e-commerce market, so the number of staff is rising. Research shows that e-commerce is the most popular career for girls. Indirectly, with the growth of the e-commerce industry, new jobs have mushroomed. For example, Internet models, shop decorators, Taobao copywriters, e-commerce anchors, buyers and so on. These new jobs are increasingly a supplement to the traditional employment model, and are becoming the dream job for more and more young people.

Figure 7: 2011-2016 The transaction volume of Chinese E-commerce market



Source: www. 100EC.cn

Figure 8: 2011-2016 The number of direct and indirect employees in the E-commerce industry



Source: www. 100EC.cn

2.3.6.2The development of B2C

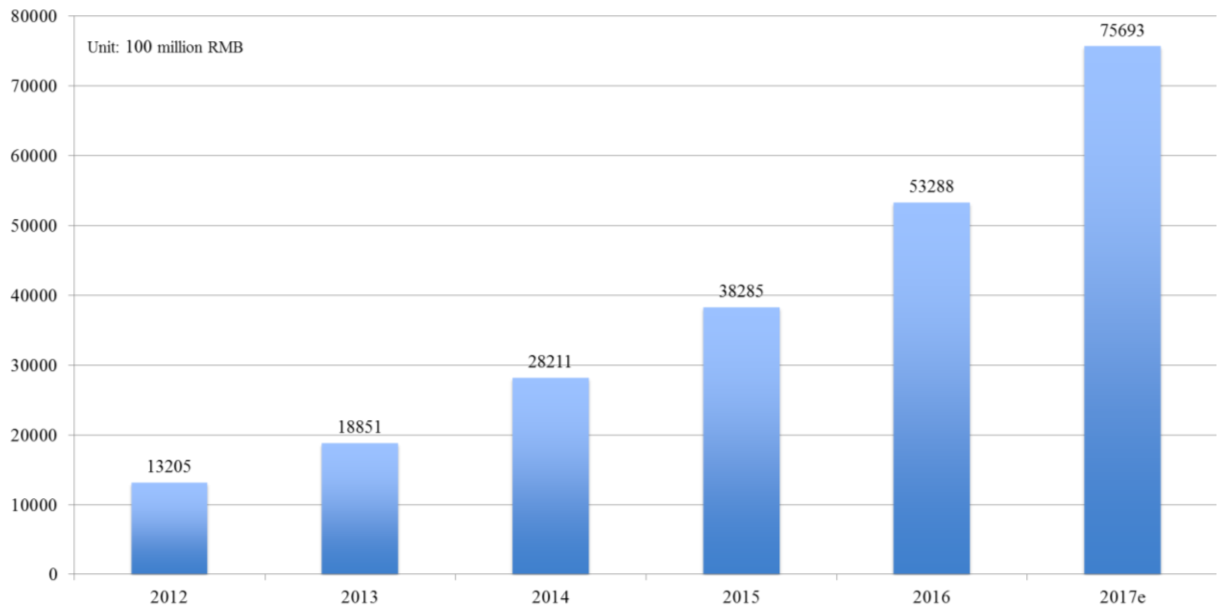
B2C e-commerce model generally refers to the business activities between merchants and customers, also is called "online shopping website," and it is one of the electronic commerce based on the transaction object classification, it indicates that the business to consumer e-commerce. E-commerce in this form is generally dominated by online retailing, which mainly relies on the Internet for online sales activities. For example, the online shopping platforms such as Amazon, Dangdang bookstore, Jingdong, and others. The characteristics of the B2C e-commerce mode is that the buying and selling process are completely through the network, the online consumers choose goods on those platforms via the internet, and then complete the electronic payment, finally, the sellers arrange the logistics distribution and after-sales service, so we can see that the whole process of online shopping are finished through the network and do not need to make the deal face to face.

In 2008, the Tmall online shopping mall began operating, so Taobao also started to connect with other companies, and only allowed brand owners and commodity producers to enter the mall and started the transformation process changing from the C2C platform to the B2C platform. At present, China's B2C e-commerce mode are the followings: (1) comprehensive B2C website, its typical representative is Dangdang and Jingdong, such sites set up from one type of merchandise, and then after years of development it turned into a comprehensive department store, and can meet the diverse needs of the shoppers better. (2) Vertical B2C website, its typical representative is Vancl, such siteshave only one and specific target and operate a particular kind of goods, and its website updates fast to face and reflect the sensitive market. (3) The B2C mall of the C2C platform which is typically represented by

Tmall. Tmall is a qualified shops gathered platform, which really does something good to the business management and protection of rights and interests for consumers, also beneficial to the accumulation of brand awareness and a number of consumers at the same time. (4) The manufacturer builds a B2C sales platform. Many vendors are actively engaged in the construction of online shopping platforms, and domestic companies such as Suning and Guomei have started to sell their products online in order to get the market share in e-commerce market.

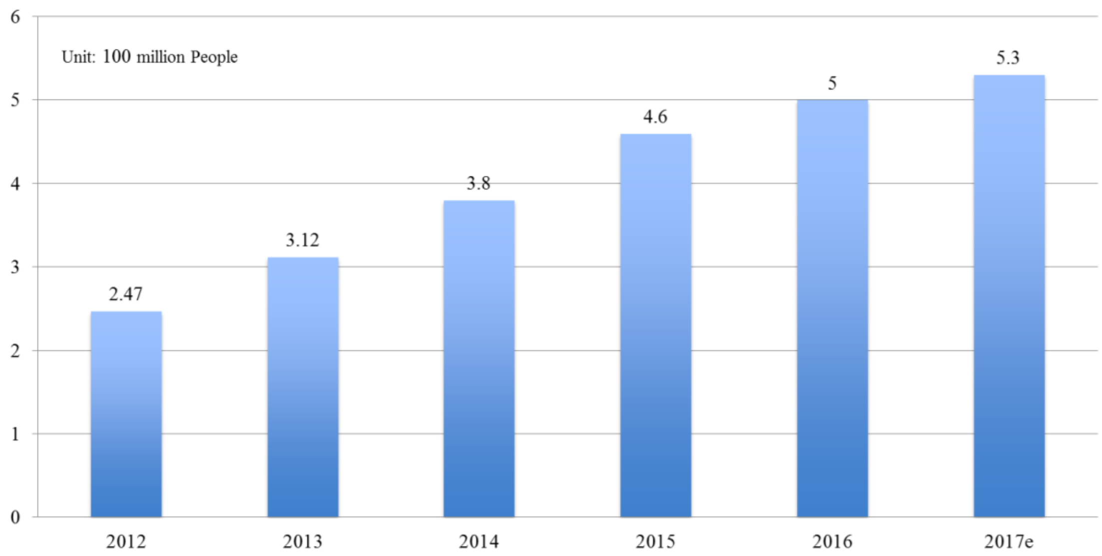
By the end of December 2011, the online shopping sales volume reached 756.6 billion RMB, and B2C accounting for 23.2%. In 2013, the shopping market continued to grow rapidly, reaching 1.85 trillion yuan, an increase of 40.9% from 2012 to 2013. Online retail sales accounted for 7.9% of total retail sales in 2013. Since online shopping was a strong alternative to the retail stores for the consumers, the transformation of the traditional retail enterprise was really urgent. In 2016, China's online retail market transaction volume reached 5328.8 billion RMB, increased by 39.1% comparing with 382.85 billion RMB in 2015. According to the forecast, China's online retail market is expected to reach 7569.3 billion RMB in 2017.

Figure 9: 2012-2016 The transaction volume of Chinese B2C market



Source: www. 100EC.cn

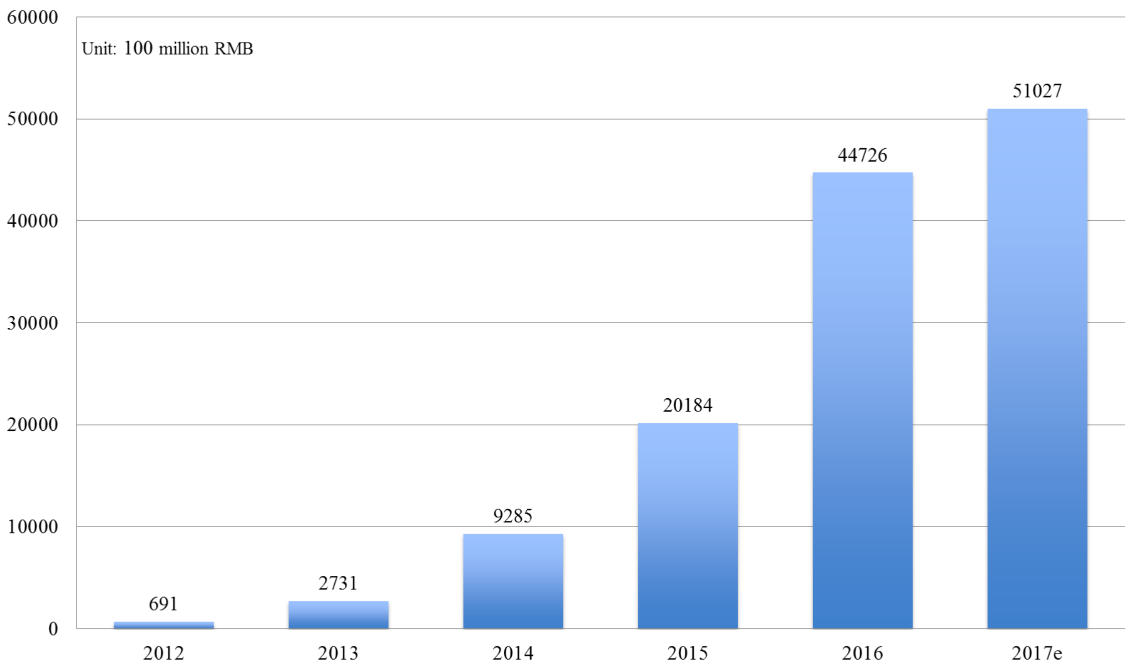
Figure 10: 2012-2016 The number of Chinese online shopping consumers



Source: www. 100EC.cn

Moreover, in 2011, at the same time, due to the innovation of the online payment service providers, mobile phone payment methods and the development of online payment security, online payment user scale continued to grow steadily, and online payment was relatively complete. The popularity and proliferation of smartphones and the growth of 3G networks also facilitated the simultaneous development of mobile e-commerce. In 2011, China mobile shopping sales volume reached 11.46 billion RMB, and the market for mobile shopping would continue to grow at a high rate in the next coming years.

Figure 11: 2012-2016 The transaction volume of Chinese mobile shopping market

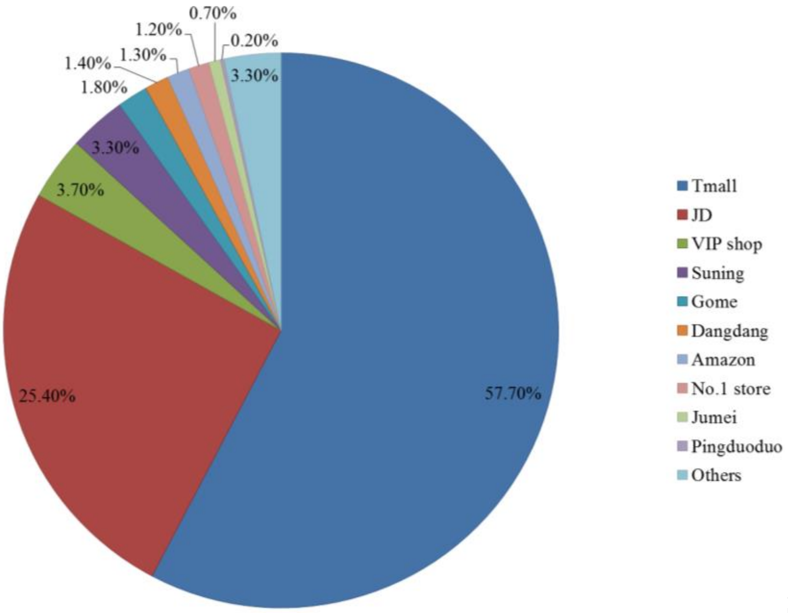


Source: www. 100EC.cn

In 2016, Chinese B2C online retail market (including open platform and proprietary sales, excluding brand e-commerce), Tmall still ranked the first place, and occupied 57.7% of the market share. Then came to the Jd.com, which had 25.4% of the market share, and it was close behind, and Vipshop's market share rose to 3.7% from 3.2 %in 2015 and continued to remain the third. Then, from the forth to the tenth positions were: Suning(3.3%), Guomei online (1.8%), Dangdang (1.4%), Amazon China (1.3%), No.1 Store (1.2%), Jumei(0.7%), Pinduoduo(0.2%); Others (3.3%).

The expansion of e-commerce never stops, so the overall growth rate will be in reasonable intervals. The pattern of China's B2C online retail market is generally stable, but still facing reshuffle, at the same time, the market has also been gradually evolving in the direction of the standardization, high-quality and diversity.

Figure 12: 2016 the top 10 Chinese B2C online retail platform



Source: www. 100EC.cn

2.3.6.3The development of Cross-border Electronic Commerce

The year 2005 was the beginning of Daigou (freelance retail consultant, those Chinese who study or live abroad buy luxury goods then send back to the Chinese consumers), and it could not even be regarded as an "industry". Most of them were Chinese students who study abroad or those who often work abroad, when they come back to China every time they may bring some foreign gifts like some domestic cosmetics, watches, leather bags and other items for the relatives and friends. The Chinese people always expected to get them back from foreign countries because its high price in China and sometimes there was no stock in China. The number of times was getting more and more, and the client wanted to thank the "Daigou", so the 10% of the commodity price as the Daigou fees has become the consensus among them. As the demand was getting larger and larger, many professional purchasing agents appeared, also those who often on business travel, overseas tour guide became "personal Daigou" in the industry. Some rational people found the business opportunities, and they began to joint their relatives and friends who studied or lived abroad to help people to buy the things they wanted. The user selected their dream products, and then selected a reliable Daigou, paying the purchasing agency fee, finally the Daigou completed the rest of the things. The selection process was the most critical part and was often recommended by colleagues or friends.

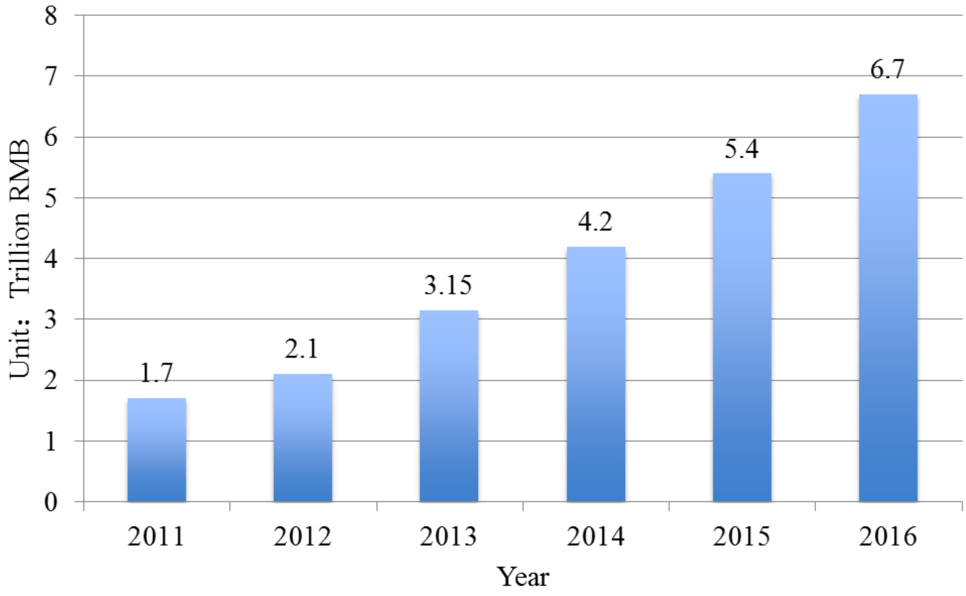
In 2007， computers and the Internet entered into every Chinese family. Due to the rapid development of E-commerce, the improvement of living standards and domestic food safety problems, Chinese people preferred to shop on the Internet, and preferred the foreign products. Overseas online shopping began to emerge, and a number of websites and businesses focusing on the market. In the same year, Taobao set up the Global Taobao (Gtaobao), which has brought together overseas high-quality goods' sellers to satisfy the consumers wish that "never leave home while shopping throughout the world". The new model made shopping overseas more convenient. Web platforms provide a more convenient channel for people. As a result, global buying has strengthened the market for Daigou, and the embryonic daigou market has become more sophisticated.

In 2008, after the Sanlu milk powder incident, the quality of domestic dairy disappointed many Chinese consumers and families, so they began to choose overseas Daigou to buy milk powder. The decline in China's dairy industry has led to an unprecedented boom in imported dairy products, and Taobao and E-bay were one of the most popular online shopping websites in the dairy industry.

On August 1st, 2014, the general administration of customs launched "No. 56 document", after its implementation, personal items will be taxed on the basis of mail tax, private overseas Daigou without permission would be regarded as illegal action according to the policy requirements, and the cross-border e-commerce's the whole process of data needs to be included in the customs clearance service e-commerce platform, connected to the customs official website. "No. 56 document” is a good thing for the regular cross-border logistics e-commerce companies in the world, and it regulates all enterprises in the industry. According to statistics, the market for overseas Daigou was more than 70 billion RMB in 2013, and the market was more than 150 billion yuan in 2014. At the same time, the product that consumers want is not simple household items anymore, and they are more willing to buy a single designer bag, a famous foreign milk powder, and some luxury goods via Daigou. The lower price and higher quality are the main reasons for the rise of overseas Daigou. In China, the price of cosmetics, electronics, luxury goods and other products are generally higher because of high tariffs and a monopoly phenomenon on some agents. In particular, the diversity of product styles also influenced the growth of overseas Daigou greatly. Compared with domestic products, the foreign products satisfy the requirements of domestic consumers better, and with the maturity of e-commerce which makes consumers shopping online is more convenient. At the same time, the huge number of Chinese overseas students has provided a large supply chain for Daigou.

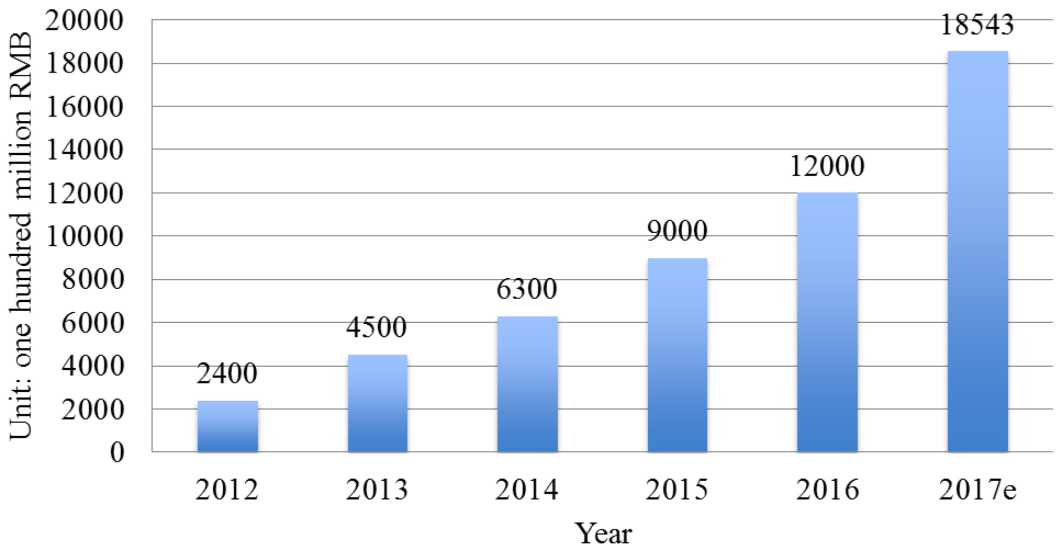
Cross-border e-commerce transactions volume in China was 6.7 trillion RMB in 2016, increased by 24%. Among them, the transaction volume of export cross-border e-commerce in China was 5.5 trillion RMB, and the import cross-border e-commerce was 1.2 trillion RMB. The number of import cross-border e-commerce transactions in China reached 120 billion RMB in 2016, and the annual growth rate was 33.3%, and it is expected to reach 1854.3 billion RMB in 2017. The competitive market of import cross-border e-commerce has improved the users’ shopping experience, while still following the growth trennd. Big e-commerce companies, including Jd.com, Alibaba and Suning, have grabbed the market.

Figure 13: 2012-2016 The transaction volume of Chinese cross-border e-commerce



Source: www. 100EC.cn

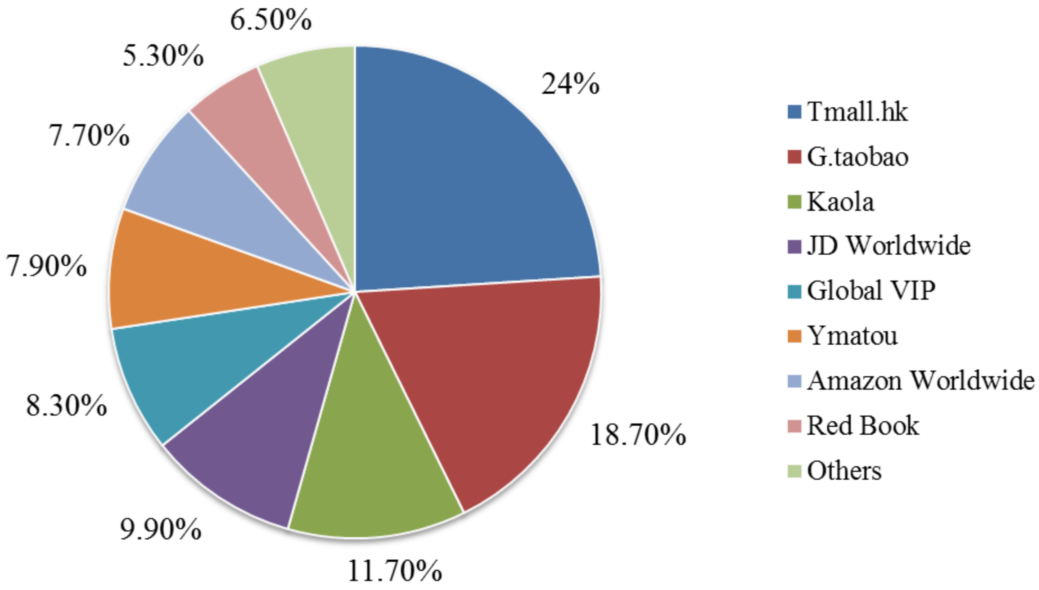
Figure 13: 2012-2016 The transaction volume of Chinese import cross-border e-commerce



Source: www. 100EC.cn

In the mainstream of cross-border import online shopping platforms, Tmall.HK ranked first, and accounting for 24% of market share, G.Taobao ranked the second one with 18.7% of market share, and Kaola was the third one with 11.7% of the market share. Then, from the forth to the tenth positions were: Jingdong global purchasing (9.9%), VIPshop international (8.3%), the Ymatou (7.9%), Amazon overseas (7.7%), the little red book (5.3%). Cross-border imported electrical business developed rapidly, and the demand of consumers also changed fast, in the competitive market, all cross-border import online shopping platforms have a large space of extension and improvement.

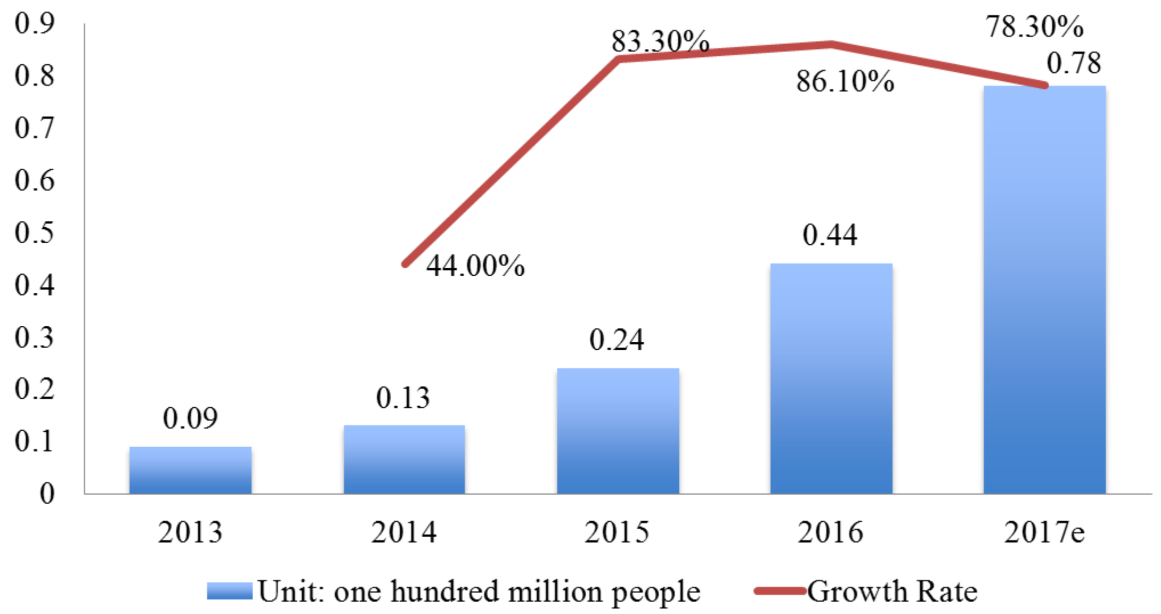
Figure 14: 2016 the top 10 Chinese cross-border import online shopping platform



Source: www. 100EC.cn

In 2016, the number of cross-border online shopping users in China reached 0.71 billion, comparing with 2015 the annual growth rate was 61.3%, while the growth rate of users decreased and the growth trend slowed. The continuous growing number of cross-border online shopping users shows that consumers' spending is rising and their demand for quality and products' enrichment has increased. With so many consumers moving into cross-border online shopping, it has become a regular shopping, so the growth of cross-border online shoppers slowed in recent years. In 2016, 14.1% of the total cross-border online shopping users are in Guangdong, 13.2% in Shanghai and 12.2% in Beijing. Cross-border online users are mainly concentrated in the eastern region because the eastern region earlier were supported by the national policy, so their economy developed more quickly, and so cross-border import online shopping platforms also started early, the condition, the consumption ability there are superior and strong, and consumers there are more willing to pursue high-quality life.

Figure 15: 2013-2016 the number of users of the cross-border online shopping platforms



Source: www. 100EC.cn

The number of Cross-border online shoppers has grown by 250 million people between 2014 and 2016, and the number is expected to reach half a billion users by 2017. The continuous growth trend of cross-border online user growth predict that cross-border shopping is gradually popular among the Chinese people, and cross-border online shoppers have shifted from being price-sensitive to quality-sensitive and more focus on quality. The transition of the cross-border online shopping consumers' consumption idea illustrates two point, one is consumers' consumption ability is strengthening, and the other is that the consumers' shopping behavior is more rational than before. The cross-border e-commerce industry eventually becomes normalized due to more and more governments'' policy.

3. The current situation of Chinese luxury goods industry

3.1 A market changed from rapid growth to steadily slow growth

In China, according to some study before, the luxury consumption growth is about two to three times the GDP growth rate, so from 2010 to 2014, China's luxury consumption growth rate from 18% to 25%, and then slowed down these years, and the growth rate reached 30% in 2011, and China is currently the world's fastest-growing country.

In 2008, due to the influence of the economic crisis, in mature markets like Europe, America, Japan, sales of luxury goods was weak, but relatively in the Asia-pacific region, the market was in a state of stable growth, especially in China. According to Bain &company luxury industry report, in 2009, although the economic environment was still very bad, the world's luxury goods consumption fell about 8% compared with 2008, but in the Asia-Pacific region still maintained a growth of 2%, and China has increased by about 12%, in this year the total luxury consumption reached 156 billion Yuan, and domestic consumption was increasing, also the importance of domestic consumption gradually increased, which caused the attention of many luxury companies. As a result, the number of stores rose again in 2010 as the luxury brands continued to expand.

According to the report about the Chinese luxury market that Boston consulting group released in 2009, it estimated that by 2010, China would have more than 250 million consumers who afford to buy luxury goods, and by 2015, China's luxury goods consumption proportion over the world would reach to 32%, and would become the largest market in the world.

At the beginning of 2012, China's luxury market growth slowed down, and the growth rate was at about 7%, because the domestic implemented and promoted the anti-corruption work. Later in 2013, it fell down to 2%. But the Chinese consumers started to buy luxury goods overseas, so the Chinese consumers have become the world's largest luxury consumer group, which occupied about 25% of global market share. Each luxury brand began to slow down the speed of expansion, and most of them decided to decorate the existing stores, and find the right method to promote the sales of existing stores. In 2015, China's transaction volume of luxury market was 1, 13 billion RMB, and it decreased by 2 percent from one year earlier, and the major declining categories were watches, men's wear and leather goods. In 2016 China's luxury market rose after three years of stagnation, and the annual growth rate was 4%. But the United States market declined drastically.

Chinese consumer's contribution to the global luxury consumption ratio fell down from 31% in 2015 to 30% in 2016 (including domestic shopping and overseas tourist shopping), the decline was unprecedented. The decline in domestic sales has led most luxury brands to cut the number of stores and concentrate more on those better location stores. Many brands realized that they needed to find the brand's uniqueness that has been blurred by excessive expansion.

3.2 Changes and current situation of Chinese luxury market

Since 2006, a number of big luxury brands began to enter into China, the mainland market, the first cities they chose to open stores was the first-tier cities, Beijing SKP, Shanghai Nanjing road were the hub of luxury brand, and the luxury flagship stores even became one of the symbols of the city. Although the sale volume of the first-tier stores was good, but if taking a look at the whole market in

China, the market share was still very limited. Because the sales cost at first-tier cities was increasing continuously, the luxury brands started to look for some new growing points. At the beginning of 2009, the second and third tier cities started to became the new center of the Chinese market. So, in 2010, the number of new stores in second and third tier cities was increasing quickly. According to the survey, 52% of Chinese rich people lives outside of Shanghai and Beijing, which called the first-tier city, and the consumers had very strong purchasing power, their taste and attitude toward luxury goods, even their purchasing power was very close to the people who lived in the first-tier cities, almost the same.

According to CLSA's Chinese market luxury consumption report in 2011, the Chinese luxury consumers are younger and wealthier than those in the other foreign countries. In recent years, a new generation of young wealthy group has just emerged and became the main force of the Chinese luxury market, they are more willing to show their wealth and success via the luxury goods they use and the high-quality service they enjoy. Youth is an important characteristic of Chinese consumers. Different group of consumers also choose to purchase different categories, the Chinese rich people are used to buy watches, jewelry, leather goods, even furniture, while for those who know luxury for the first time, and generally they will start to purchase the entry level accessories or cosmetics, such as perfume, ties, and belts. Due to the characteristics of Chinese consumers, most of the luxury brands start to launch their product lines following the trend of polarization which means the brands have both the entry level products and the top luxury like heaute couture. The foreign rich people are more interested in experience, they want a kind of luxury life, so they prefer to travel abroad, live in a 5-star hotel to enjoy the high-quality service. Ouyang kun, he was the chairman in China of the world luxury association, he has studied about luxury consumption for a long time, and he predicted that in the future, the mainstream of Chinese luxury consumers would be the younger generation whose age is between 25 to 30 years old, and they would pay more attention to personalized products, while the foreign consumers are usually aged from 40 to 60 years old who love the inheritance of the luxury brand and its history.

Since 2015, due to the growth of outbound tourism and the growing trust of Chinese shoppers on B2C overseas websites stimulated the development of the overseas purchasing, it also led to a decline in Chinese domestic luxury market overall.

In order to overcome the influence of these changes and stimulate domestic consumers’ enthusiasm, luxury brands must design localized marketing strategy, create high fashion content, and adjust the global pricing to narrow the price gap between the regions. In 2015, the rise in overseas luxury shopping was 10%. Consumers all went to Japan to do some shopping, where the spending has risen by more than 200%. Currency advantage and competitive luxury pricing have made South Korea, Europe and Australia a hit for Chinese consumers in 2015. By contrast, the sales volume of luxury retail stores in Hong Kong and Macau fell by about 25%.

2015 the number of Chinese outbound tourists was increasing by 32%, along with the heat of the outbound tourism rising, consumers' rely on Daigou was reducing gradually. The importance of fashion and unique design in the domestic market is increasingly evident, so those brands that have strong fashion heritage and emphasis on original design have done well in 2015.

With the development and popularity of Internet and smart mobile phones, nearly 80% of consumers receive luxury information from the Internet or applications, and 60% of them use social media channels such as Weibo and WeChat as an online source of luxury information. As a result, brands spend an average of 35 % of their marketing budget on digital channels, and that number keeps rising.

There is a piece of evidence that luxury shoppers are turning to new, personalized, high-end luxury experiences shoppers such as luxury travel, gourmet wine and art exhibition and auction.

Although the local Chinese market still exists many problems: with the foreign price difference, the low level of service and overall shopping experience which all lead to domestic luxury consumption is lower than overseas consumption, but in 2016 the proportion of domestic luxury goods greatly increased. However, this growth has not offset the loss of Chinese tourists from overseas consumption, particularly in Europe. But in the long run, the number of China's middle class is rising rapidly, and their disposal income is also increasing, so in the next five years, they will contribute a lot for the personal luxury goods market.

At the beginning, the motivation of Chinese consumers when purchasing luxury goods is conspicuous consumption, because they want to show their social position or to celebrate something, so they buy luxury goods as a reward. Luxury as a gift is also very common in China, in which luxury is a symbol of status. In recent years, with the development of market environment, the popularity of the Internet, the consumers have expanded their horizon, so they have more own understanding on the luxury goods, the consumers from the first-tier cities don't follow the brand big logo any more, otherwise they prefer a low-key design, their favorite brands are more diversified, when buying luxury goods, they seem to be ore rational than before.

4. The analysis of luxury consumers in China

4.1 The analysis of the phenomenon- Consumption upgrade and consumption degradation

In recent years, more and more people from the second and third-tier cities who grow in a middle and ordinary family moved to the first-tier cities, Shanghai, Beijing, Shenzhen and Guangzhou, and now they all face a common problem the continuous increasing housing price in these cities, so many of them bought a house there with a high loan of two to three million RMB. The most stressful ones, probably those who born after 1990 and they will face a completely different market than those who born after 1980.

According to Boston report, the division has reshaped a large number of traditional industries and created many new consumption categories and services, and lead to the phenomenon of consumption upgrade and consumption degradation.

For one from the highly indebted middle class, he is acting the " low consumption" behavior, such as purchasing clothing from UNIQLO, eating fast food in the convenience store, buying discounted daily goods on Taobao, while he is also spending much on " optimal consumption", such as collecting the new style of Hermes scarf, drinking imported mineral water, sometimes rewarding themselves to a Michelin star restaurant. The "high debt middle class" is the product of super-urbanization. Their unique life way promotes the consumption of large-scale degradation (lower, or more rational consumption category and services), also promotes other active consumption upgrade from a 15 RMB fast noodles to a set of eight hundred RMB nail spa.

This seems contrary to what we preach every day: The meaning of Consumption upgrade emphasizes high-quality products and innovative shopping experience. And that's one of the things that the enterprises are trying to do right now. While consumption degradation stresses that even if the quality of your products are higher, and the shopping environment are super shocked, the majority of consumers also seems unwilling to spend so much money to pay for it, because no one is willing to pay the premium. From the large gym to mini gym which is paid by the hour, from high quality and price flowers to a set of flowers which is only 99 RMB one month, these may be appearing in the consumption degradation trend.

The Boston report also reflects the phenomenon. In terms of debt ratios, those who live in the third-tier cities have the lowest ratio of debts; and those who in the second-tier cities have a secondary debt ratio, but debt ratios are rising fast. People living in the first-tier cities have experienced a significant differentiation, and the gap of assets is growing quickly. On one hand the rich and extremely rich class are emerging, on the other hand is the emergence of highly indebted middle class. Different debt ratios lead to different consumption combinations, promoting different consumption categories.

According to the economist intelligence unit forecasts that by 2030 China's local resources imbalance phenomenon will be effectively ease, the transfer of industrial and employment will lead to low line and income growth of urban economy.

4.2 The customer segmentation of Chinese luxury consumers

According to the above analysis, focus group and questionnaire that have been done for the thesis, the Chinese luxury consumers will be divided into the following segments and then analyze their characteristics, consumption motivations.

4.2.1 The young white-collar workers who want to show their personality

This group of consumers aged between 20 to 35 years old, and their annual income is between 100 to 200 thousand RMB. Most of them are from the middle class of the society, and their jobs are the white-collar, mainly come from the first and second tier cities. They current purchasing ability is not so strong, but they have distinct personality, and want to stand out from the crowd. The number of this group consumer is increasing rapidly, and almost occupy half of the overall market of, and they will be a very important and large group in the luxury market in the future.

Luxury good is a self-experience and self-satisfaction for this group of consumers, the characteristics of high taste and high quality luxury goods make them get social recognition, but also satisfy their vanity. Even if the average income is not so high, they are still willing to buy the luxury goods, that is defined as conspicuous consumption.

They generally buy entry-level products, such as sunglasses, textiles, belts and so on. They buy the products for themselves and the motivation is mainly to show off, to find identification, to follow the trend. Due to their limited income, they may have a yearly budget on the luxury goods. Moreover, they are all highly educated, and know the fashion information so they have their own taste and some favorite brands. Some of them also start to travel abroad but not so frequently, just once a year.

4.2.2 Fashion icons that lead or follow the trend

This group of consumers aged from 18 to 38 years old, and their annual income is between between 150 to 500 thousand RMB, their main jobs are white-collar and housewives, most of them are from the first and second-tier cities, while the scale of such group now is not large, only occupy about 5% of the overall market, but it presents a growing trend.

Most of them love to travel abroad, follow fashion trends, and have their own favorite brands. Buying luxury goods is a hobby for them, they will spend some time getting to know the trend of this season, and then choose their own style, seldom follow others that is defined as conformity, and they are relatively lower sensitive to the price, clothing, leather goods, shoes are their preferred categories, and the motivation is mainly self-enjoyment, social, status symbol and lead the trend. Now, they are more willing to experience the high-quality life, most of them travel abroad or on business travel at least twice a year, and enjoy the luxurious hotels, and buy the luxury goods when traveling.

4.2.3 The brand new rich class

This group of consumers aged between 30 to 50, most of them are male, and they earn more than half of million RMB a year, most of them are wealthy individual and private enterprise owners, from the second and third-tier cities, and the size of this kind of group accounts for about 30% of the overall market, moreover it is relatively a stable consumer group, while they may not get higher education.

This group has accumulated a lot of wealth, and they are keen to buy products with obvious brand logo to show off their wealth power and social status, and they like to buy the brands known by many people and with the most obvious brand logo. For the categories, they often buy expensive jewelry &watches, leather goods, and famous cars.

Parts of the products are for themselves, while others may be the gifts giving to others, and their consumption motivation is to show off, gift to others, social and status symbols.

4.2.4 The core consumers who enjoy the luxurious life

This kind of consumer group's age gap is large, some of them aged from 18 to 30 years old that is called the rich second generation that means those who get their wealth and social position from their rich parents, the other part of the group aged 35 to 65 years old and they all have high social status, and their jobs may be executives, entrepreneurs, government officials, celebrities and so on. They earn more than 800 thousand RMB a year, and all are from the first and second-tier cities, such group of consumers are very stable, and spend much on luxury good, accounting for about 15% of the overall market.

Such group of consumers in the luxury consumption is more rational, and their mature shopping behavior is like the consumers in Europe, the United States and Japan. They do not simply show off their status or satisfy the vanity, and most of them receive the good education, study abroad and love to travel abroad. They are used to and enjoy high quality and luxurious way of life, luxury is not only a status symbol, but also shows their taste and attitude to life, and luxury goods can promote their overall image, highlighting their common grace. They pursue personalized items, not traditional ones.

Their motivations are mainly social, status symbol and luxurious life so they may buy the furniture, cars and every small item for daily use.

5. Method of Analysis about performance and reasons of the changing mature behavior

The analysis of luxury consumers in China is based on the above qualitative analysis, while the inner reasons of the changing mature behavior is based on both focus group and questionnaire in Shanghai with the luxury office and store staff and customers to find the commons and differences. Based on the first-hand information and other empirical researches, conducting a chi-square test to find whether there is obvious difference between the consumers' and staff's opinions

5.1 Questionnaire design

In order to find the performance and reasons of the Chinese consumers' changing mature behavior in luxury market, I designed the questionnaire for Chinese luxury consumers and the industry staff both in store and office.

The questionnaire is divided into two parts, first part is the general information of the interviewers, and then there are some single choice, multiple choice and open questions. Because all the interviewers so the questionnaire is in Chinese, while here the following is the English version. These questions including the consumers' basic information, their frequency of travel abroad, buy luxury goods and the channel of buying and get information, and the consumption motivations and preferences. Also the open questions aim to know whether they are loyal to some brands or not. It is obvious that the questionnaire for the industry staff in the same as for the consumers that is easy to do the comparison and analysis later.

5.2 Sampling

The research emphasizes on the difference between Chinese luxury consumers and the Chinese luxury industry’s staff, so in order to collect the comparable sample, I did the survey mainly for the people who live or work in Shanghai, the first-tier city and the most international city in China. The reasons are following, first, the samples are relatively homogeneous in terms of demographics， social background， and education level, so the data collected may have strong comparability． Shanghai is the fashion city in China, like Paris for France, Milan for Italy, so the consumers in China may be also like those who in the mature luxury market, and I can do the later analysis more reasonably.

Finally, I collected 509 copies of response from the consumers in Shanghai and among them, 469 copies are valid. 36.46% of the respondents are male, and 20.68% of them aged from 20 to30, 33.26% of them aged from 30 to 40, 31.56% of them aged from 40 to50, and the rest are over 50 years old. The majority of the respondents(73.56％) have bachelor degree and 15.57% get the master or PHD degree, 34.75% of them have a monthly income below 8000 RMB because they are still students, while 45.84% of them get over 8,000 and below 15,000 RMB per month. 66.31% of them have traveled abroad, and almost 87% of them travel once two years or once a year.

Table 10: Demographic indexed of Chinese luxury consumers

Gender		Age		Education level		Income level (RMB per month)		Travel abroad experience	
Male	36.46%	20-30	20.68%	middle school	2.56%	<8,000	34.75%	yes	66.31%
		30-40	33.26%	high school	8.32%	8,000-15,000	45.84%		
Female	63.54%	40-50	31.56%	bachelor	73.56%	15,000-30,000	11.09%	no	33.69%
		over 50	14.50%	Master or PHD	15.57%	>30,000	8.32%		

For the luxury brands office staff and store staff, I collected 92 valid copies, and among them 30.43% are male, and they all below 40 years old, 21.74% of them work in the industry for only 1-2 years, while 34.78% of them work for more than 5 years, and 60.87% of them work in retail store. They work in Louis Vuitton, Gucci, Brioni, Pomellato, Alexander McQueen, Burberry and Dolce &Gabbana.60.87 of them have work in 1-2 brands, and over half of them have the overseas business trip or training.

Table 11: Demographic indexed of Chinese luxury store and office staff

Gender		Age		length of time in the industry		working place		abroad training or working experience	
Male	30.43%	20-30	43.48%	<1year	4.35%	Store	60.87%	yes	52.17%

		30-40	56.52%	1-2 years	21.74%				
Female	69.57%	40-50	0.00%	3-5 years	39.13%	Office	39.13%	no	47.83%
		over 50	0.00%	>5 years	34.78%				

6. Data analysis

A chi-squared test, also written as χ2 test, is any statistical hypothesis test wherein the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true. Without other qualification, 'chi-squared test' often is used as short for Pearson's chi-squared test.[1]

6.1 The Frequency of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, it is obvious the Sig value in the second line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

How often do you buy luxury goods * type Cross tabulation

			type		
			customers	staff	Total
How often do you buy luxury goods	1-4 times a year	Count	336	24	360
		% within type	71.6%	26.1%	64.2%
	4-8 times a year	Count	14	16	30
		% within type	3.0%	17.4%	5.3%
	Buy when i like it	Count	117	48	165
		% within type	24.9%	52.2%	29.4%
	more than once a month	Count	1	0	1
		% within type	0.2%	0.0%	0.2%
	once a month	Count	1	4	5
		% within type	0.2%	4.3%	0.9%
Total		Count	469	92	561
		% within type	100.0%	100.0%	100.0%

Chi-Square Tests

[1] http://en.wikipedia.org/wiki/Chi-squared_test

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	89.057[a]	4	.000
Likelihood Ratio	78.885	4	.000
N of Valid Cases	561		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .16.

71.6% of the consumers only buy the luxury goods 1 to 4 times a year; while the staff thinks nearly half of them do the shopping just when they want to. The consumers are more rational than the staff thinks, and they may also have budget when make a decision.78.53% of those whose monthly income below 8, 000 RMB only buy the luxury goods 1 to 4 times a year, even those who earns over 30,000 RMB per month, 48.72 of them also buy the luxury goods 1 to 4 times a year. However, their budget for one piece is different, the budget increases with the income. The Chinese consumers seldom do the impulsive consumption, and they are more rational and have the budget plan.

6.2 The channels of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, it is obvious the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

Where do you often buy the luxury goods? * type Cross tabulation

			type		Total
			customers	staff	
Where do you often buy the luxury goods?	Buy overseas when travel	Count	248	68	316
		% within type	31.6%	26.2%	30.2%
	Daigou (freelance retail consultant, those who study or live abroad buy luxury goods then send back to the Chinese consumers)	Count	155	64	219
		% within type	19.7%	24.6%	21.0%
	Domestic brand store	Count	191	88	279
		% within type	24.3%	33.8%	26.7%
	Domestic official website	Count	57	20	77
		% within type	7.3%	7.7%	7.4%
	foreign official website	Count	40	12	52

		% within type	5.1%	4.6%	5.0%
	Online shopping platform (Taobao, JD, Amazon)	Count	43	8	51
		% within type	5.5%	3.1%	4.9%
	Other	Count	51	0	51
		% within type	6.5%	0.0%	4.9%
Total		Count	785	260	1045
		% within type	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.082[a]	6	.000
Likelihood Ratio	42.257	6	.000
N of Valid Cases	1045		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.69.

The first 3 channels consumers choose are, Buy overseas when travel, domestic brand store and Daigou, also they mention some other channels, like ask family members or friends who live or study abroad, foreign online shopping platforms and Vic discount activity. While the staff believes that the domestic brand store still plays the important role. With the development of cross-border e-commerce and the increasing number of Chinese overseas tourists, the domestic retail store is facing a serious problem that how to attract the consumers or how to find the new consumers those who may live in the third or fourth-tier cities who come to the first-tier cities to travel, those flowing consumers should be the future main target, and the companies also need to change the price gap between China and other markets to get the consumers back.

6.3 The reasons of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

Why do you buy luxury goods? * Type Cross tabulation

			Type		Total
			customer	staff	
why do you buy luxury goods?	confromity	Count	39	40	79
		% within Type	4.3%	11.2%	6.2%
	gifts to others	Count	73	52	125
		% within Type	8.0%	14.6%	9.8%
	never lose to others	Count	21	20	41
		% within Type	2.3%	5.6%	3.2%
	pursue high-quality life	Count	196	76	272
		% within Type	21.4%	21.3%	21.4%
	self-gift	Count	175	28	203
		% within Type	19.1%	7.9%	16.0%
	self-pleasure	Count	246	64	310
		% within Type	26.9%	18.0%	24.4%
	show off the social status and wealth	Count	19	32	51
		% within Type	2.1%	9.0%	4.0%
	show taste and personality	Count	147	44	191
		% within Type	16.0%	12.4%	15.0%
Total		Count	916	356	1272
		% within Type	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	101.868[a]	7	.000
Likelihood Ratio	97.726	7	.000
N of Valid Cases	1272		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.47.

The most essential reasons of consumers purchasing luxury goods is self-pleasure, pursue high-quality life and self-gift also show their taste and personality, while the staff thinks that luxury goods are still social tools and the consumers still do the conformity behavior. Actually they have changed a lot and 16.42 of them are willing to live in the luxurious hotel when travelling, and 7.25% of them buy luxury cars, so the trend from purchasing real products to experiencing high-quality life also appears in China.

6.4 The reasons of consumers buying the typical brand luxury goods

The aim of question it to know the main factors the consumers care about when they choose a brand or a single brand, before most of the Chinese consumers like big brand logo products, and often follow the fashion trend.

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

Why do you buy the brand product or why you like the product? * Type Cross tabulation

			Type		Total
			customer	staff	
Why do you buy the brand product or why you like the product?	It is popular, follow the trend	Count	56	56	112
		% within Type	6.2%	20.3%	9.5%
	It shows your taste and personality	Count	149	44	193
		% within Type	16.5%	15.9%	16.4%

	others	Count	30	0	30
		% within Type	3.3%	0.0%	2.5%
	style& design	Count	268	72	340
		% within Type	29.7%	26.1%	28.8%
	The brand name	Count	182	72	254
		% within Type	20.2%	26.1%	21.5%
	The price is affordable	Count	218	32	250
		% within Type	24.1%	11.6%	21.2%
Total		Count	903	276	1179
		% within Type	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.470[a]	5	.000
Likelihood Ratio	75.471	5	.000
N of Valid Cases	1179		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.02.

The consumers no longer care about the brand name or big logo, the most important factor is its style and design, then they are also price-sensitive and rational, also the products need to show their personality and taste, other reasons like the brand history, heritage, and the quality of the products. While 78.26% of the staff still believes they buy their brands due to the brand name. The consumers have already changed and more rational, they gradually have their favorite style and designers, so in recent years, some small designers' brands perform well in China, and according to the last open questions, the favorite brands for Chinese people often change, and now they always mention Gucci, Fendi and Dolce & Gabbana due to their style and design, while nearly 40% of the store staff even hasn't found the changes.

6.5 The channels of consumers getting the product information

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

Where do you get the information about the new luxury goods? * Type Cross tabulation

			Type		Total
			customer	staff	
Where do you get the information about the new luxury goods?	Fashion APPS on the smart phones	Count	84	12	96
		% within Type	7.9%	4.3%	7.2%
	Fashion Magazine	Count	176	48	224
		% within Type	16.5%	17.4%	16.7%
	Friends	Count	267	52	319
		% within Type	25.1%	18.8%	23.8%
	Others	Count	39	4	43
		% within Type	3.7%	1.4%	3.2%
	Salesman	Count	45	36	81
		% within Type	4.2%	13.0%	6.0%
	social media	Count	168	80	248
		% within Type	15.8%	29.0%	18.5%
	TV advs	Count	88	12	100
		% within Type	8.3%	4.3%	7.5%

	website advs	Count	198	32	230
		% within Type	18.6%	11.6%	17.2%
Total		Count	1065	276	1341
		% within Type	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	70.524[a]	7	.000
Likelihood Ratio	65.913	7	.000
N of Valid Cases	1341		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.85.

With the development and popularity of smart phones and social media, the staff thinks the social media has played an important role in delivering luxury goods information, while for the consumers, friends' suggestions, website advs and fashion magazines like ELLE, VOGUE are the top 3 channels to get the products information.

7. Conclusion

7.1 Research results and Practical significance

7.1.1 The changing consumption motivations and preferences

The consumer behavior of Chinese customer in luxury industry is changing and being more mature than before, the consumers are becoming more rational and gradually have their own taste and preference on the style and design which may due to the development and popularity of education, when people get higher education, they will have more own opinions and may not follow others. Also with the popularity of overseas tourism, the Chinese people open their eyes and horizons, so they are more like the consumers in mature market like Japan, Europe. The Chinese consumers no longer care about the brand name or big logo, the most important factor is its style and design, then they are also price-sensitive even those who have the highest salary while they also have budget and plan when buying luxury goods, also their favorite products need to show their personality and taste which is essential for the young generation, other reasons like the brand history, heritage, and the high-quality of the products.

When doing the focus group, I found that social group is also very important for the Chinese consumers especially for the housewives and white collars. They often have a strong influence on the people who is in their group. For instance, before they like some big brands like Chanel, Hermes, and they often go shopping together, while now, they all change to love Dolce & Gabbana just because the people of the group love it and they often share the products information among their group. The reason why they love the brand is that they don't love obvious and big brand logo anymore, and the design of Dolce & Gabbana is special which can be recognized easily that is another way of showing off, not on the basis of brand logo but the brand special and obvious design style, and all of them don't want to lose to the others in the group. Most of those consumers are female and richer but lower-educated.

While for the younger generation, they want to find their own design, they don't love to buy some big luxury brands, and they are all well-educated and often travel abroad or study abroad. Most of them focus on the style and design whether it matches their personality or not. They often follow the fashion trend and know the latest products but they are still rational and are willing to buy some small designers' brands due to its design and high-quality and are not used by so many people, so they like some special and small brands more.

Moreover, the Chinese consumers also start to change from holding the luxury goods to enjoying the luxurious life. According to the data we got from the questionnaire, when traveling, they prefer to live in the luxurious five-star hotel and they are more willing to buy expensive cars and furniture than before, but those who buy these categories are the richer ones.

7.1.2 The changing channel of getting product information

With the development and popularity of smart phones and social media, social media started to play an important role in delivering luxury goods information, while according to the data we got from the questionnaire, for the Chinese consumers, friends' suggestions, website advs and fashion magazines like ELLE, VOGUE are the top 3 channels to get the products information. As I have mentioned before t social group is also very critical for the Chinese consumers especially for the housewives and white collars. They often have a strong influence on each other and they like to do some shopping together. While for the younger generation they are collecting the information more actively, and they are familiar with the new technology like fashion apps on the smart phone, some Chinese super models' weibo ID and the fashion magazines, moreover in order to catch the younger generation fashion magazines like ELLE also start to create its app and wechat official ID to promote the products' advertisement to the targeting consumers. The sales' influence on delivering the product information is getting lower and lower.

7.1.3 The changing consumption channel

According to the data we got from the questionnaire, the first 3 channels Chinese consumers choose are, Buy overseas when travel, domestic brand store and Daigou, also they mention some other channels, like ask family members or friends who live or study abroad, foreign online shopping platforms and Vic discount activity. At the beginning, when the luxury brands just entered into China, the domestic brand retail stores were the most important channel, so all the brands expanded into the different cities in China, while in recent years, due to the development of online shopping platforms, and the number of Chinese overseas tourists is increasing because of the policy and exchange ratio, the Chinese consumers get know more about the world and widen their horizons, so they have changed so fast in recent years especially in the channel of buying luxury products, so the domestic luxury market is facing the most serious period, many big brands have closed some retail stores in China, and some brands even now entered into the E-commerce in order to catch the Chinese consumers, but retail is till the core of luxury brand, and the most important part of the store is the staff, the salesman. According to the thesis's data analysis, most of the staff both in store and office do not realize the changing mature consumer behavior of the Chinese consumers, and they need to be trained these recent information then they can do better to satisfy the consumers' needs and make the domestic market keep growing.

Chinese luxury market is always changing, so do the Chinese consumers, the luxury brands in China need to follow their changing way and make matched marketing and sales plan to attract their eyes.

7.2 Limitation and future research directions

The questionnaire only collected the data in Shanghai, the first-tier city, it cannot stand for the whole complex Chinese market, and the sample of the luxury industry staff is not enough. The data analysis is not so complex, and it can be further studied.

For further research, the first direction can be doing deeper consumer segmentation in Chinese market and have a better understanding on different kinds of consumers then can do the consumer behavior analysis better． The second direction is doing the questionnaire in other tier cities to know the changing consumer behavior of the consumers in other cities.

Appendix

1. The English version of Questionnaire

The questionnaire for consumers

General information

1. What's your gender?

Male   Female

2. What's your age?

20-30 30-40 40-50 50-60 over 60

3. What's your education background?

Middle school High school Bachelor Master or PHD

4. What's your monthly income? (RMB YUAN)

< 8,000 (including students) 8000-15,000 15,000-30,000 >30,000

Questions

5. Have you ever traveled abroad?

Yes   No

6. If yes, how often do you travel abroad?

Every two years once a year 3-4 times a year once a month

7. Have you ever lived abroad or studied abroad?

Yes   No

8. How much do you usually pay for one luxury good? (RMB YUAN)

<3,000 3,000-5,000 5,000-10,000 10,000-20,000 >20,000

9. How often do you buy luxury goods?

1-4 times a year 4-8 times a year once a month

> once a month Buy it when I want to or I like

10. Where do you often buy the luxury goods? (Mutable choice)

Domestic brand store Domestic official website foreign official website

Buy overseas when travel Online shopping platform (Taobao, JD, Amazon)

Daigou (freelance retail consultant, those who study or live abroad buy luxury goods then send back to the Chinese consumers) Other (please note) :

11. Why do you buy luxury goods? (Mutable choice)

Show off the social status and wealth

Stay ahead: don't lose to others

Conformity: others have and I must have, so that I will not be excluded from the group

Social tools: gifts give to others

Pursue high-quality: the individual, the family can enjoy the outstanding quality of the products

Self-pleasure: when I use it I will be happy

Self-gift: give myself the emotional satisfaction

The product can express my taste and personality

Other (please note) :

12. Which luxury category would you prefer to buy? (Mutable choice)

Accessory   Belt & Tie   Shoes   Leather goods   RTW   Watch& Jewery

Furniture   Car   Jet   luxurious Hotels   Other (please note) :

13. Why you buy the brand product or why you like the product? (Mutable choice)

Style & design

It is popular, follow the trend

The price is affordable

It shows your taste and personality

The brand name

Other (please note) :

14. Where do you get the information about the new luxury goods?

Website advertisement

Fashion Magazine   Some Fashion APPs on the mobile phone

TV advertisement

Friends

Salesman

Other (please note) :

15. What were your favorite 3 luxury brands when you first knew luxury?

16. What are your favorite 3 luxury brands now?

The questionnaire for office staff and store staff

General information

1. What's your gender?

Male Female

2. What's your age?

20-30 30-40 40-50 over 50

3. How many years have you worked in the luxury industry?

< 1 year 1-2 years 3-5 years >5 years

Questions

4. You work in the office or store?

Office Store

5. How many brands have you worked for? Please note the names

6. Have you ever worked abroad including training?

Yes No

7. Most of your consumers are in which age group? (Mutable choice)

20-30 30-40 40-50 50-60 over 60

8. How much do they usually pay for one luxury good? (RMB YUAN)

<3,000 3,000-5,000 5,000-10,000 10,000-20,000 >20,000

9. How often do they come to buy luxury goods?

1-4 times a year 4-8 times a year once a month

> once a month Anytime they want, Anything they like

10. As you know, where do they often buy the luxury goods? (Mutable choice)

Domestic brand sore Domestic official website foreign official website

Buy overseas when travel Online shopping platform (Taobao, JD, Amazon)

Daigou (freelance retail consultant, those who study or live abroad buy luxury goods then send back to the Chinese consumers) Other (please note) :

11. As you know, why do they buy luxury goods? (Mutable choice)

Show off the social status and wealth

Stay ahead: don't lose to others

Conformity: others have and I must have, so that I will not be excluded from the group

Social tools: gifts give to others

Pursue high-quality: the individual, the family can enjoy the outstanding quality of the products

Self-pleasure: when I use it I will be happy

Self-gift: give myself the emotional satisfaction

The product can express my taste and personality

Other (please note) :

12. Which luxury category would they prefer to buy? (Mutable choice)

Accessory Belt & Tie Shoes Leather goods RTW Watch& Jewery

Furniture Car Jet luxurious Hotels Other (please note) :

13. As you know, where do they often get the information about the new luxury goods?

Website advertisement

Fashion Magazine

Some Fashion APPs on the mobile phone

TV advertisement

Friends

Salesman like you

Other (please note) :

14. Why do they buy the brand product or why do they like the product? (Mutable choice)

Style & design

It is popular, follow the trend

The price is affordable

It shows your taste and personality

The brand name

Other (please note) :

15. Did they change the reasons to buy the products or their taste recent year?

If, yes why?

2. The Chinese version of Questionnaire

中国奢侈品消费者行为调查-消费者篇

针对曾经购买过奢侈品的中国消费者

基本信息

您的性别是？[单选题]

○ 男 ○ 女

您的年龄段是？[单选题]

○ 20-30　○ 30-40

○ 40-50　○ 50-60　○ >60

您的教育背景是？[单选题]

○ 初中毕业　○ 高中毕业

○ 大学毕业　○ 研究生及以上

您的月收入大约是多少元？[单选题]

○ <8,000　○ 8,000-15,000

○ 15,000-30,000　○ >30,000

问卷正文

您是否曾经出国旅行吗？（包括港澳台）　[单选题]

○ 是　○ 否

您出国旅游的频率是？ [单选题]

○ 两年一次　○ 一年一次

○ 一年 3-4 次　○ 每个月一次

您是否有在国外生活或者留学的经历（包括港澳台）？ [单选题]

○ 是　○ 否

单件奢侈品您最多愿意支付多少元？ [单选题]

○ <3,000　○ 3,000-5,000

○ 5,000-10,000　○ 10,000-20,000　○ >20,000

您购买奢侈品的频率通常是？ [单选题]

○ 一年 1-4 次　○ 一年 4-8 次

○ 每月一次　○ 每月至少 2 次

○ 喜欢，随时就买

您从什么渠道购买奢侈品？ [多选题]

☐ 国内实体店　☐ 国内官网

☐ 国外官网　☐ 出国时自行购买

☐ 线上购物比如淘宝　☐ 国外代购　☐ 其他_________________

您为什么购买奢侈品？[多选题]

☐ 炫耀展示自己的社会地位与财富　☐ 不落后于他人

☐ 从众心理,跟风　☐ 社交工具，赠送礼物

☐ 追求高品质　☐ 自我取悦

☐ 自我馈赠　☐ 展示我的品位和个性

您习惯于买那些奢侈品品类？ [多选题]

☐ 饰品（包括皮带，领带，手镯，耳环，丝巾）☐ 鞋类

☐ 皮具箱包　☐ 成衣　☐ 手表与珠宝

☐ 家具　☐ 豪车　☐ 游艇

☐ 入住豪华酒店　☐ 其他_________________

您为什么喜欢或购买这个品牌或产品？ [多选题]

☐ 款式，设计　☐ 流行，紧跟潮流

☐ 这个价格我可以接受　☐ 体现我的品位和个性

☐ 品牌知名度　☐ 其他_________________

您从什么渠道了解新品的信息？[多选题]

☐ 网络广告　☐ 社交媒介比如微信　☐ 时尚杂志

☐ 时尚 APP　☐ 电视广告　☐ 朋友

☐ 销售☐ 其他_________________

您刚接触奢侈品时，最喜欢的三个品牌是？?

1：_________　2：___

3：____________ [填空题]

现在，您最喜欢的三个奢侈品品牌是？

1：_________　2：___

3：____________ [填空题]

中国奢侈品消费者行为调查-工作人员篇

针对在奢侈品行业工作的人员

基本信息

您的性别是? [单选题] [必答题]

○ 男 Male　○ 女 Female

您的年龄段是? [单选题] [必答题]

○ 20-30　○ 30-40

○ 40-50　○ 50 以上

您在奢侈品行业工作了多久? [单选题] [必答题]

○ <1 年　　○ 1-2 年

○ 3-5 年　　○ 5 年以上

问卷正文

您在店铺还是办公室工作? [单选题] [必答题]

○ 店铺　　○ 办公室

您曾经在几个品牌工作过?麻烦列举品牌名字 [单选题] [必答题]

○ 1-2 个　　○ 3-4 个

○ 4 个以上　○ 麻烦列举品牌名字 _________________ *

您是否有在国外培训或者出差的经历（包括港澳台）？ [单选题] [必答题]

○ 是-YES　○ 否-NO

您的客户大多是处于哪个年龄段? [多选题] [必答题]

☐ 20-30　　☐ 30-40

☐ 40-50　　☐ 50-60　☐ 60 以上

他们购买奢侈品的频率通常是? [单选题] [必答题]

○ 一年 1-4 次 1-4 times one year　　○ 一年 4-8 次 4-8 times one year

○ 每月一次 once a month　　○ 每月至少 2 次, more than once a month

○ 喜欢,随时就买,Buy when they like it

据您了解,他们通常从什么渠道购买奢侈品? [多选题] [必答题]

☐ 国内实体店-domestic brand store　☐ 国内官网-domestic official website

☐ 国外官网-foreign official website　☐ 出国时自行购买-buy when go abroad

☐ 线上购物比如淘宝-online shopping platform ☐ 国外代购-Freelance retail consultant

☐ 其他-others(please note) ________________ *

据您了解,他们为什么购买奢侈品? [多选题] [必答题]

☐ 炫耀展示自己的社会地位与财富 ☐ 不落后于他人

☐ 从众心理，跟风 ☐ 社交工具，赠送礼物

☐ 追求高品质 ☐ 自我取悦

☐ 自我馈赠 ☐ 展示我的品位和个性

您的顾客较多购买哪些品类的产品？ [多选题] [必答题]

☐ 饰品（包括皮带，手镯，丝巾等）☐ 鞋类

☐ 成衣 ☐ 皮具箱包

☐ 手表与珠宝 ☐ 家具

☐ 豪车 ☐ 游艇

☐ 入住豪华酒店 ☐ 其他 ________________

根您了解，他们大多从什么渠道了解新品信息？ [多选题] [必答题]

☐ 网络广告 ☐ 社交媒介比如微信

☐ 时尚杂志 ☐ 时尚 APP

☐ 电视广告 ☐ 朋友

☐ 销售 ☐ 其他 ________________

据您了解，他们为什么喜欢您的品牌或是产品？ [多选题] [必答题]

☐ 款式，设计 ☐ 流行，跟随潮流

☐ 这个价格他们可以接受 ☐ 体现他们的品位和个性

☐ 品牌知名度 ☐ 其他 ________________

近几年，您的顾客们购买奢侈品的理由或是品味是否有了变化？ [单选题] [必答题]

○ 是 ○ 否

如果是的话，请简单说说可能的原因 [填空题]

____

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Summary

1. The introduction

1.1 Research background

With the implementation of the open policy and the rapid development of the Chinese economy, China has become one of the most essential luxury markets throughout the world. Chinese consumers started from a conspicuous consumption and then gradually changed into cognitive consumption. Chinese consumer behavior presents the complexity and variability; in different cities the consumer has differences in behavior, attitudes and values. The fast development of internet, technology, education and cross-culture communication in China lead to the change of customers' consumer motivations, and preferences which need to be investigated deeper and make a prediction to prepare an effective marketing and sales plan in China market.

1.2 Research purpose and significance

The main purpose of this study is to find the inner reasons why the Chinese customers' consumer behavior has changed a lot these recent years and become mature now.

1.3 Research methods

The qualitative analysis is about the luxury consumers in China, which tries to do the customer segmentation. The inner reasons of the changing mature consumer behavior is studied on the basis of focus group and Questionnaire to both brand office staff and store salesman and customers which aims to find the differences and commons.

2. Literature review

2.1 The definition of luxury

If go back to the source, the word "luxury" comes from the Latin word "LUX", which means light, the light is helpful for the individual but is also seen by the others. According to Merriam-Webster's dictionary, "luxury" has three kinds of meanings: First of all, it means a very comfortable, pleasant environment. Secondly, it means some unnecessary but expensive things. Finally, it means something that is popular and useful, but not easy to get and is not often used. Luxury good is defined as "a kind of consumer good that beyond people's survival and development needs, which is unique, scarce and rare", also known as the unnecessary of life. It shows how affluent the consumers are, their social status, values and lifestyle.

2.2 Foreign and Chinese customers' motivation for consuming luxury goods

When looking back to the development of luxury markets in Europe such kind of mature market, the luxury market is changing from the conspicuous consumption to the self-satisfaction. The main luxury consumption motivation is personal perceptions which including hedonism and extended self. While in China, it is still an immature or developing market. The Chinese consumers need to be more and deeper educated. On the basis of former studies when Chinese consumers decide to buy luxury goods, most of them still aim to show off their social position or wealth. According to the luxury stages theory, the first one is subjugation, then people have money for the first time which is called the start of money, next is to show off, later they realize what they really fit in, and finally they feel luxury is a way of life. The consumers from mature market are already in the final stage, while for the Chinese consumers, most of them are still in the show off stage, and they tend to pursue the latest and the most popular goods that are named "commodity-driven consumption" and enjoying the conspicuous, unique, high quality which of luxury goods bring to them. While recently in China, consumers' attitudes towards luxury goods have changed greatly even beyond the luxury brands' expectation. At the beginning, they all objected to any ostentatious luxury goods, and luxury consumption was regarded as an action of extravagance and wasting which violated the traditional conception of savings in Chinese culture. Later, the Chinese consumers, especially the new rich class and emerging affluent who really like to show off their social status. However, in recent years, it is more and more obvious that the Chinese consumers are becoming mature about the taste, preferences and the motivations, and they are passing to the final stage from fit in to the way of life. Due to the development of economics, Internet technology and overseas trips, the Chinese consumers start to focus on the design, style and other factors, they have their favorite designers, style and unique taste gradually, especially among the young generation, so some fashion or new brands developed fast those years in China.

2.3 China's economic, city, education and other related theories

2.3.1 China's economic development

China's economy has been growing since the policy reform and opening up launched. The GDP increased from 67.9 billion yuan in 1952 to 209,407 billion yuan in 2006. According to the State Statistics Bureau, China's GDP grew at 6.7 percent in 2016. The rapid growth of the past decade years has been driven mainly by demographic dividends and global dividends.

Table 1: China’s GDP and Its Components from 2000 to 2016

Unit: Billion RMB	2000	2005	2010	2015	2016
GDP	100,280	187,319	413,030	685,506	744,127
Primary Industry	14,717	21,807	39,363	60,871	63,671
Secondary Industry	45,6645	88,084	191,630	280,560	296,236
Tertiary Industry	398,978	77,428	182,038	344,075	384,221

Source from State Statistics Bureau

2.3.2 Classification of Chinese cities' tier theory

There are numerous cities in China, and the population size is very large, the number of cities who occupy more than millions of citizens are more than 100. Due to the point, in China it is hard to classify the cities simply based on some indicators. Because of the complex reality, so there is no unified standard to classify the Chinese cities. The China Business News Weekly does the Chinese city grading reports every year. The indexes are the followings: 1. the future development of the city; 2. the present business situation of the city; 3; human resource in the city. The quantitative indicators are the number of brands to enter into each city, GDP, per capita income, 211 colleges and universities, the number of Fortune 500 enterprises in each city, large company key strategic cities, the airport throughput, the number of embassies and consulates, in total 10 indicators to reflect the level of economic development of the city, residents' consumption ability.

First-tier cities: Shanghai, Beijing, Guangzhou, Shenzhen

Second-tier cities, Chengdu, Hangzhou, Nanjing, Wuhan, Tianjin, Xian, Chongqing ⋯⋯

Third-tier city: Lanzhou, Taiyuan, Qingdao, Wuxi, Hefei, Changchun, Fuzhou, Xiamen⋯⋯

2.3.3 Social stratification and class solidification theory

Due to the different social, cultural and economic resources consumers have, they are divided into different social classes that are called social stratification. It is the symbol of residents and status because people who buy different levels of consumer goods reflect their tastes and status are different. Social stratification is not fixed, and classes can be exchanged, circulated and transformed among the classes. In a healthy society, the lower classes will try to get into the higher class and they will be more satisfied with themselves. But if the flow is blocked, it becomes more difficult to convert from the lower to the higher that is defined as class solidification and it appears because the ownership of the capital goods is different, the lagging society reform, the weakening of education function and the systemic obstacles. It has negative and inevitable effect on economy and consumer psychology.

2.3.4 Development of education level and Overseas Study

2.3.4.1 Development of education level

Since the foundation of the People Republic of China, the penetration of the basic education in China has been improved and the structure of education also has been improved. In the early years, the party and the government attached great importance to education, meanwhile developed the higher education moderately. The United Nations educational, scientific and cultural organization（UNESCO） released the "National Education Global Monitoring Report 2013-2014", It showed that China's performance was prominent and in the past 20 years, the number of illiterate adults fell by 130 million.

2.3.4.2 Development Overseas Study

In recent years, studying abroad is a social phenomenon in China, which shows the country’s participation in globalization and internationalization. In 2015, the accumulated number of Chinese students who study abroad is more than 1.26 million, which is accounting for about 25% of the world's total number of international students (5 million), which also means that every four international students, there is one Chinese overseas students. Thus, China has become a country with the largest number of overseas students, so the international flow of Chinese students will affect the global international student. By 2015, the Chinese overseas students are the biggest foreign students’ source.

Table 2: 2005-2015 the number of Chinese students studying abroad and returning to China

Unit: million people

Year	The number of students studying abroad that year	The accumulated number of students studying abroad	The number of overseas students who return to China	The accumulated number of overseas students who return to China
2005	11.85	93.3	3.50	23.3
2006	13.40	106.7	4.20	27.5
2007	14.40	121.2	4.40	32.0
2008	17.98	139.0	6.93	39.0
2009	22.93	162.0	10.83	49.7
2010	28.47	190.5	13.48	63.22
2011	33.97	224.5	18.62	81.84
2012	39.96	264.46	27.29	109.13

2013	41.39	305.86	35.35	144.48
2014	45.98	351.84	36.48	180.96
2015	52.37	404.21	40.91	221.86

Source：China Statistical Yearbook

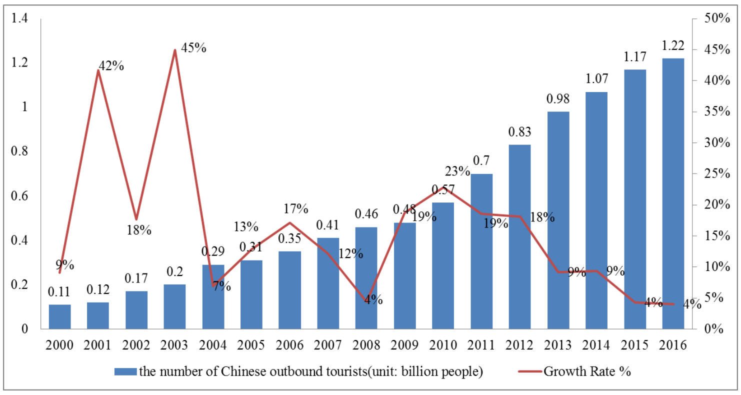
2.3.5 Outbound Tourism and the exchange rate

2.3.5.1 Outbound Tourism

In the late 1980s, the Chinese citizens started to travel abroad, and the phenomenon developed in the mid of 1990s. Then, in the 21st century, China's outbound tourism industry continues growing at a high speed and reaches to a high spot. In 2014, the number of mainland Chinese citizens traveling abroad exceeded 100 million for the first time, and the annual growth rate was 17.5%, and the total outbound tourism cost reached to $155 billion, and the annual growth rate was 20.8%.

In 2016, with the income growth and upgrade of tourism consumption, and the factors that the convenience of visa and flight, China's outbound travel boom continues, and reached to 122 million person time in the last year, while the number of outbound tourism in 2015 was 117 million and the growth rate is 4.3%, so China continued to win the global outbound travel person-time world champion.

Figure 1: 2000-2016 The number of Chinese outbound tourists and the annual growth rate



Source: China Statistical Yearbook

China has become the largest inbound tourist origin for many countries. However, now only less than 10% of the country's population chooses to travel abroad each year, and the number of people who own the passport and certificates accounts for only 10% of the total population, so the outbound tourism market is still potential. Shopping consumption has been a major part of the outbound travel cost, and the proportion is over 50%, which is also an important part of outbound tourism. The consumption power of Chinese people makes the world shocked, only in 2015, Chinese consumers global luxury consumption reached $116.8 billion, and $91 billion took place in foreign, accounting for 78%.

2.3.5.2 How the exchange rate affect the outbound tourism

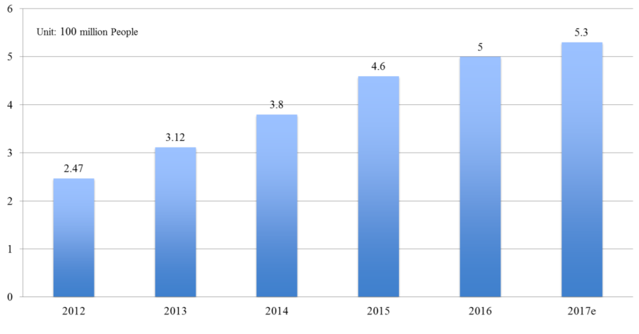
Since July 21st, 2005, the exchange rate system started to apply the system which was on the basis of the market supply and demand and a basket of currencies, which was also named the managed floating exchange rate system, and then since the implementation of it, the RMB has appreciated against the dollar, and the prices have reached the new high points continuously. Exchange rate travel was a new word appearing on the internet in 2015, which referred to the new trend of "traveling with the exchange rate" during the Spring Festival holiday in 2015. Many tourists were more willing to choose the destination where the RMB was relatively more valuable. The currency factors in different countries will make outbound tourism destination choice more diverse in the future.

2.3.6 The development of B2C and Cross-border Electronic Commerce

2.3.6.1 The development of B2C

B2C e-commerce model generally refers to the business activities between merchants and customers, also is called "online shopping website." At present, China's B2C e-commerce mode are the followings: (1) comprehensive B2C website, its typical representative is Dangdang and Jingdong (2) Vertical B2C website, its typical representative is Vancl (3) The B2C mall of the C2C platform which is typically represented by Tmall. 4) The manufacturer builds a B2C sales platform. In 2016, China's online retail market transaction volume reached 5328.8 billion RMB, increased by 39.1% comparing with 382.85 billion RMB in 2015. According to the forecast, China's online retail market is expected to reach 7569.3 billion RMB in 2017.

Figure 2: 2012-2016 The number of Chinese online shopping consumers



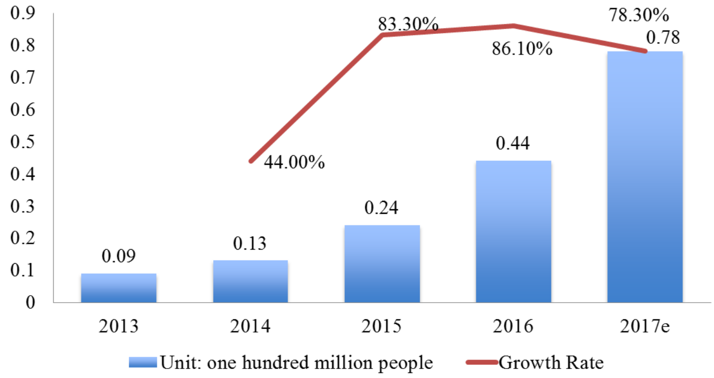
Source: www. 100EC.cn

In 2011, China mobile shopping sales volume reached 11.46 billion RMB, and the market for mobile shopping would continue to grow at a high rate in the next coming years.In 2016, Chinese B2C online retail market, Tmall still ranked the first place, and occupied 57.7% of the market share. Then came to the Jd.com, which had 25.4% of the market share, and it was close behind, and Vipshop's market share rose to 3.7% from 3.2 % in 2015. The expansion of e-commerce never stops, so the overall growth rate will be in reasonable intervals.

2.3.6.2 The development of Cross-border Electronic Commerce

The year 2005 was the beginning of Daigou (freelance retail consultant, those Chinese who study or live abroad buy luxury goods then send back to the Chinese consumers). In 2007, computers and the Internet entered into every Chinese family. Due to the rapid development of E-commerce, Chinese people preferred to shop on the Internet, and preferred the foreign products. According to statistics, the market for overseas Daigou was more than 70 billion RMB in 2013. The huge number of Chinese overseas students has provided a large supply chain for Daigou. Cross-border e-commerce transactions volume in China was 6.7 trillion RMB in 2016, increased by 24%.The number of import cross-border e-commerce transactions in China reached 120 billion RMB in 2016, and the annual growth rate was 33.3%. The competitive market of import cross-border e-commerce has improved the users' shopping experience, while still following the growth trend. In the mainstream of cross-border import online shopping platforms, Tmall.HK ranked first, and accounting for 24% of market share, G.Taobao ranked the second one with 18.7% of market share, and Kaola was the third one with 11.7% of the market share. In 2016, the number of cross-border online shopping users in China reached 0.71 billion. The growing number of cross-border online shopping users shows that consumers' spending is rising and their demand for quality and products' enrichment has increased.

Figure 3: 2013-2016 the number of users of the cross-border online shopping platforms



Source: www. 100EC.cn

The transition of the cross-border online shopping consumers' consumption idea illustrates two point, one is consumers' consumption ability is strengthening, and the other is that the consumers' shopping behavior is more rational than before. The cross-border e-commerce industry eventually becomes normalized due to more and more governments' policy.

3. The current situation of Chinese luxury goods industry

3.1 A market changed from rapid growth to steadily slow growth

In China, the luxury consumption growth is about two to three times the GDP growth rate, so from 2010 to 2014, China's luxury consumption growth rate from 18% to 25%, and then slowed down these years, and the growth rate reached 30% in 2011, and China is currently the world's fastest-growing country. While Chinese consumer's contribution to the global luxury consumption ratio fell down from 31% in 2015 to 30% in 2016 (including domestic shopping and overseas tourist shopping), the decline was unprecedented. The decline in domestic sales has led most luxury brands to cut the number of stores and concentrate more on those better location stores. Many brands realized that they needed to find the brand's uniqueness that has been blurred by excessive expansion.

3.2 Changes and current situation of Chinese luxury market

Since 2006, a number of big luxury brands began to enter into China, while the Chinese luxury consumers are younger and wealthier than those in the other foreign countries. In recent years, a new generation of young wealthy group has just emerged and became the main force of the Chinese luxury market, and they are more willing to show their wealth and success. The Chinese rich people are used to buy watches, jewelry, leather goods, even furniture, while for those who know luxury for the first time, and generally they will start to purchase the entry level accessories or cosmetic. Thus, many luxury brands start to launch their product lines following the trend of polarization. Since 2015, due to the growth of outbound tourism and the growing trust of Chinese shoppers on B2C overseas websites stimulated the development of the overseas purchasing, it also led to a decline in Chinese domestic luxury market overall .Although the local Chinese market still exists many problems, but in 2016 the proportion of domestic luxury goods greatly increased. However, this growth has not offset the loss of Chinese tourists from overseas consumption, particularly in Europe. But in the long run, the number of China's middle class is rising rapidly, and their disposal income is also increasing, so they will contribute much for the luxury goods. At the beginning, the motivation of Chinese consumers when purchasing luxury goods is conspicuous consumption. Luxury as a gift is also very common in China, in which luxury is a symbol of status. In recent years, the consumers have expanded their horizon, so they have more own understanding on the luxury goods, the consumers from the first-tier cities don't follow the brand big logo any more, otherwise they prefer a low-key design, their favorite brands are more diversified, when buying luxury goods, they seem to be more rational than before.

4. The analysis of luxury consumers in China

4.2.1 The young white-collar workers who want to show their personality

This group of consumers aged between 20 to 35 years old, and their annual income is between 100 to 200 thousand RMB. Most of them are from the middle class of the society, and their jobs are the white-collar, mainly come from the first and second tier cities. They current purchasing ability is not so strong, but they have distinct personality, and want to stand out from the crowd. The number of this group consumer is increasing rapidly, and almost occupy half of the overall market of, and they will be a very important and large group in the luxury market in the future. Luxury good is a self-experience and self-satisfaction for this group. Even if the average income is not so high, they are still willing to buy the luxury goods. They generally buy entry-level products, such as sunglasses, textiles, belts and so on. They buy the products for themselves and the motivation is mainly to show off, to find identification, to follow the trend. Due to their limited income, they may have a yearly budget on the luxury goods. Moreover, they are all highly educated, and know the fashion information so they have their own taste and some favorite brands. Some of them also start to travel abroad but not so frequently.

4.2.2 Fashion icons that lead or follow the trend

This group of consumers aged from 18 to 38 years old, and their annual income is between 150 to 500 thousand RMB, their main jobs are white-collar and housewives, most of them are from the first and second-tier cities, while the scale of such group now is not large, only occupy about 5% of the overall market, but it presents a growing trend. Most of them love to travel abroad, follow fashion trends, and have their own favorite brands. Buying luxury goods is a hobby for them, they will spend some time getting to know the trend of this season, and then choose their own style, seldom follow others that is defined as conformity, and they are relatively lower sensitive to the price, clothing, leather goods, shoes are their preferred categories, and the motivation is mainly self-enjoyment, social, status symbol and lead the trend. Now, they are more willing to experience the high-quality life, most of them travel abroad or on business travel at least twice a year, and enjoy the luxurious hotels.

4.2.3 The brand new rich class

This group of consumers aged between 30 to 50, and most of them are male, and earn more than half of million RMB a year. Most of them are wealthy individual and private enterprise owners, from the second and third-tier cities, and the size of this kind of group accounts for about 30% of the overall market. It is relatively a stable consumer group, while they may not get higher education. This group has accumulated a lot of wealth, and they are keen to buy products with obvious brand logo to show off their wealth power and social status, and they like to buy the brands known by many people and with the most obvious brand logo. For the categories, they often buy expensive jewelry &watches, leather goods, and famous cars. Their motivation is to show off, gift to others, social and status symbols.

4.2.4 The core consumers who enjoy the luxurious life

This kind of consumer group's age gap is large, some of them aged from 18 to 30 years old that is called the rich second generation that means those who get their wealth and social position from their rich parents, the other part of the group aged 35 to 65 years old and they all have high social status, and their jobs may be executives, entrepreneurs, government officials, celebrities and so on. They earn more than 800 thousand RMB a year, and all are from the first and second-tier cities, such group of consumers are very stable, and spend much on luxury good, accounting for about 15% of the overall market. They are more rational, and their mature shopping behavior is like the consumers in Europe. They do not simply show off their status, and most of them receive the good education, study abroad and often travel abroad. They enjoy high quality and luxurious way of life, luxury is not only a status symbol, but also shows their taste and attitude to life and luxury goods can promote their overall image, highlighting their common grace. They pursue personalized items. Their motivations are mainly social, status symbol and luxurious life so they may buy the furniture, cars and every small item for daily use.

5. Method of Analysis about performance and reasons of the changing mature behavior

5.1 Questionnaire design

In order to find the performance and reasons of the Chinese consumers' changing mature behavior in luxury market, I designed the questionnaire for Chinese luxury consumers and the industry staff both in store and office. The questionnaire is divided into two parts, first part is the general information then there are some questions including the consumers' frequency of travel abroad and buy luxury goods and the channel of buying and get information, and the consumption motivations and preferences.

5.2 Sampling

I collected 509 copies of response from consumers in Shanghai and among them, 469 copies are valid.

Table 3: Demographic indexed of Chinese luxury consumers

Gender		Age		Education level		Income level (RMB per month)		Travel abroad experience	
Male	36.46%	20-30	20.68%	middle school	2.56%	<8,000	34.75%	yes	66.31%
		30-40	33.26%	high school	8.32%	8,000-15,000	45.84%		
Female	63.54%	40-50	31.56%	bachelor	73.56%	15,000-30,000	11.09%	no	33.69%
		over 50	14.50%	Master or PHD	15.57%	>30,000	8.32%		

For the luxury brands office staff and store staff, I collected 92 valid copies. They work in Louis Vuitton, Gucci, Brioni, Pomellato, Alexander McQueen, Burberry and Dolce &Gabbana.

Table 4: Demographic indexed of Chinese luxury store and office staff

Gender		Age		length of time in the industry		working place		abroad training or working experience	
Male	30.43%	20-30	43.48%	<1year	4.35%	Store	60.87%	yes	52.17%
		30-40	56.52%	1-2 years	21.74%				
Female	69.57%	40-50	0.00%	3-5 years	39.13%	Office	39.13%	no	47.83%
		over 50	0.00%	>5 years	34.78%				

6. Data analysis

A chi-squared test, also written as χ2 test, is any statistical hypothesis test wherein the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true. Without other qualification, 'chi-squared test' often is used as short for Pearson's chi-squared test.[2]

6.1 The Frequency of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, it is obvious the Sig value in the second line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	89.057[a]	4	.000

[2] http://en.wikipedia.org/wiki/Chi-squared_test

Likelihood Ratio	78.885	4	.000
N of Valid Cases	561		

a. 5 cells (50.0%) have expected count less than 5. The minimum expected count is .16.

71.6% of the consumers only buy the luxury goods 1 to 4 times a year; while the staff thinks nearly half of them do the shopping just when they want to. The consumers are more rational than the staff thinks, and they may also have budget when shopping.78.53% of those whose monthly income below 8, 000 RMB only buy the luxury goods 1 to 4 times a year, even those who earns over 30,000 RMB per month, 48.72 of them also buy the luxury goods 1 to 4 times a year. However, the budget for one piece increases with the income. So now Chinese consumers seldom make the impulsive consumption.

6.2 The channels of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, it is obvious the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups. The first 3 channels consumers choose are, Buy overseas when travel, domestic brand store and Daigou. While the staff thinks that the domestic brand store are still critical. With the development of cross-border e-commerce and the increasing number of Chinese overseas tourists, the domestic retail store is facing a serious problem that how to attract the consumers or how to find the new consumers those who may live in the third or fourth-tier cities who come to the first-tier cities to travel, those flowing consumers should be the future main target, and the companies also need to change the price gap between China and other markets to get the consumers back.

6.3 The reasons of consumers buying luxury goods

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups. The most essential reasons of consumers is self-pleasure, pursue high-quality life and self-gift also show their taste and personality, while the staff thinks that luxury goods are still social tools and the consumers still do the conformity behavior. Actually they have changed a lot and 16.42 of them are willing to live in the luxurious hotel when travelling, and 7.25% of them buy luxury cars, so the trend from purchasing real products to experiencing high-quality life also appears.

6.4 The reasons of consumers buying the typical brand luxury goods

The aim of question it to know the main factors the consumers care about when they choose a brand. The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups. The consumers no longer care about the brand name or big logo, the most important factor is its style and design, then they are also price-sensitive and rational, also the products need to show their personality and taste, other reasons like the brand history, heritage, and the quality of the products. While 78.26% of the staff still believes they buy their brands due to the brand name. The consumers have already changed and more rational, they gradually have their favorite style and designers, so in recent years, some small designers' brands perform well in China, and according to the last open questions, the favorite brands for Chinese people often change, and now they always mention Gucci, Fendi and D&G due to their style and design, while 40% of the store staff hasn't found the changes.

6.5 The channels of consumers getting the product information

The hypothesis is that the results from consumers and staff have no difference, and according to the data analysis done by the SPSS, the Sig value in the first line is smaller than 0.05, so reject the hypothesis, and there is difference between the two groups. With the development and popularity of smart phones and social media, the staff thinks the social media has played an important role in delivering luxury goods information, while for the consumers, friends' suggestions, website advs. and fashion magazines the top 3.

7. Conclusion

7.1 Research results and Practical significance

7.1.1 The changing consumption motivations and preferences

The consumer behavior of Chinese customer in luxury industry is changing and being more mature than before, the consumers are becoming more rational and gradually have their own taste and preference on the style and design which may due to the development and popularity of education, when people get higher education, they will have more own opinions and may not follow others. Also with the popularity of overseas tourism, the Chinese people open their eyes and horizons, so they are more like the consumers in mature market like Japan, Europe. The Chinese consumers no longer care about the brand name or big logo, the most important factor is its style and design, then they are also price-sensitive even those who have the highest salary while they also have budget and plan when buying luxury goods, also their favorite products need to show their personality and taste which is essential for the young generation, other reasons like the brand history, heritage, and the high-quality of the products.

When doing the focus group, I found that social group is also very important for the Chinese consumers especially for the housewives and white collars. They often have a strong influence on the people who is in their group. For instance, before they like some big brands like Chanel, Hermes, and they often go shopping together, while now, they all change to love Dolce & Gabbana just because the people of the group love it and they often share the products information among their group. The reason why they love the brand is that they don't love obvious and big brand logo anymore, and the design of Dolce & Gabbana is special which can be recognized easily that is another way of showing off, not on the basis of brand logo but the brand special and obvious design style, and all of them don't want to lose to the others in the group. Most of those consumers are female and richer but lower-educated.

While for the younger generation, they want to find their own design, they don't love to buy some big luxury brands, and they are all well-educated and often travel abroad or study abroad. Most of them focus on the style and design whether it matches their personality or not. They often follow the fashion trend and know the latest products but they are still rational and are willing to buy some small designers' brands due to its design and high-quality and are not used by so many people, so they like some special and small brands more. Moreover, the Chinese consumers also start to change from holding the luxury goods to enjoying the luxurious life. According to the data we got from the questionnaire, when traveling, they prefer to live in the luxurious five-star hotel and they are more willing to buy expensive cars and furniture than before, but those who buy these categories are the richer ones.

7.1.2 The changing channel of getting product information

With the development and popularity of smart phones and social media, social media started to play an important role in delivering luxury goods information, while according to the data we got from the questionnaire, for the Chinese consumers, friends' suggestions, website advs. and fashion magazines like ELLE, VOGUE are the top 3 channels to get the products information. As I have mentioned before social group is also very critical for the Chinese consumers especially for the housewives and white collars. They often have a strong influence on each other and they like to do some shopping together. While for the younger generation they are collecting the information more actively, and they are familiar with the new technology like fashion apps on the smart phone, some Chinese super models' weibo ID and the fashion magazines, moreover in order to catch the younger generation fashion magazines like ELLE also start to create its app and WeChat official ID to promote the products' advertisement to the targeting consumers. The sales' influence on delivering the product information is getting lower and lower.

7.1.3 The changing consumption channel

According to the data we got from the questionnaire, the first 3 channels Chinese consumers choose are, Buy overseas when travel, domestic brand store and Daigou, also they mention some other channels, like ask family members or friends who live or study abroad, foreign online shopping platforms and Vic discount activity. At the beginning, when the luxury brands just entered into China, the domestic brand retail stores were the most important channel, so all the brands expanded into the different cities in China, while in recent years, due to the development of online shopping platforms, and the number of Chinese overseas tourists is increasing because of the policy and exchange ratio, the Chinese consumers get know more about the world and widen their horizons, so they have changed so fast in recent years especially in the channel of buying luxury products, so the domestic luxury market is facing the most serious period, With the development of cross-border e-commerce and the increasing number of Chinese overseas tourists, the domestic retail store is facing a serious problem that how to attract the consumers or how to find the new consumers those who may live in the third or fourth-tier cities who come to the first-tier cities to travel, those flowing consumers should be the future main target, and the companies also need to change the price gap between China and other markets to get the consumers back. Many big brands have closed some retail stores in China, and some brands even now entered into the E-commerce in order to catch the Chinese consumers, but retail is till the core of luxury brand, and the most important part of the store is the staff, the salesman. According to the thesis's data analysis, most of the staff both in store and office do not realize the changing mature consumer behavior of the Chinese consumers, and they need to be trained these recent information then they can do better to satisfy the consumers' needs and make the domestic market keep growing. Chinese luxury market is always changing, so do the Chinese consumers, the luxury brands need to follow their changing way and make matched marketing and sales plan to attract them.

7.2 Limitation and future research directions

The questionnaire only collected the data in Shanghai, and it cannot stand for the whole complex Chinese market, and the sample of the luxury industry staff is not enough. The data analysis is not so complex, and it can be further studied. For further research, the first direction can be doing deeper consumer segmentation in Chinese market .The second direction is doing the questionnaire in other tier cities to know the changing consumer behavior of the consumers there to know their changing process.