

The Promotion of New Media to Chinese Luxury Economy in the Post-pandemic Era: A Media Link's Perspective

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Abstract: The luxury economy has been hit hard by the depressed global economic environment under the impact of the COVID-19 pandemic, which has forced luxury brands to adjust and adapt their digital marketing strategies in conjunction with emerging forms of media. This article emphasizes the luxury economy in China. It takes three emerging forms of media in the post-pandemic era in China, namely social media, short videos, and live streaming shows, as the main subject of the research. Based on the theory of uses and gratifications in media communication, a link model is conducted with media communication as the object. A theoretical hypothesis is formulated that new media promotes the luxury economy by enhancing one part of the media communication link. Meanwhile, a questionnaire targeted at luxury consumers was designed and distributed to investigate the correlation between new media usage habits and luxury consumption to prove the hypothesis from a practical perspective. From the statistics, comparison, and correlation analysis of the data, the conclusion was drawn that in the process of new media communication, the promotion of luxury goods through new media by communicators has a significant effect on the luxury economy, primarily through social media and short videos.

Keywords: new media, luxury economy, post-pandemic era, media communication link

1. Introduction

The definition of luxury can be extraordinarily diverse and tends to be interpreted differently depending on the economic and social perspective [1]. From the economic dimension, luxury goods are internationally recognized as a kind of consumer goods with unique, scarce, and rare characteristics beyond people's basic needs and development, which are not essential for survival. The phenomenon of elitism in luxury is changing due to technological development, especially in media, and the increasing level of consumer empowerment in the market [2].

The early views on media marketing strategies in luxury research were mainly characterized by an inevitable evolution that presented both opportunities and threats to brands [3]. Given the heritage the luxury brands thrive on, brands often have cautious attitudes toward emerging means that can bring changes involving new media. With the role of technology in service encounters evolving considerably [4], service encounter has been understood as multi-actor interactions [5]. In the process, while more industries are realizing the importance of multi-dimensional interaction and embracing digitalization, most luxury companies remain on the sidelines [6].

However, the emergency of the COVID-19 pandemic has changed this phenomenon. The global economy as a whole is on the downswing due to the impact of the COVID-19 pandemic. This has

led to a precipitous global decline in both financial activity and consumption levels. As a representative of non-essential consumption, the luxury industry has been hit hard, forcing luxury brands to experiment with digital marketing strategies to promote their products. Therefore, this article emphasizes new media and the luxury economy, which is of great significance in the post-pandemic era to give an insight into new media marketing for luxury goods and allow luxury goods to focus on user needs when conducting new media marketing, thus contributing to economic development.

This article is divided into five chapters, which explain the current development of luxury goods in the post-epidemic era, the current development of luxury goods in China, three new media forms in China, the theoretical model of the study, the collection, selection, and analysis of data and the final conclusion.

2. Current Development of the Luxury Industry in the Post-pandemic Era

The luxury economy is faced with the limitations of traditional development strategies, so this chapter mainly focuses on the current development of the luxury economy.

In May 2020, Bain & Company revealed that following a 25% decline in sales in the global personal luxury market in the first quarter of 2020, the contraction would perhaps accelerate in the second quarter, with the market expected to shrink by 20% to 35% for the full year, and the interest rates would have fallen more than the sales. And a report in winter shows a contraction of around 23% for the year.

During the epidemic, offline sales channels suffered greatly as consumer mobility was restricted. The combination of luxury marketing and digital media was born during this period, which appropriately catered to the pro-media nature of Generation Z's consumers, who played a vital role in luxury consumption and provided a necessary condition for the recovery of the luxury economy in the post-pandemic era.

According to Bain & Company, the luxury industry rebounded after 2020, even with price increases for major brands in late 2021. In the first quarter of 2022, the global personal luxury goods market performed outstandingly well, growing by 17 to 19% compared to the same period in 2021. This result, in addition to the easing of the epidemic, was mainly due to the adjustment of the brand's strategy toward digital development. In this context, the performance of the Chinese luxury market in the post-epidemic era has taken on an important place in the international market.

2.1. The General Situation of China's Luxury Industry in the Post-epidemic Era - with a Focus on Hermes and LV

According to Bain & Company, the luxury market in Mainland China has been picking up since April 2020 and will achieve approximately 48% growth to nearly RMB 346 billion for the full year 2020. During the midst of a global luxury winter, China leads global luxury consumption and is expected to capture 50% of the global market share by 2025.

Although Chinese market share was lower in 2021 as the epidemic situation eased and the worldwide luxury economy recovered, in 2022, it was even more constrained by the stringent epidemic control policies. However, the strong consumption power of the Chinese market is still important in the international market.

According to LVMH's global annual statement, LVMH's sales in Asia Pacific (excluding Japan) grew at 62.7%/22.2%/30.8%/16.4%/0.1% year-on-year for the four quarters of 2021. According to Hermès International's annual statements, the growth rate of Hermès International's revenue for the same period in 2021 was 75.5%/32.3%/11.3%/28%/19.1%, respectively. In Mainland China, some boutiques were closed in April and May due to the epidemic. However, after June, boutiques in

Shanghai and Beijing reopened with a strong rebound, reaching 23% year-on-year growth in the first half of 2022.

In the post-pandemic era, the luxury market in China remains economically viable in 2021, despite the constraints of the epidemic policy, which has much to do with the shift in brand sales paths towards pro-media formats during this period.

Since 2020, LV has spared no effort to expand into the Chinese market through online channels, joining forces with platforms to start selling goods live, holding a fashion show in Shanghai, and simultaneously live-streaming on platforms such as DouYin, Weibo, and WeChat. According to LV's latest Group financial results published in July 2021, Group revenue jumped 56% to € 28.7 billion in the first half of 2021, and net profit grew to € 5,289 million, more than ten times that of 2020, with solid growth in China. This proves that LV's transition to a pro-media sales format in the post-pandemic era in China is paying huge dividends.

Given that Generation Z is growing to a significant proportion of the luxury consumers, that social behavior patterns closely linked to the media are having a vital impact on their spending habits, and that the restrictions on consumer mobility and in the context of the epidemic have driven the digital economy, the impact of the media on the luxury economy cannot be underestimated. There is, therefore need to explore the emerging shape of China's media in the post-pandemic era.

2.2. Emerging Forms of Media about Luxury Marketing in China in the Post-pandemic Era - social Media, Short Videos, Live Streaming

In recent years Chinese media digital marketing strategies have emerged in several forms: social media, short-form video, and live streaming.

Social media accounts for a large proportion of the modern internet routine due to its private and convenient social nature, and the implementation of social media such as WeChat for the mutual integration of work and entertainment has established the indispensable place of social media in the modern digital society. The accompanying promotional content is a non-obligatory but broad and dense message on the receiving end. Media platforms such as social media have substantial marketing value.

In the era of mobile Internet, along with the socialization trend of online video, short videos rapidly gain a significant market share due to their convenient and fragmented nature. It is a quick way for short videos to raise brand awareness and increase consumers' purchase intent through creative crowdfunding, fun and helpful content, and interaction between brands and short video artists [7].

Live e-commerce is a new model for traditional e-commerce to maintain flow and reallocate flow patterns. The flow cashing in this industry is an essential node of interactivity between the KOL and the e-commerce economy. Because of flow aggregation, services optimization, and rational realization, live streaming has extraordinary importance in the digital economy [8]. Different forms of media have different characteristics for luxury marketing, so it is necessary to explore the impact of the three new media forms on the luxury economy.

3. Method

3.1. Model

Based on the theory of uses and gratifications, media audiences are individuals with 'needs', and their media exposure is a process of 'using' the media based on the motivation of specific needs so that these needs can be 'satisfied' [9].

Therefore, according to the theory of uses and gratifications in traditional media forms, the use and satisfaction of media contact activities need to go through a linear process of "social and psychological factors" as the starting point of motivation, which leads to "media expectations" and enables "media contact" to be realized and "gratifications obtainment" to be achieved. It is a one-way irreversible execution process, with any one part of the process necessary for the latter [10].

It can be extracted that the dissemination channel of information in this context is only one-way through the communicator to the media and finally to the audience.

In the new media environment, the new media delegates some of its power to the audience, giving the media audience a degree of liberation of power. This gives the audience spatial and temporal freedom and partial control of the discourse in the media environment so that the audience's access to the media is transformed into an act of control over the media. The media-derived interaction model under the mechanism of decentralized control breaks the one-way linear process mentioned above. The addition of new media has created a link structure with a random starting point for the message, the communicator, the media, and the audience (Figure 1).

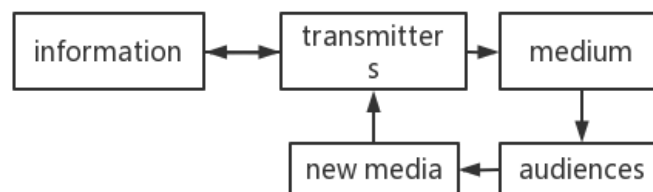


Figure 1: Link process of media communication.

Photo credit: Original

This chain-and-loop model in the new media environment allows for feedback of information, creating a two-way transmission that further highlights the importance of the audience. Therefore, a hypothesis can be raised that the necessary parts in the link are present in the study towards media audiences, and the process of uses and gratifications with media can be confirmed in reverse.

Therefore, by overlapping the identity of the luxury consumer with that of the new media audience, it can be assumed that the new media in the post-pandemic era forms a link for the dissemination of information on luxury promotion and publicity through the process of uses and gratifications, thus contributing to the economy of luxury.

3.2. Data Collection and Screening

3.2.1. Data Collection

To confirm that the above hypothesis is valid, a questionnaire on luxury consumption and new media was distributed.

The questionnaire is designed for luxury consumers of different age groups and genders, i.e., the media audience of new media, with basic information such as year of birth and gender to ensure the universality and representativeness of the sample.

From the perspective of luxury consumption psychology, luxury consumers purchase luxury goods mainly driven by self-meaning and external forces to generate the motivational tensions that guide consumption behavior, i.e., status identity [11]. The questionnaire is oriented towards the

psychology of luxury consumption, with two questions on the factors for purchasing luxury goods and the categories of luxury-related consumption to represent the needs of the consumer group in the use of the medium in terms of luxury consumption motives.

The question of frequency of using three new media forms - social media, short videos, and live streaming - was set. The frequency was assigned a value from small to large using the numbers 1-5, making it a quantitative indicator to represent the media audience and the feedback they give to luxury through new media.

The question of the extent to which information about luxury goods can be obtained from the three new media forms was set. The degree was assigned a value from small to large using the numbers 1-5, making it a quantitative indicator to represent the purveyors of luxury promotion messages and their communication to the audience through new media.

The question of the extent to which the three new media forms contribute to individual luxury consumption was set. The degree is assigned a value from small to large with the numbers 1-3, making it a quantitative indicator to compare in parallel with the two quantitative indicators above to prove that the chain of luxury promotion information dissemination holds. A dichotomous single-choice question on whether the desire to consume luxury goods increased or decreased in the post-pandemic era was set, with the "yes" sample representative of the social group that has seen luxury goods grow in the post-epidemic era, to further prove the hypothesis.

3.2.2. Data Screening

In order to make the screening of valid samples more reasonable and convenient, a question was set to rank the price brackets of different brands of luxury goods, with the correct order as the criterion. The samples that answered in the correct order were taken as the representatives of the luxury goods consumers, and the samples that were wrongly ranked were screened out.

4. Results

A total of 300 questionnaires were distributed, and 288 were returned, with 138 valid samples after screening by the conditions above. Among them, Generation X accounted for a total of 5.8%, Generation Y 4.35%, and Generation Z occupied the most significant proportion of 89.86%; 15.94%, 83.33%, and 0.72% were male, female, and non-conventional gender, respectively.

86.96% of respondents answered "yes" to whether the desire to spend on luxury goods has increased or decreased in the post-pandemic era.

In terms of factors for purchasing luxury goods, the three factors of brand image, quality, and design take up the most significant proportion with 65%, 62%, and 70%, respectively. Among the categories of luxury goods purchased by consumers, cosmetics occupy the largest share, with 67%.

The average frequency of using social media was 4.23/5, and the average degree of obtaining information about luxury goods from social media was 3.34/5; the average frequency of watching short videos was 4.07/5, and the average degree of obtaining from short videos was 3.14/5; the average frequency of watching live broadcast was 2.8/5 and the average degree of obtaining from live broadcast was 2.72/5. The promotion of the three new media forms on personal The three forms of new media contributed to personal consumption of luxury accessories at 2.27/3, 2.14/3, and 1.67/3, respectively. All three forms obtained above-average figures and showed a uniform profile: social media > short video > live streaming (Figure 2).

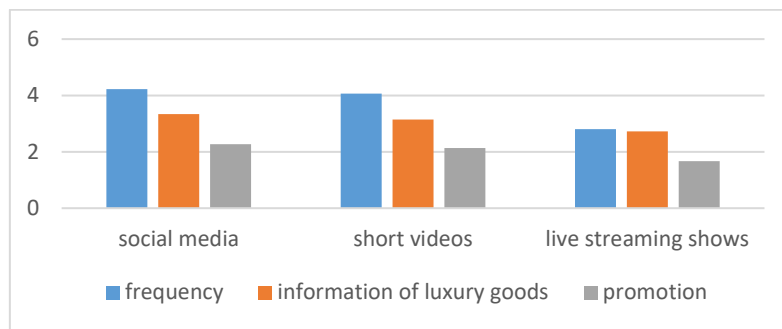


Figure 2: Comparison of three forms of new media.

Photo credit: Original

5. Discussion

5.1. Correlation Analysis

The frequency of using the three forms of new media was taken as the independent variable x , the extent of obtaining luxury goods information from the three new media was taken as the dependent variable y_1 , and the extent of the three new media promoting individuals' desire to consume luxury goods was taken as the dependent variable y_2 , and a correlation analysis was conducted. The correlation coefficient r_1 was 0.976, and r_2 was 0.994, both of which were very close to 1. Therefore, the frequency of using the three new media was linearly correlated with the degree of access to luxury goods information and the degree of promoting individuals' desire to consume. It can be concluded that the parts in disseminating luxury promotion information are strongly correlated, and the chain link holds.

Also, with correlation coefficient r (0.993) very close to 1, the degree of obtaining luxury accessories information from new media forms was linearly correlated with the degree of promoting individuals' desire to consume luxury goods by new media. The communicators in the link and the extent to which they communicate to their audience through new media forms can have a positive linear effect on the luxury economy.

The new media in the post-pandemic era can be proved to form a link chain of information dissemination for the promotion of luxury goods through the process of uses and gratifications. And the promotion of the luxury economy is achieved by increasing the investment of the media communication part in the link.

Of all the categories in luxury goods consumption tendency, cosmetics has the largest share, the lowest threshold and the smallest spend of all luxury categories in the list. This reflects the "lipstick effect" during the pandemic. In recent years, with the development of new media and the rise of the KOL economy, the promotion of luxury goods in the cosmetics category is no longer limited to celebrities who are far away from people's routine life but more promotion bets on beauty bloggers who started as nobody and are closer to consumers. The "Key Opinion Leader" effect generated by beauty bloggers and social media's soft copy promotion, short video promotion, and live streaming has largely boosted consumers' purchasing power.

The three most crucial consumer factors in terms of purchasing luxury goods - brand image, quality, and design - can be quickly disseminated through new media, such as the placement of brand concept ads in social media and in the form of short videos, live streaming of brand launches and fashion shows.

Therefore, the part of putting luxury promotion information into the media for dissemination has

a significant impact on the luxury economy.

5.2. A Side-by-side Comparison of Three Forms of New Media

Social media and short videos have a greater reach and impact on the luxury economy than live streaming, and there is a significant gap.

Social media and short videos have fragmented communication characteristics, while live streaming requires total viewing time and space. In the COVID-19 pandemic and the post-pandemic era, Generation Z and Generation Y, as the primary consumers of luxury goods, have large chunks of their lives taken up by busy work or study. Therefore, they have more demanding requirements on the use of new media, which leads to the live streaming forms of new media not being as convenient as social media and short videos on the receiving end. Thus the influence of live streaming on the luxury economy is relatively small. Social media and short videos, through their "fragmented nature" and "inextricable link to everyday life", construct a dense communication grid and, in the course of their development, rapidly attracted a large amount of capital. Meanwhile, they promote to a wide range of consumers and promote individual luxury consumption, thus boosting the luxury economy.

6. Conclusion

The addition of new media has broken the one-way linear 'demand satisfaction' process formed by traditional media. The message, the communicator, the media, the audience, and the new media form a link of reversible communication structures, making the dissemination of information reversible. This emphasizes the media audience, which is why the study of the consumer is significant.

In the questionnaire designed based on the above media communication link, "the amount of information about luxury goods obtained from the three forms of new media" and "the extent to which the three forms of new media promote individuals' desire to consume luxury goods" with "the frequency of using the three forms of new media" both shows a typical linear positive correlation. Therefore, the closed loop of the media communication link mentioned above is valid. The previous hypothesis can also be confirmed to be valid. The new media in the post-pandemic era will form a closed link of luxury promotion information dissemination through the use and gratifications process to reach the promotion of the luxury economy.

Meanwhile, there is a linear correlation between "the amount of information about luxury goods obtained from the three forms of new media" and "the extent to which the three forms of new media promote individuals' desire to consume luxury goods". Luxury goods promote luxury consumption by investing more in the new media.

In terms of performance, live streaming is less effective than social media and short-form video, mainly because of the fragmented nature of social media and short-form video that provides great convenience for the main audience, Generation Z. In terms of the choices of luxury consumer tendencies, the data mainly reflects a tendency towards cosmetics, and that consumers pay more attention to the brand effect, quality and design of the products. Luxury brands can therefore place their promotions mainly through social media and short videos and focus their campaigns on cosmetics, emphasizing the brand effect, quality, and design performance. This will drive consumption and promote the luxury economy with maximum benefit.

This paper fills a gap in the horizontal comparison of three forms of media under the area of intersection with new media in luxury research. It provides a degree of reference for luxury media promotion strategies.

However, there were some shortcomings in the screening of the data, which did not take into

account cases where the prescribed order of alignment was looked at incorrectly by participants, resulting in the loss of a portion of the valid sample.

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