

# ***The Relationship Between Chinese Consumer Behavior and Corporate Social Responsibility of Luxury Brands, after the COVID-19***

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**Abstract:** Consumer spending on luxury goods decreased during the outbreak. Luxury brands are also increasingly focusing on corporate social responsibility. The topic of this paper is to examine the relationship between the CSR of luxury brands and Chinese consumer buying behavior after COVID-19. In this study, 313 Chinese participants who are familiar with luxury goods, were randomly selected to finish a questionnaire. The data will be presented in graphical form, and this survey uses analysis of correlation as well as regression analysis to explore the relationship between different social responsibilities and consumer behaviors. Nearly all participants think that luxury companies should take social responsibility, but most of them don't choose to actively know about it actively, but only realize that luxury companies should take social responsibility passively when events happen. However, for companies, the consequences of not fulfilling social responsibility may seriously affect the sales of luxury companies. The three most important responsibilities include product quality and safety responsibility, environmental protection responsibility, and basic salary and welfare of employees. In addition, environmental responsibility, customer orientation responsibility, social responsibility, and employee and job placement responsibility all contribute to consumer purchasing behavior.

**Keywords:** luxury, CSR, COVID-19, consumer, consuming behavior

## **1. Introduction**

Aiming to celebrate the Chinese New Year of the tiger, luxury brand Gucci has shot a series of commercials where the tiger wanders in the interior scene and harmonizes with the models. However, World Animal Protection U.S. warned Gucci to stop using wild animals in their activities. [1] The news has sparked many discussions about how luxury brands could practice their corporate social responsibility (CSR). This paper will offer insights into how luxury companies can effectively exercise their corporate social responsibility, especially during COVID-19.

This study uses descriptive statistical analysis, analysis of correlation, and regression analysis to reflect the basic characteristics of the CSR relationship between luxury consumers and luxury brands, according to the statistics derived from the results of the questionnaire in the context of the epidemic. This paper aims to offer insights into how luxury companies can effectively exercise their corporate

social responsibility and how consumers are affected by luxury brands' CSR, especially during COVID-19.

## 2. Overview

Sustainability itself is a luxury. Kering, the parent company of Gucci, has aggressively pushed for sustainability in the industry in recent years. Its 2025 strategy includes 100% traceability in the supply chain, which means more resources would be implemented at each stage. Also, Kering only picks manufacturers that meet its animal welfare standards and cares for female employees as well as achieve equal pay for equal work within the group. Therefore, sustainability can be added to the value of luxury. When consumers buy a product from Kering, they are also paying for the concept of sustainable development behind it. It can make luxury more luxurious. This is why luxury companies such as Kering, LVMH, and Chanel are standing at the frontline of practicing sustainable development because the added value that sustainability could bring is exactly what the consumers regard as significant.

Encountering the international situation of the epidemic, the concept of health issues and environmental protection is more deep-rooted than before. In the post-epidemic era, McKinsey has estimated that “Chinese consumers remain the biggest growth opportunity for the luxury sector” [4]. Indeed, the Chinese market occupied 21% of the global luxury market, which was merely 10% lower than America [3]. The rise of the carnival concept in China. The epidemic has made people cherish their families. Therefore, living in the moment and carpe diem have become the life creed and consumption concept of consumers. This has stimulated irrational expenditures on luxury products to some extent stimulates. Besides, the normalization of home isolation has integrated new media and social e-commerce into their lives. Therefore, consumers are provided with more opportunities to aspire a high-quality lifestyle, and access to purchase luxury goods.

Furthermore, the luxury industry has paid considerable attention to the Chinese market during the epidemic and has donated money to help the Wuhan protests, of which LVMH and Kering donated \$2.3 million and \$1.08 million, respectively [5]. The help of luxury goods companies has also received positive reviews from the Chinese market. Based on this, the relationship between luxury consumers and corporate social responsibility in China should be studied in depth.

## 3. Methodology

A questionnaire is made in terms of the relationship between luxury consumers and the corporate social responsibility of luxury brands.

### 3.1. Questionnaire

The survey questionnaire is divided into four modules, the personal information collection part, consumers' perception of luxury goods' performance of social responsibility, the comparison of luxury goods consumption before and after the epidemic, and the scale part. The scale part of the study has a total of 6 dimensions, environmental responsibility, customer-oriented responsibility, public social responsibility, employee and employment placement responsibility, brand loyalty, and perceived quality. All scales in the study are 5-point Likert scales (1=completely disagree, 5=completely agree). Higher scores indicate better degrees of the corresponding indicator for that scale.

### 3.2. Data Collection

In this paper, 313 respondents were randomly selected to conduct a questionnaire survey on the purchase intention of plant-based food products, and the study was conducted on a group of people who had been exposed to luxury goods. The questionnaires were distributed mainly online, mainly through the questionnaire star platform. And 313 questionnaires were distributed in total, and the questionnaire return efficiency was 100%. The number of collected surveys is sufficient to reflect the basic characteristics of the CSR relationship between luxury consumers and luxury brands.

### 3.3. Reliability Test

Cronbach's alpha reliability test was conducted on the questionnaire. The statistical results are shown in Table 1. The Cronbach's alpha coefficient for environmental protection responsibility is 0.855, 0.874 for customer-oriented responsibility, 0.793 for public welfare social responsibility, 0.919 for employee and job placement responsibility, 0.88 for brand loyalty, and 0.919 for perceived quality. In addition, Cronbach's alpha coefficient for the questionnaire scale as a whole was 0.823. According to the judgment standard of Cronbach's alpha coefficient, Cronbach's alpha coefficient is higher than 0.8, and the reliability is high. The reliability is good when the value of Cronbach's alpha coefficient is between 0.7 and 0.8. If the value is between 0.6 and 0.7, the reliability is acceptable. Once the value is less than 0.6, the reliability will be recognized as a poor level.

Based on Table 1, all values were greater than 0.7, indicating that the data reliability quality was high and could be used for further analysis.

Table 1: Reliability analysis.

	Number of items	Cronbach's alpha value	Overall alpha value
Environmental Protection Responsibility	3	0.855	0.823
Customer-oriented responsibility	3	0.874	
Social Responsibility in the Public Interest	2	0.793	
Employee and Employment Placement Responsibilities	4	0.919	
Brand Loyalty	3	0.880	
Perceived Quality	3	0.834	

## 4. Analysis

### 4.1. Descriptive Statistical Analysis

#### 4.1.1. Description of the Demographic Characteristics of the Sample

In terms of gender, the highest percentage of respondents was 64.86% female, while the percentage of the male sample was only 35.14%. In terms of age distribution, the majority of the sample was between the ages of 36-45, with 199 respondents accounting for 63.58%. From the perspective of education, the highest percentage of people with a bachelor's degree was 88.18%. From the perspective of average monthly income, more than 60% of the sample had a monthly income between 8001 and 10000 RMB. And the vast majority of the respondents in this survey are the group who have bought luxury goods, with the percentage of those who have bought up to 86.90%.

#### 4.1.2. Consumer's Perception of Social Responsibility of Luxury Goods

Nearly all of them think that luxury companies should take social responsibility, as high as 99.36%, and only two respondents think they do not need to take social responsibility. It means that in terms of the general trend, luxury companies should take social responsibility because consumers think it is a necessary responsibility.

Further, from the perspective of whether or not to care, 51.44% of the respondents learned about the channel through the media passively, more than those who actively searched. It shows that from the overall perspective, although consumers think social responsibility is crucial, most of them do not choose to learn about it actively, but passively, when the event happens, they will realize that luxury companies should take social responsibility.

Further, from the perspective of the social responsibility that luxury companies in China should take, the highest percentage is product and quality safety with 61.34%, followed by environmental protection responsibility with 53.67%, and not much different is the basic salary and welfare of employees with 52.72%. The lowest percentage is for other and supporting public welfare and education, which together account for only 6.71%.

In the case of non-fulfillment, if the luxury enterprises do not fulfill the corresponding social responsibility in China, then 84.03% of the respondents will not choose to continue to buy. It means that more than 80% is a very high percentage. And it also reflects that the consequences of non-fulfillment of social responsibility may seriously affect the sales of luxury enterprises.

#### 4.1.3. Description of Luxury Consumption During the Outbreak

According to the results of the paired samples t-test, the total of 1 set of paired data will show the difference ( $p < 0.05$ ). Specifically, the difference between annual expenditure on luxury goods during the epidemic and annual expenditure on luxury goods before the epidemic is significant at the 0.01 level ( $t = -11.652$ ,  $p = 0.000$ ), and the mean value of expenditure on luxury goods during the epidemic (1.52) is significantly lower than the mean value of expenditure on luxury goods during the epidemic (2.61).

Moreover, 88.82% of the respondents indicated that there was a decrease in the consumption of luxury goods during the epidemic. The results of the paired t-test are further validated. The main reasons for the decrease in consumption are still the anxiety caused by the epidemic reducing the desire to buy, as well as the decrease in income and the decrease in purchasing channels.

### 5. Analysis of Correlation

Table 2 demonstrates the correlation between consumer purchasing behavior and four items, including environmental responsibility, customer-oriented responsibility, public social responsibility, and employee and job placement responsibility. It was investigated using the Pearson correlation coefficient.

Table 2: Results of the analysis of the correlation between consumer purchases and other factors.

	Consumer buying behavior	Environmental Protection Responsibility	Customer-oriented responsibility	Social Responsibility in the Public Interest	Employee and Employment Placement Responsibilities
Consumer buying behavior	1				
Environmental Protection Responsibility	0.246**	1			
Customer-oriented responsibility	0.257**	0.137*	1		
Social Responsibility in the Public Interest	0.281**	0.141*	0.114*	1	
Employee and Employment Placement Responsibilities	0.305**	0.130*	0.068	0.117*	1

\*  $p < 0.05$  \*\*  $p < 0.01$

The correlation coefficients are 0.246, 0.257, 0.281, 0.305, and all the correlation coefficients are greater than 0. This means that there is a positive relationship between consumer purchasing behavior and environmental responsibility, customer orientation responsibility, public social responsibility, and employee and job placement responsibility. There is a positive correlation between consumer purchasing behavior and four items: environmental responsibility, customer orientation responsibility, public welfare responsibility, and employee and employment responsibility.

## 6. Regression Analysis

From Table 3, we can see that the responsibility for environmental protection, responsibility for customer orientation, responsibility for public welfare, and responsibility for employees and job placement are used as independent variables, while consumer purchasing behavior is used as the dependent variable for linear regression analysis, and the model formula is:

Consumer purchasing behavior =  $1.658 + 0.125 \times \text{responsibility for environmental protection} + 0.140 \times \text{responsibility for customer orientation} + 0.157 \times \text{responsibility for public welfare} + 0.165 \times \text{responsibility for employees and job placement}$ .

The R-squared value of the model is 0.223, which means that responsibility for environmental protection, responsibility for customer orientation, responsibility for public welfare, and responsibility for employees and job placement can explain 22.3% of the variation in consumer purchasing behavior. The model passed the F-test ( $F=22.112$ ,  $p=0.000 < 0.05$ ), which means that at least one of environmental responsibility, customer orientation responsibility, public welfare responsibility, and employee and job placement responsibility has an influence on consumer purchasing behavior.

The final specific analysis shows that

- The regression coefficient value of environmental protection responsibility is 0.125 ( $t=3.070$ ,  $p=0.002 < 0.01$ ), which implies that environmental protection responsibility will have a significant positive influence relationship on consumer purchasing behavior.
- The regression coefficient value of customer-oriented responsibility is 0.140 ( $t=3.830$ ,  $p=0.000 < 0.01$ ), which means that customer-oriented responsibility will have a significant positive influence on consumer purchasing behavior.

- The regression coefficient value of public social responsibility is 0.157 ( $t=4.059$ ,  $p=0.000<0.01$ ), implying that public social responsibility will have a significant positive influence relationship on consumer purchasing behavior.
- The regression coefficient value of employee and employment placement responsibility is 0.165 ( $t=4.851$ ,  $p=0.000<0.01$ ), implying that employee and employment placement responsibility will have a significant positive influence relationship on consumer purchasing behavior.

Table 3: Results of linear regression analysis of consumer purchase and other factors.

	Non-standardized coefficient		Standardization factor	$t$	$p$	$R^2$	Adjustment $R^2$	$F$
	$B$	Standard error	$Beta$					
Constants	1.658	0.243	-	6.817	0.000**	0.223	0.213	$F(4,308)=22.112$ , $p=0.000$
Environmental Protection Responsibility	0.125	0.041	0.158	3.07	0.002**			
Customer-oriented responsibility	0.14	0.036	0.195	3.83	0.000**			
Social Responsibility in the Public Interest	0.157	0.039	0.208	4.059	0.000**			
Employee and Employment Placement Responsibilities	0.165	0.034	0.247	4.851	0.000**			

Dependent variable: consumer buying behavior

\*  $p<0.05$  \*\*  $p<0.01$

## 7. Conclusion

According to the research above, even though most consumers are passively informed about corporate social responsibility through the media, they still believe that corporate social responsibility is important. This reflects the unwillingness to buy the products made by luxury companies that do not fulfill CSR in China of the vast majority of the participants. It indicates that, for luxury brands, failure to perform social responsibility can seriously affect their luxury goods sales. Furthermore, Chinese luxury consumers are most concerned about corporate social responsibility regarding product quality and safety, environmental protection, and basic employee compensation and welfare.

The study found that nearly 90% of the consumers reduced their spending on luxury goods during the epidemic, mainly due to the anxiety caused by the epidemic, which reduced their desire to buy, their income, and the reduction of purchasing channels. Meanwhile, online purchases will become the mainstream purchasing channel during the epidemic and even in the future.

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