

A Study on the Overseas Luxury Consumption Behavior of Global Chinese Consumers from a Behavioral Economics Perspective

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Abstract:

Purpose: This research aims to better understand global Chinese luxury consumers' purchase behavior overseas in the context of behavioral economics. This study would identify the decision-making process of Chinese luxury consumers when travelling abroad, investigate the psychological factors that can impact the purchasing behavior of global Chinese luxury consumers, comprehend the expectations of Chinese luxury consumers regarding shopping destinations, and formulate strategies to encourage Chinese luxury consumers to make purchases at travel retail stores. The study uses a conceptual framework and scale items to examine global Chinese luxury consumer shopping behavior. This contribution enriches the existing body of knowledge in the field of tourism and luxury marketing literature.

Design / Methodology / Approach: This study's research philosophy is positivism, which would measure consumption behavior and generalize conclusions of global luxury Chinese consumers, consistent with positivist views of discovering the facts. This study employed a quantitative research method to gain a deeper understanding of the consumption behavior of global Chinese luxury consumers in the context of travel retailing. The investigation examined Chinese luxury buyers' rationale and preferences when purchasing luxury products overseas. In addition, questionnaires were performed in order to understand the consumption behavior of Chinese luxury consumers and their buying behavior intentions towards luxury shopping overseas. The survey was first written in English and subsequently translated into Chinese. A professional business research organization was in charge of distributing the surveys. All respondents were required to have traveled overseas and engaged in luxury consumption.

Findings: Following the easing of border controls in 2023, many Chinese tourists started traveling abroad because of the convenience, accessibility, and appeal of new destinations (Interesse, 2023; Blazyte, 2024). According to McKinsey & Company, while Chinese abroad travel has not returned to pre-pandemic levels, overseas spending has rebounded rapidly (Chen et al., 2023; Shamdasani, 2024). Multiple psychological factors influence the purchase behavior of luxury customers; yet these individuals exhibit a similar shopping pattern. The research examined critical factors affecting global luxury consumption among Chinese consumers abroad, and examined the statistics through the lens of behavioral economics, a perspective that is relevant to luxury businesses and scholars. Furthermore, the study compares the luxury purchasing behavior of consumers who purchase luxury items abroad 2 to 3 times yearly with those who do so more than 4 times annually, providing distinct insights for the luxury industry and tourism destinations.

Research Limitations: The study examined the luxury consumption behavior of global Chinese luxury consumers abroad, although it solely assessed the data from a behavioral economics viewpoint, resulting in an exclusion of other aspects that may influence consumer behavior. Macroeconomic policy, international market dynamics, and the financial circumstances of the

individual are some examples. The absence of a comprehensive investigation has limited the assessment of study data.

Practical Implications: By comprehending the psychological aspects, luxury retailers may more effectively align with the demands of Chinese luxury consumers, therefore enhancing their shopping experience and fostering more consumer engagement and brand loyalty in travel retail. A tourism-dependent destination might leverage the survey findings to refine its marketing strategies with the objective of fostering tourism growth. Overseas destinations and luxury stores might partner to offer lavish shopping experiences for Chinese consumers, consequently enhancing revenue. Luxury businesses should invest in payment systems like Alipay and implement targeted marketing techniques that correspond to the behavioral features highlighted in the study.

Social Implications: The literature and study indicate a shift in Chinese consumers' luxury consumption behavior over a five-year period. Individuals can gain insights from the outcomes. Scholars and retailers should incorporate psychological aspects into their future strategies, whether faced with a pandemic or economic changes. And the preference of Chinese consumers to purchase luxury items abroad may affect the expansion of the local luxury business, necessitating innovative marketing techniques for dealing with this challenge.

Keywords:

Travel retailing, Global Chinese luxury consumers, Luxury consumption, Behavior and Behavioral economics.