

**THE INFLUENCE OF USER-GENERATED
CONTENT (UGC) ON CONSPICUOUS
CONSUMPTION AND SELF-EXPRESSION
IN LUXURY FASHION PRODUCTS
AMONG GENERATION Z
IN CHINA**

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UNIVERSITI SAINS MALAYSIA

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by

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LIST OF ABBREVIATIONS

ABC	Antecedent-Behavior-Consequence
AVE	Average Variance Extracted
BCG	Boston Consulting Group
BOF	The Business of Fashion
CMV	Common Method Variance
CPC	Company production content
DV	Dependent Variable
eWOM	electronic Word-of-mouth
FGC	Firm-generated content
HTML	Hypertext Markup Language
IAM	Information Adoption Model
IGC	Influencer-generated content
IV	Independent Variable
PGC	Producer-generated content
SEM	Structural Equation Modelling
SOBC	Stimulus-Organism-Behavior-Consequence
S-O-R	Stimulus-Organism-Response
SPSS	Statistical Package for Social Sciences
TAM	Technology Acceptance Model
TPB	Theory of planned behavior
TRA	Theory of reasoned action
UGC	User-generated content

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**PENGARUH KANDUNGAN DIJANA PENGGUNA (UGC) TERHADAP
PENGUNAAN DAN EKSPRESI DIRI YANG MENARIK DALAM PRODUK
FESYEN MEWAH DALAM KALANGAN GENERASI Z DI CHINA**

ABSTRAK

Kandungan Dihasilkan Pengguna (UGC) yang berakar umbi dalam media sosial secara beransur-ansur mengubah cara pengguna menerima maklumat. Kemunculan UGC pula memberi impak yang signifikan terhadap cara lebih banyak industri memasarkan diri mereka. Berbanding industri lain, industri fesyen mewah agak lambat dalam menerima UGC, dan penyelidikan mengenai kesan kandungan dihasilkan pengguna terhadap tingkah laku pengguna dalam industri ini perlu ditambah. Di samping itu, barangan mewah itu sendiri mempunyai ciri harga yang tinggi dan simbolik yang kuat. Pengguna sering terdorong untuk membeli barangan mewah demi tujuan penggunaan menonjol (*conspicuous consumption*) dan ekspresi diri. Pengguna Generasi Z dari China menunjukkan potensi besar dalam penggunaan fesyen dan barangan mewah, dan mereka sangat bergantung pada media sosial serta UGC. Oleh itu, kajian terhadap pengguna Generasi Z China untuk barangan fesyen mewah adalah lebih representatif. Berdasarkan Teori Rangsangan-Organisma-Tingkah Laku-Kesan (SOBC) dan Teori Keselarasan Diri (*Self-congruity*), kajian ini meneliti kesan kualiti UGC dan kredibiliti sumber terhadap nilai UGC serta keselarasan diri (*self-congruity*) pengguna, serta kesannya terhadap penggunaan menonjol dan ekspresi diri. Selain itu, kajian ini juga meneliti sama ada harga diri (*self-esteem*) pengguna menjadi penyederhana (*moderator*) dalam hubungan antara nilai UGC dan penggunaan menonjol pengguna, serta hubungan antara keselarasan diri dan penggunaan menonjol pengguna. Teknik pensampelan bertujuan (*purposive sampling*) digunakan untuk

mendapatkan data daripada 384 pengguna Generasi Z di China, dan data dianalisis menggunakan pemodelan persamaan struktur kuasa dua terkecil separa (*Partial Least Squares Structural Equation Modeling*, PLS-SEM). Hasil kajian menunjukkan bahawa, selain skalabiliti, lima dimensi lain kualiti dan kredibiliti UGC (ketepatan, relevansi, keringkasan, kebolehpercayaan, populariti) semuanya memberi kesan positif terhadap nilai UGC. Kajian juga mengesahkan kesan positif nilai fungsian dan nilai emosi UGC serta keselarasan diri terhadap penggunaan menonjol, serta peranan penyederhanaan harga diri di antara mereka. Akhirnya, tingkah laku penggunaan menonjol pengguna terhadap barangan fesyen mewah mempunyai kesan positif yang signifikan terhadap tingkah laku ekspresi diri mereka. Penyelidikan masa depan perlu memberi tumpuan kepada pengguna daripada pelbagai latar geografi dan budaya yang berbeza usia, serta mengintegrasikan teori-teori berkaitan untuk meneroka sama ada terdapat kesan positif sejagat UGC terhadap penggunaan menonjol yang berkaitan dengan barangan fesyen mewah.

**THE INFLUENCE OF USER-GENERATED CONTENT(UGC) ON
CONSPICUOUS CONSUMPTION AND SELF-EXPRESSION IN LUXURY
FASHION PRODUCTS AMONG GENERATION Z IN CHINA**

ABSTRACT

User Generated Content (UGC) rooted in social media is gradually changing the way consumers receive information. The emergence of UGC on the other hand is having a significant impact on the way more industries market themselves. The luxury fashion industry has been slow to embrace UGC compared to other industries, and research on the impact of user-generated content on consumer behavior in this industry needs to be supplemented. On the other hand, luxury goods themselves are characterized by high prices and strong symbolism. Consumers are often motivated to buy luxury goods for the purposes of ostentatious consumption and self-expression. Chinese Generation Z consumers show great potential in fashion and luxury goods consumption, and they rely heavily on social media and UGC, so the study of Chinese Generation Z consumers for luxury fashion goods is more representative. This study examines the influence of UGC quality and source credibility on UGC values and consumer self-congruity, as well as their effects on conspicuous consumption and self-expression outcomes, based on the Stimulus-Organism-Behavior-Consequence (SOBC) theory and self-congruity theory. In addition, this study examines whether consumers' self-esteem moderates the relationship between UGC values and consumers' conspicuous consumption, as well as the relationship between self-congruity and consumers' conspicuous consumption. A purposive sampling technique was used to obtain data from 384 Generation Z consumers in China, and the data were analyzed using partial least squares structural equation modeling (PLS-SEM). The

research findings indicate that, in addition to scalability, the other five dimensions of UGC quality and credibility (accuracy, relevance, conciseness, trustworthiness, popularity) all have a positive impact on the value of UGC. The study also verified the positive impact of the functional value and emotional value of UGC and self-congruity on conspicuous consumption, as well as the moderating role of self-esteem between them. Finally, consumers' conspicuous consumption behavior for fashion luxury goods has a significant positive impact on their self-expression behavior. Future research should focus on consumers of different ages from diverse geographical and cultural backgrounds and integrate relevant theories to explore whether there is a universally positive impact of UGC on conspicuous consumption related to fashion luxury goods.

CHAPTER 1

INTRODUCTION

1.1 Overview of Chapter

This chapter first introduces the background of the study. Next, the problem statement, research questions, and research objectives are discussed. This study's theoretical contribution and practical significance are proposed, and key terms are defined.

1.2 Background of Study

The fast and flat nature of social media has led to its widespread use in the marketing field, but traditional business models, such as luxury companies, have long been cautious about social media (Brandão et al., 2019). Due to the natural contradiction between the inclusiveness and accessibility of social media and the exclusivity of luxury goods, the luxury industry initially regarded excessive use of social media as a behavior that would damage brand value and reputation (Giglioli, 2017; Shan, 2020). However, digital native customers, Generation Y and Generation Z, are reshaping the direction of the industry. Their strong consumption power and influence force companies to create more content that suits their habits and become more involved in customer relationship management (Giglioli, 2017; Wouters & Sham, 2021). On the other hand, the outbreak of the global COVID-19 pandemic in 2020 has accelerated the trend of luxury brands participating in social media (BOF, 2020; Biagiola, 2022).

1.2.1 The Shift in the Luxury Market

Social media generated in the context of the interactive Internet based on Web 2.0 has completely changed people's living habits, and it has become the most vital marketing vehicle in today's society (Xu, 2025; Loranger & Roeraas, 2023). However, compared with other industries, luxury goods are relatively late in accepting social media (Kapferer & Valette-Florence, 2018; Basile et al., 2024). The luxury industry tends not to make major changes due to external trends. The goal is to maintain the origin of the brand and not affect the company's main strategy due to short-term market changes (Giglioli, 2017). In the past, luxury groups were managed in a more traditional way, and marketing decisions relied more on managers' intuition. These traditional methods also emphasized the development and promotion of products through traditional advertising methods such as magazines and small-scale events, thereby isolating a wider range of people from the source of promotion. Brands prefer to interact with stable target customers, characterized by highly controlling and exclusive strategies, which conflict with highly democratized and accessible social media platforms (Ko et al., 2016; Okonkwo, 2016; Kapferer & Valette-Florence, 2018).

The use of social media was initially seen as a behavior that starkly contrasts the core values that defined the brand's reputation in the luxury market. But social media platforms can help luxury fashion brands increase brand awareness in a short period of time and build a more positive brand image in the minds of consumers (Basile et al., 2024; Xu, 2025). Undoubtedly, major communication revolutions such as Web 2.0 have touched the foundations of these historical brands, and the entire luxury industry has gradually realized that social media is important for connecting with young, tech-savvy customers, as Generation Y and Generation Z are becoming an important source of revenue for brands (Basile et al., 2024). On the other hand, the

impact of the Covid-19 Pandemic has accelerated the speed at which traditional luxury brands turn to social media (Loranger & Roeraas, 2023). Due to the severe impact of the COVID-19 pandemic on the world economy, the luxury market share in 2020 was only 78% of the previous year, as most consumers in major markets around the world experienced months of being unable to consume offline (Bain & Company, 2023). The pandemic has forced global luxury consumers to become more adept at interacting with brands virtually through e-commerce and social media (Loranger & Roeraas, 2023; Kapareliotis & Kyparissiadis, 2025). It is worth noting that this shift in consumer behavior is more in line with the behavioral paradigm of today's young consumers (Hapsari et al., 2024).

1.2.2 The Rise of Generation Z

Emerging luxury consumers Generation Z consumers are becoming a key group for global luxury brands to cultivate (Loranger & Roeraas, 2023). Despite extreme geopolitical tensions and a global economic downturn, in 2024, Generation Z consumers still contributed 19% of the global luxury market turnover (see Figure 1.1).

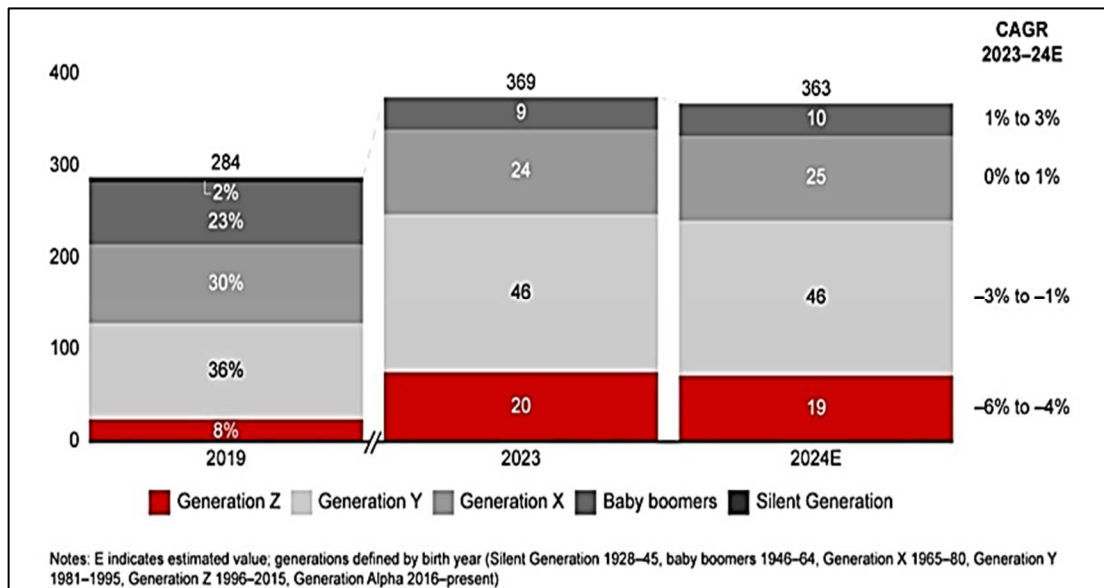


Figure 1.1 Share of Global Personal Luxury Goods Market by Generation (€ billions)

Source: Bain and Company (2025a)

Bain and Company (2023) analysis reports that an important factor in the industry's growth over the next decade will be generational trends. By 2030, Generation Z's spending on luxury goods will grow about three times faster than other generations, accounting for one-third of the market. This is partly due to their more precocious attitude towards luxury goods. Generation Z consumers start buying luxury goods 3 to 5 years earlier than millennials (15 years old instead of 18-20 years old).

Generation Z is highly connected to the Internet and is usually a digital native. Social media is an integral part of their daily lives (Brandão et al., 2019; Kaihatu, 2020). On the other hand, due to their inner desire for a higher social status, Generation Z's luxury consumption is often accompanied by conspicuous characteristics (Chen et al., 2022). Due to the increasing popularity of social media, the visibility of consumption has been greatly improved, providing an ideal display platform for related conspicuous consumption (Pavelková et al., 2023). This allows Generation Z consumers to share

their daily lives related to luxury consumption in real time and in large quantities through self-created content based on social media platforms.

1.2.3 Importance of UGC in the Luxury Market

Gen Z not only use social media to receive information, but they are more willing to create content. Content created by consumers based on social media platforms is called user-generated content (UGC) (Shi & Siti, 2024). Today, researchers are increasingly linking UGC to consumer behavior. Compared with producer-generated content (PGC), consumers prefer UGC because it is based on other consumers' spontaneous narratives of their own experiences, and its authenticity makes consumers consider UGC more trustworthy, useful, and fair (Mathur et al., 2022). In addition, UGC contributors are generally considered to have no commercial interests and their evaluations are less biased than those of companies that usually only emphasize the positive aspects of their products to protect their commercial interests (Peres & Silva, 2021). Therefore, consumers who are active on social media are more accustomed to relying on content generated by other users to help them make purchasing decisions (Bae & Lee, 2011; Assaker, 2020).

As consumers around the world become more and more dependent on UGC, UGC will play an important role in the behavior of consumers and potential consumers in many industries. The food and beverage industry (Advani & Gokhale, 2023), the food service industry (Tiago et al. 2015), the travel and hospitality industry (Assaker, 2020; Gonzalez-Rodriguez et al. 2021; Lu & Stepchenkova, 2015), and the automotive industry (Prabhala & Bose, 2022; Wang et al., 2021) are aware of the importance of UGC and have a positive attitude towards it.

The luxury industry initially worried that UGC would shift power away from marketers, potentially threatening brand exclusivity and raising concerns about brand controllability (Basile et al., 2024). But Generation Z consumers increasingly choose to learn about and share knowledge about luxury fashion brands through social media, and purchase luxury fashion brands through online channels (Ozuem et al., 2024; Xu et al., 2022; Kong et al., 2021; Wouters & Sham, 2021). This has prompted brands to find innovative ways to balance this exclusivity with the growing demand for inclusion (Basile et al., 2024).

Luxury brands are responding to the paradox of inclusivity and exclusivity by reconceptualizing their approaches. For example, while maintaining high price points and limited product offerings, they are leveraging digital platforms to create inclusive narratives and attract a wider audience (Basile et al., 2024). In 2022, as the world's major economies gradually emerged from the impact of the Covid-19 Pandemic, global personal luxury goods sales saw their largest increase in nearly a decade, a phenomenon that is strongly linked to social media-related strategies. In the coming years, the lines between “mono-brand” and e-commerce will blur further, which will increasingly drive brands to further integrate omnichannel marketing (Bain & Company, 2023).

1.2.4 Characteristics of the Chinese Market and the Problems it faces

According to research data from Bain and Company (2021), most luxury fashion buyers come from Asia, especially Chinese (accounting for 35% of the total purchases in the industry). According to research by Lannes (2019), mainland China contributes more than 50% to the growth of global luxury consumption. It is expected that by 2025, mainland China will contribute more than 65% to the growth of global

luxury consumption (see Figure 1.2). More data shows that China's luxury consumption has been growing steadily in recent years, and it is expected that by 2025, the Chinese domestic market will become the world's largest luxury market (Le Xuan, 2019).

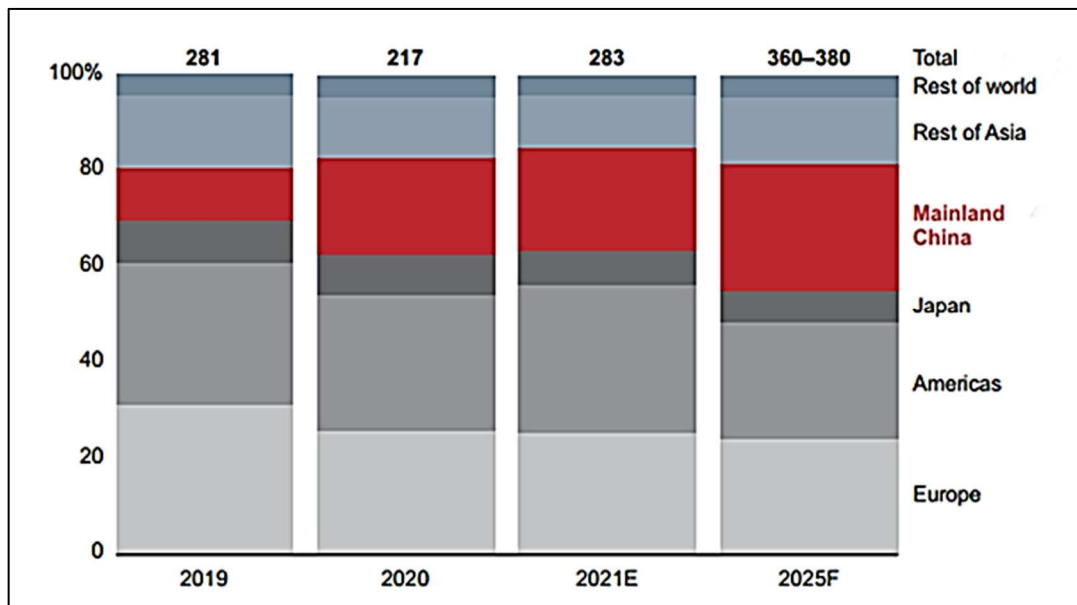


Figure 1.2 Regional Share of Personal Luxury Goods Market (% , Euro)

Source: Bain and Company (2019)

However, the reality is not as expected. In 2022, China's fashion luxury market fell 10% year-on-year, ending five consecutive years of exponential growth (see Figure 1.3). The reason for this phenomenon is related to the epidemic prevention policies implemented by the government in response to the new crown pneumonia epidemic. From 2019 to 2021, China's luxury market doubled. This is due to the government's strict border control policy, and personal luxury consumption that was originally completed overseas has been completed in mainland China. However, the government imposed a strict lockdown on most cities in the second half of 2022. It lasted until December, slowing economic and social activities and causing many stores to be idle (Bain & Company, 2023).

In the following year of 2023, the relaxation of epidemic prevention policies in mainland China, coupled with consumers' retaliatory consumption psychology, promoted the recovery of personal luxury goods market sales in the first half of the year. However, affected by factors such as insufficient consumer confidence, sales fell by 18% to 20% from 2023 to 2024 (Bain & Company, 2025b).

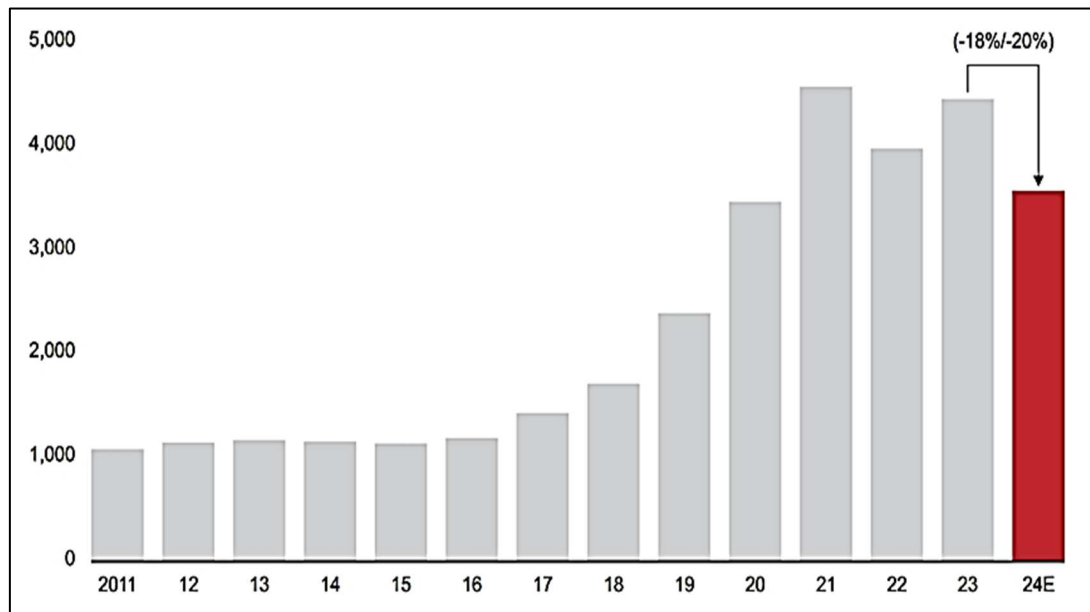


Figure 1.3 Mainland China Personal Luxury Sales (billion RMB)

Source: Bain and Company (2025b)

Putting aside macro factors, the phenomenon of low per capita luxury consumption in China still exists. Morgan Stanley pointed out in a report in January 2023 that in 2022, the total personal luxury consumption of Koreans reached 16.8 billion US dollars, an average of 325 US dollars per person, higher than the US \$280 per person, ranking first in the world. China's per capita luxury consumption is only 55 US dollars, one-sixth of South Korea. Morgan Stanley said that the United States and China are still the driving forces of the global luxury market, while China's luxury market is obviously "unpenetrated" (CNBC, 2023).

In terms of consumer age, Generation Y and Generation Z are also the main force of China's luxury consumption. Since the government implemented the "one-child policy" in 1979 to control China's population growth, each family is only allowed to have one child. Therefore, they will only experience better and better lives, and are therefore described as people who tend to be "privileged", "entitled" and "enjoy the good life" (Zeng & Hesketh, 2016). In addition, compared with Generation Z in Western countries, China's Generation Z relies more on the Internet for socializing and entertainment because they are not accompanied by brothers and sisters (Yao, 2021). According to the "Generation Z Consumption Report" jointly released by Nielsen IQ and World Data Lab, China's Generation Z accounts for 19% of China's population, about 260 million people (China Daily, 2024).

Generation Z's performance in luxury consumption is impressive. The "China Luxury Market Digital Trend Insight Report" jointly released by Tencent, China's top Internet service provider, and Boston Consulting Group (BCG) shows that nearly 50% of consumers are under 30 years old, both in terms of the proportion of luxury customer groups and customer consumption. A survey conducted by Oliver Wyman on Chinese luxury fashion consumers showed that 88% of Generation Z said they would shop online and offline. In the 2021 luxury consumption data, 38% of fashion luxury consumption contributed by China's Generation Z was completed online (Wouters & Sham, 2021). Research by Tencent and Boston Consulting Group also showed that Generation Z consumers are more inclined to buy luxury goods online than older consumers. Both reports also show that the most popular luxury category for Generation Z is fashion luxury, which mainly includes clothing and accessories (Wouters & Sham, 2021; Boston Consulting Group, 2023).

Finally, the Chinese market is different from other countries. The Chinese firewall is a government internet censorship policy that restricts the use of some of the world's most widely used social media (such as Facebook, Instagram, X and YouTube) in mainland China, but has also spawned the development of many similar social media applications (such as Xiaohongshu, Weibo, Douyin) in the mainland Chinese market (Statista, 2019; Fan, 2025). This situation forces research based on the Chinese market to take into account more localized factors.

1.3 Problem Statement

According to research data from Bain and Company (2021), 35% of consumption in the personal luxury goods industry comes from Chinese consumers. Despite its huge size, China's luxury market has experienced a rare recession (Bain & Company, 2023). The population of China's consumer market is younger than that of developed countries, and they are deeply influenced by social media and e-commerce platforms (Wang, 2017). In particular, Generation Z is a key group with strong purchasing power (BCG, 2023; Loranger & Roeraas, 2023). The total spending of Chinese Generation Z consumers in 2023 exceeded 5 trillion yuan (Liu, 2023). Bain & Company pointed out in its 2023 report that by 2030, the growth rate of fashion luxury consumption by Generation Z will be about three times that of other generations, accounting for one-third of the market share. Previous studies have focused more on millennial, but looking forward, it is necessary to pay attention to the rising consumer power of Generation Z in China.

Secondly, with the recent decline in sales and other major economic indicators of major luxury fashion brands such as Kering (which owns Gucci, Saint Laurent and Balenciaga) and LVMH (which owns 75 luxury brands) (see Figures 1.4 and figure

1.5), luxury brands have to use social media to connect with a wider and more potential consumer group (Bain & Company, 2023; Reuters, 2023). For Chinese Generation Z consumers, who are highly expected by the consumer market, UGC has been fully integrated into their daily lives. The importance of studying UGC on the behavior of Chinese Generation Z luxury consumers lies in the fact that this group's consumption decisions are highly dependent on social media (Fan, 2025). UGC (such as product reviews, unboxing videos, and outfit sharing) significantly affects Generation Z's perception of luxury brands and purchasing behavior through authenticity and emotional resonance. At the same time, UGC can help brands gain insight into the preferences of young consumers, optimize marketing strategies, and achieve low-cost and high-penetration social fission with its spontaneous dissemination effect (Basile et al., 2024). As the luxury market becomes younger, understanding the role of UGC is crucial for brands to capture the minds of Generation Z and build long-term loyalty. And because the social media used by users in mainland China is different from that of users in other mainstream luxury consumption countries, this emphasizes the importance of conducting targeted research.

Revenue				
Breakdown by segment				
<i>(in € millions)</i>	2024	2023	Reported change	Comparable change⁽¹⁾
Gucci	7,650	9,873	-23%	-21%
Yves Saint Laurent	2,881	3,179	-9%	-9%
Bottega Veneta	1,713	1,645	+4%	+6%
Other Houses	3,221	3,514	-8%	-7%
Kering Eyewear and Corporate	1,941	1,568	+24%	+8%
<i>Eliminations</i>	<i>(212)</i>	<i>(213)</i>	<i>N/A</i>	<i>N/A</i>
Revenue	17,194	19,566	-12%	-12%

⁽¹⁾ On a comparable scope and exchange rate basis. Comparable growth is defined on page 34.

Figure 1.4 Annual Revenue Comparison of the Main Brands under Kering

Source: Kering (2025)

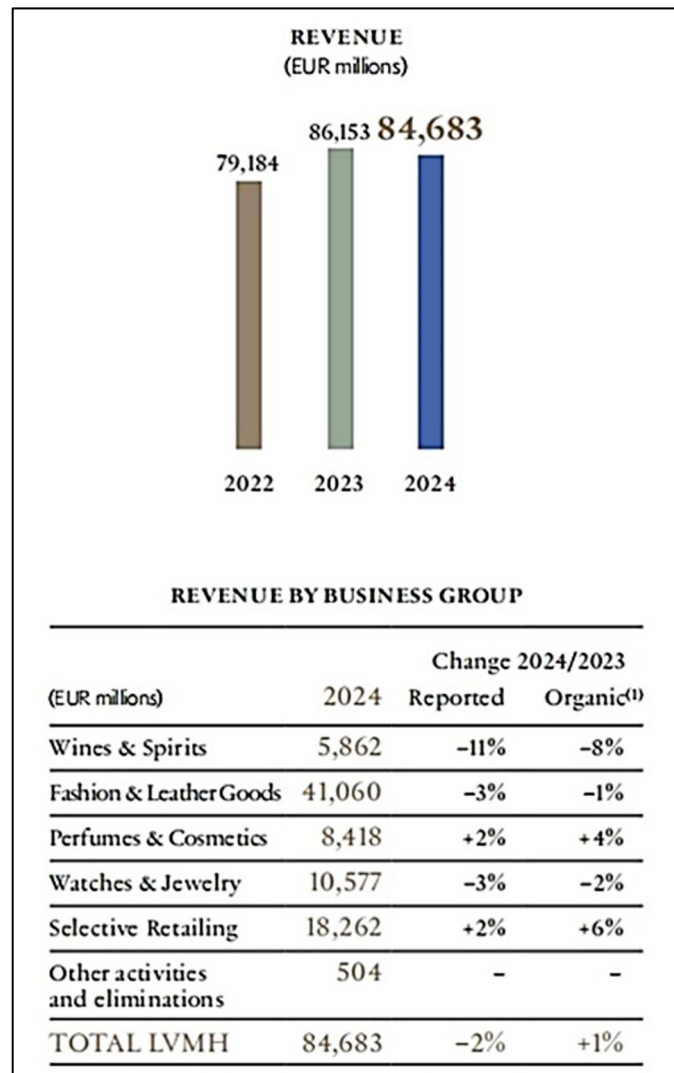


Figure 1.5 Annual Revenue Comparison of the main Brands under LVMH

Source: LVMH (2025)

Third, existing research on luxury consumption focuses on traditional aspects such as purchase intention, brand loyalty, and engagement (Mohammad et al., 2020; Vergura et al., 2020). However, this ignores the difference between the purpose of luxury consumption and general commodity consumption. Consumers often buy luxury goods not for their functional value, but more to show their wealth and status to others through the symbolic value of luxury goods (Siepmann et al., 2021). Relevant studies in recent years believe that the main motivation for luxury consumption comes from consumers' need for eye-catching self-expression, and consumers' behavior of

buying luxury goods is considered to be typical conspicuous consumption (Jiang et al., 2021; Chen et al., 2022; Le & Quy, 2020; Ma et al., 2021). China's Generation Z likes to expose their luxury consumption through UGC and then show themselves. The purpose of doing so is to show that they deserve a higher status. They imitate the lifestyle of a subjectively higher social class, thereby showing conspicuous consumption and ultimately completing a self-favorable expression (Holmqvist et al., 2020; Chen et al., 2022). However, research in related fields still lacks attention to the impact of UGC on conspicuous consumption behavior, especially on Chinese Generation Z consumers.

Fourth, previous studies on consumer behavior mainly examined the direct connection between user-generated content (UGC) and factors such as purchase intention and brand loyalty, as well as theoretical frameworks such as the Theory of Rational Behavior (TRA), the Theory of Planned Behavior (TPB), and the Technology Acceptance Model (TAM). However, as research has developed, it has become clear that these models from TRA lack additional exploration of the mechanism of how consumers respond after receiving external information (Zhang et al., 2011; Zhao, 2020). The Stimulus-Organism-Behavior-Consequence (SOBC) Theory is developed from the Stimulus-Organism-Response (S-O-R) Model and is considered to be more advanced and comprehensive. Davis and Luthans (1980) described a causal chain in which environmental stimuli (S) affect consumers' internal states (O), which in turn affect behavioral performance (B), and ultimately produce specific consequences (C). SOBC Theory holds that an individual's state and behavior are driven by the environment, and these behaviors ultimately affect the environment in turn (Dhir et al., 2021). This is very suitable for explaining the mechanism by which UGC affects Gen

Z consumer behavior, because Gen Z not only obtains luxury-related information from environmental stimuli (UGC), but also expresses themselves through UGC.

Finally, considering that Chinese society is more collectivist, consumers in this market pay more attention to the evaluation of individuals in the collective, hoping to gain recognition from other individuals through displays that are beneficial to their self-image (Li et al., 2020; Li et al., 2021). This awareness is reflected in luxury consumption, requiring them to choose products that are consistent with the image they convey. Therefore, Self-congruity is an important factor for Chinese consumers to evaluate whether products in luxury fashion-related UGC have show-off value. On the other hand, individual behavior is consciously realized through choice and self-regulation after being influenced by the environment (Davis & Luthans, 1980). In related studies, self-esteem has been shown to amplify the impact of online information on the purchase intention of Generation Z luxury consumers (Wang et al., 2022; Chen et al., 2022; Wai & Osman, 2019). Exploring the moderating role of self-esteem in the Chinese market, where social recognition and status are particularly valued, can supplement the comprehensiveness of the research from the perspective of luxury consumers' internal cognition.

This study addresses these gaps by investigating how UGC affects the conspicuous consumption and self-expression of Generation Z in the Chinese luxury fashion goods market. By applying SOBC Theory combined with Self-congruity theory, this study aims to provide more comprehensive insights from both external stimuli and consumers' internal consciousness.

1.4 Research Questions (RQ)

Based on the issues discussed in the previous section, this study develops the following research questions:

RQ1. Does the quality of UGC influence functional and emotional value?

RQ2. Does the credibility of UGC sources influence functional and emotional value?

RQ3. Does the functional and emotional value of UGC affect conspicuous consumption?

RQ4. Do the functional and emotional values of UGC effect consumers' self-congruity?

RQ5. What is the effect of self-congruity on conspicuous consumption?

RQ6. Does self-esteem moderate the relationship between UGC functional and emotional values and conspicuous consumption?

RQ7. Does consumer self-esteem moderate the relationship between self-congruity and conspicuous consumption?

RQ8. Does conspicuous consumption influence consumers' self-expression?

1.5 Research Objectives (RO)

Based on the research questions outlined above, this study aims to achieve the following objectives:

RO1. To analyze the impact of UGC quality on its functional value and emotional value.

RO2. To examine the impact of UGC source credibility on UGC functional value and emotional value.

- RO3.** To investigate the effect of UGC functional and emotional values on conspicuous consumption.
- RO4.** To evaluate the effect of UGC functional and emotional values on consumers' self-congruity.
- RO5.** To determine the influence of consumers' self-congruity on conspicuous consumption.
- RO6.** To examine the moderating role of self-esteem on the relationship between UGC values and conspicuous consumption.
- RO7.** To investigate the moderating effect of self-esteem on the relationship between consumers' self-congruity and conspicuous consumption.
- RO8.** To evaluate the impact of conspicuous consumption on consumer self-expression.

1.6 Scope of Study

This study explores the impact of UGC on the conspicuous consumption of luxury fashion products by Chinese Generation Z consumers. The survey subjects of this study are Chinese Generation Z consumers, which are defined by Francis and Hoefel (2018) as a collective term for people born between 1995 and 2010. Therefore, the survey subjects are individuals aged 18-29 with luxury consumption experience (Sun et al., 2022; Youn & Cho, 2021).

According to Oliver Wyman and Boston Consulting Group (BCG), luxury fashion clothing is the most interesting luxury fashion category for Generation Z, and luxury fashion has the largest market share in the luxury industry. Therefore, this study uses luxury fashion goods as a survey item (Wouters & Sham, 2021; Boston Consulting Group, 2023).

On the other hand, the data collection of this study was conducted in mainland China, without restricting the city where the respondents live. As mentioned in Section 1.3, the Chinese luxury fashion market presents a phenomenon of "not being penetrated". This study emphasizes the democracy and accessibility of UGC, which can reach a wider potential consumer base from the information source. Limiting the survey scope to large cities (Beijing, Shanghai, Guangzhou) where luxury fashion consumers are concentrated cannot highlight the characteristics of UGC, nor can it observe results of universal value. Therefore, this study does not limit the scope to cities in mainland China. This is in line with the logic that luxury goods use UGC to influence a large number of potential consumers.

Considering that the consumer group of Generation Z luxury fashion products is a relatively small group compared to the total population of China, this study adopts judgment sampling (also known as purposive sampling). Specifically, filter questions are set to screen out suitable samples for questionnaire filling.

1.7 Significance of Study

In terms of contribution to the existing knowledge system, this study draws on research results in related fields. On the basis of the existing theoretical framework, it combines two models and innovatively adds new variables to supplement the relevant framework and improve the knowledge system. This research opens up a more comprehensive research framework for studying the influence of UGC on consumer behavior in the context of luxury fashion. In addition, this study also provides new perspectives for market practitioners and policymakers. This paper's theoretical contributions and practical implications are discussed in detail below.

1.7.1 Theoretical Contribution

First, some important attributes of UGC itself determine the extent of its impact on consumers, which need to be studied separately. This study extends the research on user-generated content (UGC) and highlights an unexplored area: the quality of UGC and the credibility of its sources. A review of the existing literature shows that the quality and credibility of online information are important criteria that affect its value. This is consistent with Nosita and Lestari (2019)'s call for the use of new independent variables in UGC research.

Second, this study improves the depth of UGC research. At present, research on the impact of UGC on consumer behavior has gradually begun to expand from focusing on a wider range of consumers in non-segmented industries to exploring specific segmented industries (Gonzalez-Rodriguez et al., 2021; Prabhala & Bose, 2022; Advani & Gokhale, 2023). This is because consumers in different product categories have different living and consumption habits, and studying consumers in a certain segment can draw more accurate conclusions. This study focuses on the segmented market of luxury fashion brands, while narrowing the scope of research to the Chinese market. The obtained research results can fill the research gap of UGC in this specific field, which also responds to the call of Daria (2018).

Finally, this study pays more attention to the nature of luxury consumption and takes the lead in examining the impact of UGC on conspicuous consumption and consumer self-expression. Existing studies often ignore the mechanism by which consumers, as active participants in UGC processing, respond to environmental influences and make behavioral responses. This study aims to investigate the role of UGC in the consumer decision-making process, emphasizing the complexity of the

process itself. Based on the stimulus-organism-behavior-consequence (SOBC) theory, the processing process of fashion luxury-related UGC by Chinese Generation Z consumers is explained, and the mechanism by which consumers internalize, process the information received from UGC, and finally make behavioral responses is explored. In addition, based on the Self-congruity theory, SOBC is supplemented from the perspective of consumer internal cognition by exploring how self-esteem regulates the relationship between consumer Self-congruity and conspicuous consumption. A comprehensive discussion of these theories will be presented in Chapter 2.

1.7.2 Practical Significance

Consumers are both senders and receivers of UGC, which makes consumers more trustful of consumer-generated content. Studying the quality, credibility and consumer demand of UGC has important practical reference value for consumers, brands and even society.

For consumers, the large amount of user-generated content on various social media platforms often overwhelms them. This study can help them systematically realize the importance of UGC quality and credibility, and help them identify and utilize UGC information more reasonably. In addition, it helps Chinese Generation Z consumers reveal the core reasons behind luxury consumption, cultivate a more mature consumer mentality, and promote more rational purchasing decisions.

For luxury fashion brands, the most commonly used marketing strategies have shifted to online marketing and digital communication, and social media has become the mainstream marketing channel for some companies. Brand building takes place in an open-source environment, where companies strive to control all aspects of their

brands. In contrast, consumers dominate the open source field. The challenge facing brands is how to predict the attitudes and behaviors of consumers, who can freely express their opinions and share personal experiences on major online platforms at any time. This dynamic is in stark contrast to traditional brand building methods. By studying and managing the quality of user-generated content, companies can effectively navigate the social media landscape and increase brand awareness. The specific UGC factors that affect conspicuous consumption discussed in this study can help brands develop more targeted marketing plans. In addition, this study can help companies realize the importance of UGC in satisfying consumers' desire for self-expression and its impact on consumers' willingness to consume. This understanding allows them to focus on and prioritize every aspect they can improve, helping them expand their market reach, maintain customer relationships, and maximize their value proposition, thereby improving their overall competitiveness.

Finally, in China's luxury market, it is becoming increasingly important for brands to adapt well to the nuances of local culture while leveraging China's unique online ecosystem. This is especially true for Generation Z consumers who are born with social media. This study provides a more localized marketing idea for luxury fashion brands to succeed in the Chinese market. By making extensive use of UGC spread by social media, they can reach more Chinese Generation Z consumers and ignite their desire to fully express themselves through UGC-based conspicuous consumption. Taking into account the local characteristics of the Chinese market in the marketing process is a very valuable strategy. Insights into the preferences of China's Generation Z for UGC forms such as product reviews, Unboxing videos, and Outfit of the Day (OOTD) can help brands optimize their marketing strategies and achieve low-

cost and high-penetration social fission with the help of its spontaneous dissemination effect.

1.8 Definition of Key Terms

Conspicuous Consumption - the symbolic, visible and extravagant consumption of goods and services in order to demonstrate one's wealth, status and power.

Self-expression - the use of visible and conspicuous consumption of luxury goods and services as a way to outwardly communicate one's identity, social status, values and personal tastes.

User-generated content (UGC) - original content created by non-professional users on social media platforms.

UGC information quality - users' perception of information through UGC, including the relevance, accuracy, and simplicity of the information. (Cheung et al. 2009; Lee et al., 2021)

UGC source credibility - the information recipient's perception of the information source's trustworthiness, scalability and popularity. (Cheung et al. 2009; Lee et al., 2021)

Electronic word-of-mouth - is the informal communication of consumers on services, products, and other information through online platforms, which is a comprehensive content of consumers' two-way activity arrangement, including opinions, evaluations, attitudes, recommendations, and so on. (Kudeshia & Kumar, 2017).

Social media - is a tool and platform for people to share their views, perspectives, experiences and perspectives. (Richter & Koch, 2008).

Social Media Marketing - is user-focused marketing, which provides many opportunities for brand propagation and amplification, influencing online users' consumption decisions (Sun, 2013). Users are spending more and more time on social media and relying on it more and more.

Luxury - is a product of The Times, eras, and class dynamics of a particular country. It stands for high-quality goods or services with a high reputation and exclusivity in the international market. They can resonate deeply with consumers and become a symbol of ownership. (Jackson, 2004; Ko et al., 2019).

Luxury fashion - refers to high-end, quality clothing, accessories, and other fashion-related products that are characterized by craftsmanship, exclusivity, and often a strong brand reputation. Luxury fashion goods are often associated with prestige, status, elegance and sophistication (Fionda & Moore, 2009; Cabigiosu & Cabigiosu, 2020).

Functional value - the actual utility that user-created content providers to other users of that content, such as functional factors such as convenience, usability, and ease of use. (Doyle & Stern, 2006).

Emotional value - the emotional or emotional benefit that a user derives from creating, sharing or consuming user-generated content. It encompasses the feelings, connections and emotional experiences associated with UGC activities. (Maddock & Fulton, 1996)

Self-congruity - the consistency between the perceived image of a particular brand, service or product and a consumer's self-concept. (Sirgy et al., 1997).

Self-esteem – a set of psychological self-evaluations that influence self-perception and social behavior. (Pyszczynski et al., 2004).

1.9 Organization of the Remaining Chapters

Chapter 2 is a literature review, which discusses the theory and literature of user-generated content and luxury marketing. This chapter will also introduce and present the research framework and research hypotheses.

Chapter 3 is a methodology that discusses the research methods of this study, such as study design, sample and sampling, preliminary study design, experimental design and instrumentation, in-depth interview and data analysis techniques.

Chapter 4 analyzes the results of the study. First, data preprocessing, such as missing values and outliers, was performed prior to data analysis. Subsequently, the measurement model was analyzed to test the internal consistency, convergent validity and discriminant validity of the data's internal consistency, convergent validity, and discriminant validity. Finally, the direct and moderating effects of the model were analyzed by structural model using a structural model test, and the predictive ability of the model's predictive ability was evaluated. In addition, an analysis of differences between the two groups was conducted.

The last chapter summarizes the study. The findings of the study are summarized and discussed, and research implications are presented. In addition, this chapter describes the limitations of this study and makes recommendations for future development.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, the study reviews the literature relevant to the conceptual background of the nature and variables of this study. First of all, the guiding theory of this study is reviewed. Subsequently, the variables that emerge from the study are discussed and conceptualized. Finally, the chapter summarizes the gaps in the previous literature in this field, puts forward the research hypothesis, and introduces the theoretical framework according to the understanding and definition of each variable in this study.

2.2 Definition and Overview of Luxury Fashion

For centuries, the luxury sector has consistently contributed to the global economy, boasting an annual growth rate of approximately 20% (Okonkwo, 2016). By 2022, the total sales revenue of the global luxury goods industry reached 1.4 trillion euros (Bain & Company, 2022), making it an attractive area for research. However, luxury lacks a singular definition, as terms like "luxury," "luxury brand," and "luxury marketing" are absent from the American Marketing Association's dictionary (Ko et al., 2019).

Shukla et al. (2009) contends that while ordinary goods and services provide functional value, luxury goods appeal to consumers through their symbolic and experiential values, fulfilling deeper psychological needs. Mortelmans (2005) adds that luxury can serve as a symbol and is perceived differently across social strata, with each social group establishing its own standards for what constitutes luxury. That said,