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Exploring Post-Purchase Guilt: Empowering Gen Z and Millennials in China's Luxury Retail Market

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Introduction

The landscape of international luxury brands has transformed significantly due to the rapid development of emerging markets, particularly China, and new trends in luxury consumption (Bai et al., 2018; Atkinson & Kang, 2022; Wang, 2022). Additionally, changes in ownership forms (Kumar, 2024) and broader demographic appeal beyond the upper class and older generations (Al-Issa et al., 2024; Ye & Kim, 2024) have contributed to this shift.

Luxury brands often implement cause-related marketing (CrM) to attract more customers, enhance consumer loyalty, and elevate brand image and perceived value. This strategy exploits consumers' perceptions of altruism and philanthropy (Silva et al., 2020). CrM is effective in the luxury sector as consumer values influence attitudes towards sustainable luxury brands (Aggawal et al., 2024), and it encourages materialists to act prosocially (Kim et al., 2022b). However, CrM in luxury has generated skepticism among young generations due to the perceived paradox between luxury and fairness (Thomas et al., 2024).

Despite CrM's effectiveness as a sales promotion tool (Ferraris et al., 2020; Schamp et al., 2024), there is limited research on its impact on purchase intention in the luxury retail industry, especially among younger generations in China. Emotional states, such as guilt, influence purchase intentions, with marketers using guilt to stimulate ethical consumption (Bagozzi et al., 2016; Silva & Martins, 2017; Escadas et al., 2019). The anticipated level of guilt can vary based on product labeling (Lyons et al., 2019), yet the influence of guilt in CrM campaigns in luxury retail remains underexplored, particularly for younger consumers.

This study aims to analyze the effectiveness of CrM campaigns in influencing the purchase intentions of Millennials and Gen Z in the Chinese luxury market and the relationship between CrM campaigns and guilt. Previous research highlights the importance of CrM in preventing post-purchase guilt, particularly financial guilt (Silva & Martins, 2017). Understanding these dynamics can provide

valuable insights for luxury brands to engage younger generations effectively, aligning with contemporary trends (Ye & Kim, 2024).

Cause-Related Marketing in Luxury Brands and Post-Purchase Guilt

Cause-Related Marketing in Luxury Brands

Cause-related marketing (CrM) involves companies donating a portion of sales to non-profit organizations. This strategy not only boosts sales (Schamp et al., 2024) but also enhances consumer brand perception and engagement (Pereira et al., 2024). The effectiveness of CrM depends on factors like consumer-cause identification and brand-cause fit (Silva et al., 2020), as well as personality traits such as agreeableness and openness (Patel et al., 2024). Despite its benefits, luxury brands' use of CrM can generate skepticism among consumers who view the connection between luxury and altruism as paradoxical (Kim et al., 2022a; Thomas et al., 2024). Nevertheless, CrM can nudge materialistic consumers towards prosocial behavior (Kim et al., 2022b), enhancing perceived value and consumer engagement, particularly for emotional luxury brands (Pereira et al., 2024).

2.2 Post-Purchase Guilt

Guilt, rooted in personal values and societal norms, can be a state or a trait. As a state, it reflects a person's feeling of having violated moral standards; as a trait, it refers to a predisposition to experience guilt (Dedeoğlu and Kazançoğlu, 2010). Post-purchase guilt occurs when consumers feel they have violated ethical standards through their purchases (Silva et al., 2020). Individuals prone to guilt are likely to experience stronger feelings of guilt in such situations. Martins et al. (2024) identified five dimensions of consumer guilt proneness: health, extravagance, social influence, misevaluation, and ethics/sustainability guilt.

2.3 Conceptual model

The conceptual model includes the following hypotheses:

H1: Buying a luxury (and more expensive) brand fashion item generates higher levels of post-purchase guilt than buying a similar item from a non-luxury (much cheaper) brand.

H2: The inclusion of a cause-related marketing (CrM) campaign reduces the levels of post-purchase guilt associated with a purchase.

H3: The negative impact of CrM inclusion on post-purchase guilt is stronger for a luxury brand product than for a comparable product from a non-luxury brand (interaction effect).

Discussion and Findings

Literature indicates a negative correlation between post-purchase guilt and purchase intention (Escadas et al., 2019; Ki et al., 2017, Silva et al., 2020). Since luxury brands are associated with higher prices for functionally similar products, their purchase may induce more guilt. Identifying factors that reduce post-purchase guilt is crucial to mitigating its negative effects. This study, focusing on younger generations in the Chinese retail market, supports the hypothesis that purchasing luxury brand products generates more intense guilt than cheaper products. Consistent with previous research, CrM campaigns can mitigate guilt associated with purchases. Contrary to expectations, this mitigation effect was similar for both luxury and non-luxury brands, possibly because the product

used (a phone case) was non-essential and the lower-priced case wasn't perceived as truly affordable.

These findings contribute to consumer behavior literature and provide insights for marketers targeting younger consumers in the Chinese luxury retail industry. Luxury brands should address guilt-related concerns by improving product transparency, offering sustainable products, promoting ethical practices, and emphasizing long-term value. CrM campaigns can effectively mitigate guilt for both luxury and non-luxury brands.

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