Have they changed after moving aboard?

European-Chinese consumer values and attitudes towards luxury-brand consumption

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Abstract:

The purpose of this study is to explore the values and attitudes of European-Chinese consumers towards luxury-brand consumption. Twenty-two in-depth interviews were carried out with Chinese origin living in France (n=11) and Germany (n=11). Based on the analysis of qualitative data, two attitudinal dimensions "Social orientation vs. Personal orientation" and "Independence vs. Interdependence" have emerged. Accordingly, four different consumer segments can be identified: "Indulgence", "Conformism", "Snobbism" and "Follower/pragmatism". The influencing factors of the segmentation as well as the effects of acculturation are also discussed.

Key words: Luxury-brand consumption, values, attitudes, segmentation, acculturation

INTRODUCTION

Why is there always a long queue in front of newly opened luxury-brand stores in China? Why have sales at the luxury goods exhibition "Top Show" in Shenzhen in January 2009 reached 300 million Yuan (about 30 million euro[1]) within 3 days, even during the economic crisis?[2]

Chinese consumers' continuous high fever (Frank, 2000; Chadha and Husband, 2006) towards luxury draws an increasing number of researches focusing on the Chinese luxury market (e.g., Lu, 2004/2005; TNS China, 2007[3]). Compared with western consumers, the luxury goods consumption of Chinese consumers should be more socially oriented: their luxury possessions tend to represent their positions in the social hierarchy, which is crucial in Confucian societies (Wong and Ahuvia, 1998). Simultaneously, after the relaxation of market restriction, new ideologies "pursuit of wealth and success" have emerged, thus impacting Chinese traditional values such as "frugality" and "modesty" (Lu, 2005). Culture, as a key factor in luxury goods consumption in Europe (Dubois and Duquesne, 1993), seems to play an important role in China as well.

As a result of globalization, more and more Chinese people have now lived, studied or worked in foreign countries. Recent researches suggest that acculturation impacts on consumers' behavioral changes (Oswald, 1999; Maldonado and Tansuhaj, 1999; Dato-on, 2000; Askegarrd et al., 2005; Darpy and Silhouette-Dercourt, 2008; Jolibert and Benabdallah, 2009). Studies have investigated, in particular, the specific consumption behaviors of Chinese immigrants (Gentry et al., 1995; Quester et al., 2001). However, very little research has linked cultural change to luxury-brand consumption. Ger et al. (1993) and Dawson and Bamossy (1991) have studied the change of materialism level during cultural assimilation, but these two studies present rather contradictory results. More studies are therefore needed in this field (Dato-on, 2000). The aim of this paper is to better understand how overseas experiences could influence the attitudes and behaviors of Chinese consumers towards luxury-brand consumption.

In order to answer this question, we explored the consumption values and behaviors of

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[1] According to rate of change of Bank of China on 19 August 2008, 1 euro≈10.02 Yuan.
[2] 4 January 2009, Information Times.
[3] 2007, "The changing face of luxury", TNS China.

European-Chinese luxury consumers. Twenty-two in-depth interviews were conducted with people of Chinese origin living in France (n=11) and Germany (n=11). Based on the analysis of qualitative data, a segmentation of European-Chinese luxury-brand consumers is proposed, the influencing factors are identified, the effects of acculturation are also pointed out. Finally, we discuss the limitations of the study, the agenda for future research and managerial implications in terms of both European-Chinese luxury consumer market as well as the luxury consumer market in mainland China.
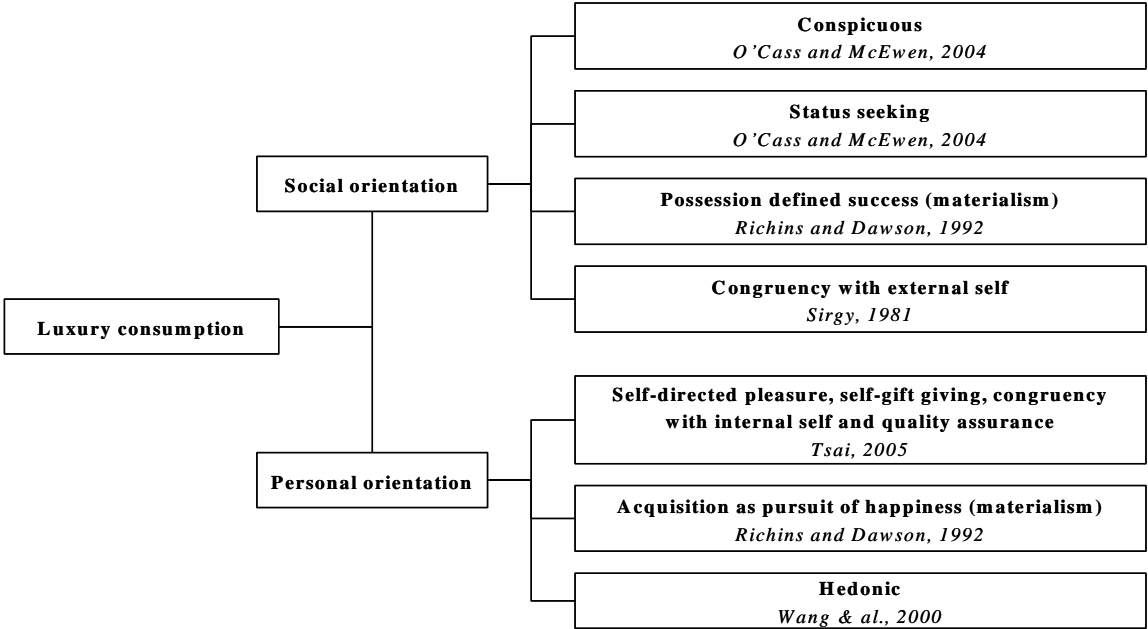
CONCEPTUAL FRAMEWORK

- **Luxury consumption**

What is luxury? Is it about being conspicuous, as Veblen (1994/1899) pointed out? Or, is it also related to social class reproduction of tastes, as Bourdieu (1984) suggested? Whereas sociologists and economists have been centered on the explanation and definition of luxury, marketing scholars have mainly focused on consumer perceptions and attitudes towards luxury brands and luxury-brand consumption (Dubois and Paternault, 1995; Roux and Floch, 1996; Kapferer, 1997/1998; De Barnier et al., 2000; Dubois et al., 2001; Vickers and Renan, 2003; Lipovetsky and Roux, 2003; Nyeck and Roux, 2003; Vigneron and Johnson, 1999/2004; Tsai, 2005). Based on the two facets of luxury "anti-economy vs. poly-sensuality" (Roux and Floch, 1996), Vigneron and Johnson (2004) added two components: "personal vs. non personal", thus making the concept of luxury more understandable and measurable. According to Dubois et al. (2001), whose study covered twenty geographic areas, luxury can be defined as a combination of six facets: 1-Excellent quality, 2-Very high price, 3-Scarcity and Uniqueness, 4-Aesthetics and Poly-sensuality, 5-Ancestral heritage and Personal history, and 6-Superfluousness. These six facets were often re-tested in further cross cultural comparative studies (De Barnier et al., 2000; Nyeck and Roux, 2003). Recently, a multidimensional framework of consumers' perceived luxury value has been proposed, which includes social, individual, functional and financial aspects (Wiedmann et al., 2009).

For most consumers, luxury goods are expensive, scarce and useless. But why they still want to buy them? The "Veblen effect" theory (1994/1899) suggests that people consume

luxury goods to flaunt their wealth. At the same time, luxury purchase also enhances one's status or social prestige, and can therefore be qualified as "status consumption" (Eastman et al., 1999). In the study by Vickers and Renan (2003), the dimensions "symbolic interactionism" and "experientialism" differentiate luxury goods from non-luxury ones. They also pointed out that consumption of luxury goods is not only dependent on social cues such as conspicuous and status consumption, but is also dependent on personal and individual cues such as hedonic motives and the need for sensory pleasure. While much previous research focused on the socially oriented type of luxury goods consumption (e.g., Corneo and Jeanne, 1997; O'Cass and Frost, 2002; O'Cass and McEwen, 2004), more researchers have recently incorporated the personal orientation of consumption into their studies (Vigneron and Johnson, 2004). In 2005, Tsai empirically showed that the personal orientation trend of luxury-brand consumption is becoming an increasing international phenomenon.

To conclude, we propose a framework of the two components of luxury consumption: "social orientation" and "personal orientation". The concepts and measurements associated with these two components are also presented (Figure 1).

Figure 1: Related concepts and measurements of luxury consumption

Within this framework, we integrated the concept of materialism as well, which is also

considered to be connected with luxury consumption (Wong and Ahuvia, 1998; Eastman et al., 1999). In Richins and Dawson's (1992) original three-component measurement of materialism, the subcomponent "acquisition as pursuit of happiness" was found to have a stronger relationship with the internal elements of consumer well-being (Chang and Arkin, 2002). In contrast, the subcomponent "possession defined success" seems to be associated with the elements which involve an external focus (Wong and Ahuvia, 1998; Chang and Arkin, 2002). Therefore, we categorized these two subcomponents respectively as "personal orientation" and "social orientation". We did not include the third subcomponent "acquisition centrality", since it only explains the overall level of one's materialism, but not the underlying motivational tendency (Chang and Arkin, 2002).

● **Cultural capital, culture and acculturation**

If people consume luxury goods either socially or personally, what factors could influence or determine their consumption modes and behaviors?

According to Dubois and Duquesne (1993), "income" and "culture" effectively segment the European luxury good consumers – people with higher income and more positive attitudes towards cultural change are purchasing more luxury goods. In another study, "Culture" is interpreted as educational capital: following income, education is the second explanatory factor of luxury-brand consumption in Europe (Dubois and Laurent, 1993). "Income" and "education" can also be considered as part of economic capital and cultural capital. Veblen (1994/1899) argued that the consumption of luxury objects can signal differences in the economic capital of consumers. As for cultural capital, Bourdieu (1984) said that it is composed of a set of socially rare and distinctive tastes, skills, knowledge and practices, which secures positions of status in the social hierarchy by exercising a mark of distinction. Economic capital insures buying capacity; cultural capital indicates a taste for choosing specific luxury items. However, economic capital does not necessarily overlap with cultural capital, since wealthy and less educated Chinese people show a very limited comprehension of luxury (Mo and Roux, 2009).

Culture itself is also embodied in one's cultural capital. In a survey covering 20 countries,

Dubois et al. (2001) found that the countries sharing a protestant religious orientation (Denmark, New Zealand, Holland, Norway) have the more democratic attitudes towards luxury, while the catholic countries (France, Poland, Hungry) are closer to the ideology of "Elitism". According to De Barnier et al. (2000), people from different countries have their own preferences towards luxury: the French are attracted by Conspicuousness, the British are more sensitive to Luxury Atmospherics and the Russian pay more attention to Uniqueness. Wong and Ahuvia (1998) also discussed the consumption behavioral differences of luxury goods between the independent westerners and interdependent Confucian easterners. Contrary to the "self" focused consumption orientation of western consumers, Confucian eastern consumers are considered more likely to be influenced by external opinions and social norms, hence the luxury products that they consume should be more publicly visible to symbolize and communicate their positions in social hierarchy.

Meanwhile, globalization is speeding up, so consumer culture is spreading from West to the rest of the world (Featherstone, 1990; Belk, 1995). In China, the coexistence of traditional values and modern western values is evident (Yang, 1989; Zhang and Shavitt, 2003; Zhou and Belk, 2004). This causes the ambivalent attitudes of Chinese elite class towards luxury goods consumption: struggling between "to be frugal as before" and "to be affluent as the trend of the modern time" (Lu, 2004/2005).

So far, most of the research has focused on cross-cultural comparisons, but how would people change when they move to a new country and a new culture? This phenomenon called acculturation is defined by anthropologists (Redfield et al., 1936) as "those phenomena which result when groups of individuals having different cultures come into continuous first-hand contact with subsequent changes in the original culture patterns of either or both groups". Berry et al. (1989) has summarized the acculturation process in four types: Integration, Separation, Assimilation and Marginalization. Due to the limitations of this four-type framework (Jolibert and Benabdallah, 2009), researchers concentrate more on the phenomenon "Assimilation" (Lee and Tse, 1994; Dato-on, 2000; Jolibert and Benabdallah, 2009), which assumes that "a strengthening of one's ethnic identity requires the weakening of another" (Quester et al., 2001). Peñaloza (1994) also defined "consumer acculturation" as "the general process of movement and adaptation to the consumer cultural environment in one

country by per from another country". Acculturation actually reveals changes in attitudes, values, or behaviors that consumers manifest when they move to another host culture (Lee, 1989). When more and more Chinese people move abroad for career or educational advancement, they are more or less acculturated by the host culture in terms of attitudes (Gentry et al., 1995) and general consumption behaviors (Quester et al., 2001).

However, Chinese immigrants' attitudes and behaviors towards luxury brand consumption have never been studied. Especially, when those Confucian easterners meet western culture, what would happen?

METHOD

A qualitative method was chosen to better identify the effect and outcomes of consumer acculturation.

Twenty-two in-depth interviews (see Appendix 1 "respondent profile") were conducted with people of Chinese origin living in France (n=11) and Germany (n=11). France and Germany were chosen because they represent typical European cultures, and each of these two countries has its distinctive cultural characteristics.

All the respondents were selected by "culture" and "income" criteria (rich: monthly income above € 8,000[4]; educated: at least a bachelor's degree), hence, three groups of consumers were studied: -the rich and educated (n=8), -the rich and less educated (n=6), and -the less rich and educated (n=8). The participants were all aged from 24 to 46 (twelve were below 35 years of age), half male and half female, living in Europe, for at least two years (fifteen have been living in Europe for over five years).

In the interviews, we began with several demographic questions to warm up, then explored respondents' general perceptions towards luxury. We then probed further into their latest and first luxury bra"nd purchase experiences (the first purchase usually occurred when they were in China, if not, we probed one of their purchase experiences in China), allowing them to compare the two purchases. After that, we asked directly their perceived difference between their previous purchases in China and current purchases in Europe, as well as the

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[4] €8,000 is nearly 6 times more than the average level, which is €1,355 in France and €1,454 in Germany (Source: United Bank of Switzerland, 2007).

different consumption patterns that they perceived between Chinese and westerners.

Each interview lasted about one hour. All interviews were conducted in Chinese and recorded. The interview records were then transcribed into Chinese, followed by their translation into English.

For the analysis, there were two main steps involved. First, we analyzed the data with thematic content analysis in order to generate the major themes and dimensions. Second, we performed lexical analysis followed by correspondence analysis based on lexicons and segmentation variables in order to respectively quantify the dimensions, as well as to identify the associations between these variables.

RESULTS

● **Perceptions towards luxury**

Respondent definitions of luxury involved all six luxury dimensions proposed by Dubois et al. (2001). Two of them, -Very high price (26%) and -Excellent quality (17%) were mentioned relatively more frequently than the other four aspects (-Scarcity and Uniqueness: 13%, -Aesthetics and Poly-sensuality: 13%, -Ancestral heritage and Personal history: 9%, -Superfluousness: 9%).

The seventh dimension "Famous brand" emerged with the relatively high frequency of 13%. Earlier studies already found that (Lu, 2004; Mo and Roux, 2009) brand awareness is an important driver to luxury goods consumption in China, which reflects the interdependent tendency of Chinese luxury consumers. It seems that these European-Chinese respondents still regard "famous" as an important component of luxury. Meanwhile, we also noticed that, the respondents who have lived in Europe for fewer than five years mentioned "famous" significantly more (11 vs. 4, Chi-square=10.8, *p*=0.001) than those who have been staying in Europe more than five years. Some researchers have employed five years as the criteria to select more acculturated consumers (Darpy and Silhouette-Dercourt, 2008), and there is a strong relationship between the time in a new culture and assimilation into this culture (e.g., Wallendorf and Reilly, 1983; McCracken, 1986). Therefore, to some extent, our results indicated that *acculturation could influence consumer perceptions towards luxury.*

Luxury is actually an imported concept with ambiguous meaning in the Chinese

language. "Luxury goods" are often confused with "foreign brands" in China (Tsai, 2008). In our study, respondents employed other words instead of "luxury" when they narrated their luxury purchases. We selected the words that they used to express "luxury" in the original Chinese text and counted these word frequencies (Table 1). "Luxury" was the most frequently mentioned word (49%), followed by "branded (product)" (21%), "good brand" (10%), "famous brand" (6%), "LV" (6%) and "big brand" (4%). Respondents used very rich vocabulary, even luxury brand names (LV, Hermès, Porsche etc., Table 1) to convey luxury, which could reveal that "luxury" is still an unfamiliar word to them.

> *"...In China, everybody has it (luxury item). But here (in Germany), seldom people own a LV..." (3, Ping)*
>
> *"...After having purchased several luxury items, my consumption level raised – I only want good brands now, I even don't look at the less good things any more..."(4, Sijia)*
>
> *"...I am still a student, it's really not necessary for me to wear these big brands. It's often those people who need to be verified by others wear the big brands..." (18, Keke)*

We also observed that less educated people used "luxury" much less frequently than educated people (27% vs. 52% and 59%, Table 1). Since all the respondents were almost equally repetitive (average repetition from the lowest value 1.6 to the highest value 2.57), there will be no bias if we examine the frequency difference. Based on the Chi-square test, less educated people mentioned "luxury" significantly fewer times (Chi-square=27.886, p=0.000) than those who have a higher education background. Instead of mentioning "luxury", less educated consumers often employed a quite simple word "branded (product)" (54%). In addition, the richness of the vocabulary of these less educated people was also poorer than that of educated people (totally mentioned words about luxury: 85 vs. 202 and 138, Table 1). It seems that consumer's educational capital may also affect their perceptions of luxury.

> *Interviewer: What is your definition of luxury goods?*
>
> *Informant: "I don't understand what you mean. Luxury?"...*
>
> *Interviewer: Luxury goods, for example, those brands like LV, Chanel...*
>
> *Informant: "Oh, I know, the branded products!" (12, Lao)*

		Total		Educated and less rich		Less educated and rich		Educated and rich	
Original verbatim	Translated verbatim	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
奢侈品	Luxury good	209	49%	105	52%	23	27%	81	59%
品牌（的）	Branded (product)	91	21%	30	15%	46	54%	15	11%
好牌子	Good brand	41	10%	17	8%	7	8%	17	12%
名牌	Famous brand	24	6%	16	8%	4	5%	4	3%
LV	LV	24	6%	19	9%	0	0%	5	4%
大牌	Big brand	18	4%	9	4%	0	0%	9	7%
世界顶级品牌	World top brand	4	1%	0	0%	1	1%	3	2%
Hermes	Hermes	3	1%	3	1%	0	0%	0	0%
Porsche	Porsche	2	0%	0	0%	1	1%	1	1%
拿的出手的品牌	Brand that can gain face	1	0%	0	0%	1	1%	0	0%
大家认可的品牌	Well recogonized brand	1	0%	1	0%	0	0%	0	0%
太夸张的品牌	Too exaggerated	1	0%	0	0%	0	0%	1	1%
高档品牌	Upscale brand	1	0%	0	0%	0	0%	1	1%
经典品牌	Classic brand	1	0%	1	0%	0	0%	0	0%
Rolex	Rolex	1	0%	0	0%	1	1%	0	0%
BMW	BMW	1	0%	1	0%	0	0%	0	0%
Lamborghini	Lamborghini	1	0%	0	0%	1	1%	0	0%
Armani	Armani	1	0%	0	0%	0	0%	1	1%
Total	Total	425	100%	202	100%	85	100%	138	100%

Table 1: The words that respondents used to express "luxury"

- **Consumption values: changes along with acculturation**

Values are defined by Schwartz and Bilsky (1987) as "desirable trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity." When living in a foreign country, people need to confront the different environment and the change of values (Lee, 1989).

After arriving in Europe, our respondents sooner or later perceived the differences between Chinese and European consumption styles of luxury goods (Table 2).

Perceived Chinese consumption style		Frequency	Perceived European consumption style		Frequency
Showing off	*"…Most of Chinese luxury purchasers don't care about the functional benefits. For example, if they purchase cuff buttons, they will not use them as buttons, but as a sign of owning famous brands…"* (19, Xiaoyu)	18	Low-key	*"…There are so many rich people in France, but you cannot even recognize them…"* (13, Dong)	7
High brand consciousness	*"…The gifts to relatives must be well-known brands. To Chinese people, giving luxury good as gift is having face…"* (5, Juan)	16	Low brand consciousness	*"…In Europe, seldom people discuss brand. Opposite to it, in China, People concern a lot the famous degree of brand…"* (2, Wei)	10
Status consumption (9)/ luxury goods defined success (2)	*"…Chinese people take luxury brands as symbols of one's status and image. They purchase luxury brands for showing off their wealth…"* (9, Zhong) *"…in China, people believe that brands are related to social status and success. If one person wears famous brand watch, drives famous brand car, carries famous brand bag, that means, he s quite successful.."*(1, Du)	14	Personal oriented consumption	*"…Westerners are more rational and uneasy to be influenced by others. They just care about their own feeling…"* (7, Tian)	11
Irrational	*"…some young girls, they save money a whole year, just for a LV bag…"* (17, Caohui)	7	Rational	*"…In Europe, the luxury consumption level is more depending on their income level. Rich people purchase high end product, poor people purchase low end product…"* (14, Fang)	9

Table 2: Perceived differences between Chinese and European consumption styles of luxury goods

Congruent with the assumptions made by Wong and Ahuvia (1998), Chinese consumption style of luxury goods which is influenced by Confucian values, appears to be more conspicuous, socially oriented and brand-conscious than the European style. Chinese consumers even behave more irrationally in luxury purchase because luxury brands are something "must to have" for them to reinforce their social status. And especially for those relatively less rich consumers who need luxury items to label themselves as successful people.

"…I thought that I must to have luxury brands such as LV, Chanel, I felt that a successful girl has to prove her financial independence. Being influenced by the social trend, I felt that if a person has famous brands watch, bag and car, this person would be successful; it would be a big failure if one cannot even afford a LV…."(1, Du)

"…the watch I wear right now is of a famous brand in China. Because every time when I return to China and I have dinner with friends, they always asked me about my watch. Even someone showed off his expensive watch on purpose. In this situation, I will choose well recognized brand, because I don't like to feel that others regard me as nobody…"(20, Gan)

These great differences in terms of consumption styles, or in other words, in terms of consumption values, impacted the new immigrants. They felt necessary to adjust their

attitudes and behaviors to be in accordance with the majority, since they all declared that they have changed, more or less, to fit in to the new society (Table 3).

	Verbatim	Frequency
More personally oriented	"...Consumption is not for impressing others, but for myself. Now I choose the brand that I like. But before, I was just following the social trend, because I desired to be accepted by higher class..." (2, Wei)	7
More low-key	"...Before, my dress should reflect my image and status immediately...Comparatively, now, I don't show off in Germany. I pursued the most fashionable brands when I was in China, everything I did must be outstanding beyond the average..." (8, Shudu)	6
More rational / practical	"...I am low-key, I don't like to show off. I don't like to use very popular luxury goods. I would like to let myself feel comfortable, don't be glaring, but practical. .." (22, Jiang)	7
More selective – pursuing uniqueness, refinement	"...Brand is no longer that important to me, I am more concerning whether the brand can stand out my own character..." (2, Wei) "...I liked Mercedes before, while not now. In fact, Mercedes is a luxury car, but Farrari, Lamborghini represent a superior quality. From then on, I only desire these top cars. Mercedes also has high end series, but it does not change the nature of the brand..." (7, Tian)	7
Purchase more	"...Here is a paradise for luxury-brand fans. Brands like Disel, Energie, I have never heard of them when I was in China. I purchase more here..." (15, Liang)	4

Table 3: Perceived changes after moving to Europe

They behave more similarly to their perceived European style: more personally oriented, more low-key, more rational and practical. Research finds that people avoid choosing products associated with a dissociative reference group in order to present a positive self-image to others (White and Dahl, 2006). As new members in a foreign culture, our respondents seem to care very much about their brand choices, they just want to be safe, because they do not want to be regarded as strangers.

"…I frequently purchase Tommy, Polo, except their good qualities, their design is more acceptable, I mean, they will not be very exaggerated, but safe. For me, as a foreigner, I want to play it safe; I will wear properly, which can be accepted by others. I don't want to hear from others that my taste is so bizarre…" (17, Caohui)

"...I spent all my money on luxury purchase before. But now, spending 20-30% of my income on luxury goods is already my limit. The cultural environment is an important reason. If people around me don't have luxury goods, I don't like to own either, because I don't want to keep distance with them…" (3, Ping)

Some respondents also reported that luxury brands have been more accessible in Europe (more brands, more channels to purchase, more brand information etc.). Hence, they became more selective on purchase, and even purchase more than before.

Yet, their consumption values have not been totally changed. Instead, they are more *a mix of western values and Chinese traditional values*. As one respondent who has been living in Germany for nine years reported:

> *"...I'm now in the middle of western and eastern consumption values: I will not choose a very famous brand to let everybody know, but also one which could be recognized by others..." (3, Ping)*

Furthermore, what are the influences that these mix consumption values could have on their luxury-brand consumption? To answer this question, we analyzed these European-Chinese consumer attitudes and behaviors towards luxury brands.

● **Attitudinal dimensions and segmentation**

Based on the content analysis, attitudinal dimensions *"Social orientation vs. Personal orientation" and "Independence vs. Interdependence"* were generated, which could be the most relevant dimensions for the segmentation of European-Chinese luxury goods consumers.

The first dimension "Social orientation vs. Personal orientation" is obtained according to the conceptual framework established by the literature. The second dimension "Independence vs. Interdependence" has been employed as the research key in several cross-cultural studies to identify western and eastern cultural differences (Bond, 1988; Cheng and Schweitzer, 1996; Wong and Ahuvia, 1998; Lu, 2004; Cui et al., 2008).

We then quantified these dimensions by selecting discriminating words significantly different from others[5], which yielded 45 chosen words. These words are either directly or indirectly associated with a particular dimension. For example, "social" and "status" are linked to social orientation, but "taste" is not directly connected unless consumer good taste in luxury could be admired by others.

> *"...It was admired by one who has same taste as me. It makes me happy again. With the*

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[5] We compared the frequency of words by groups and by individuals, checked the significance value of Chi-square. We filtered the words which have ambiguous meaning.

recognition for my taste ..." (4, Sijia)

By means of correspondence analysis based on lexicons, these words were then projected with respondent ID onto a two-dimension coordinate plan. Four segments of luxury consumers emerged with 25% of explained variance (Axis 1: 12.88%, Axis 2: 12.11%, Figure 2).
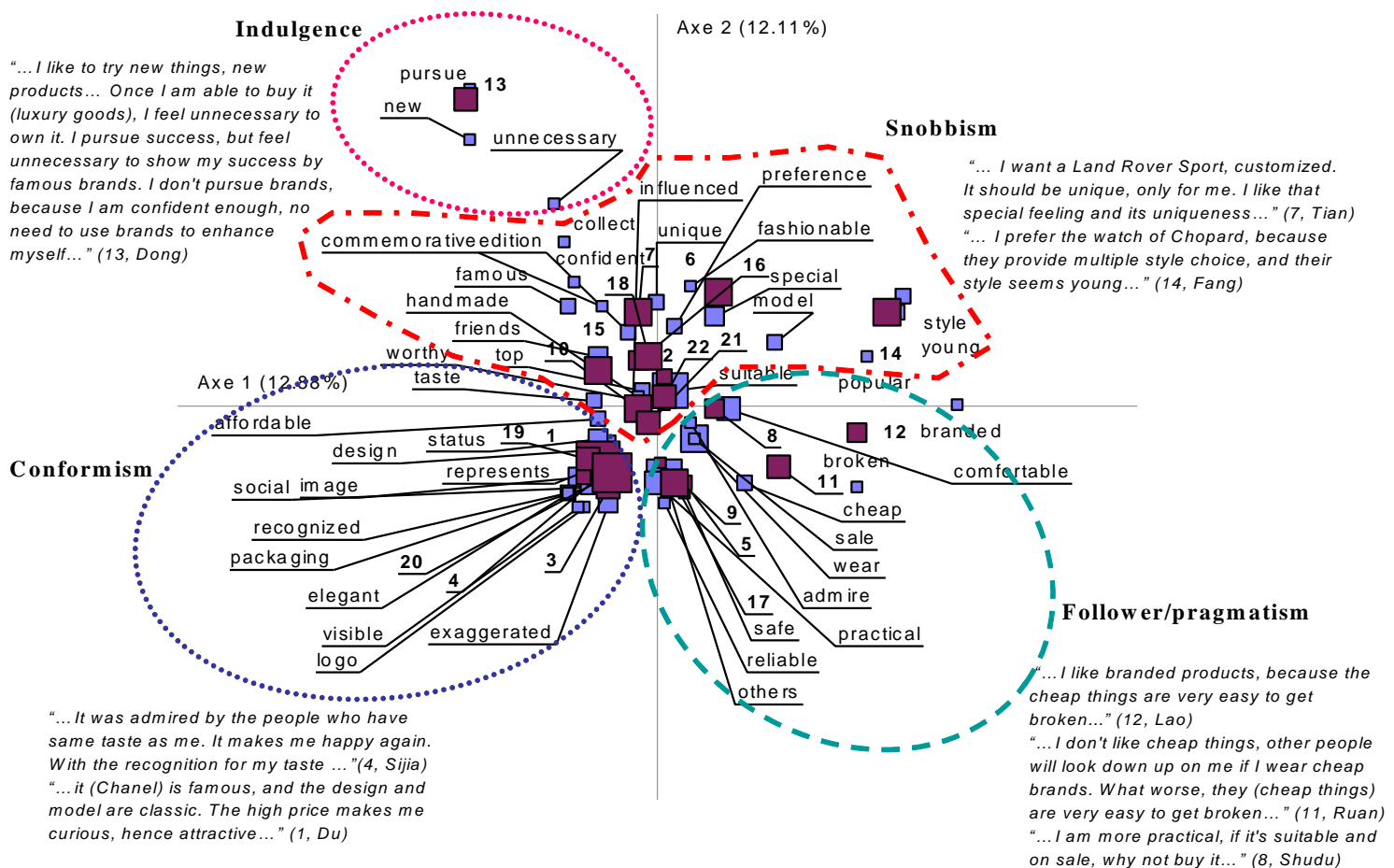

Respondent name: 1=Du, 2=Wei, 3=Ping, 4=Sijia, 5=Juan, 6=Xiaonan, 7=Tian, 8=Shudu, 9=Zhong, 10=Sunjian, 11=Ruan, 12=Lao, 13=Dong, 14=Fang, 15=Liang, 16=Yuli, 17=Caohui, 18=Keke, 19=Xiaoyu, 20=Gan, 21=Hui, 22=Jiang

Figure 2: The four segments of European-Chinese luxury-brand consumers

(correspondence analysis based on lexicons)

We propose to name these four consumer segments as *"Conformism", "Snobbism", "Indulgence"* and *"Follower/pragmatism"* according to their relationships with the two attitudinal dimensions (Figure 3). The consumers were labelled "Conformism" and "Snobbism" as their behaviors were congruent with the concept proposed by Corneo and

Jeanne (1997). These consumers desire to affirm their social status by purchasing luxury products. However, the "Snobbism" group could behave more independently, pursuing unique and rare products to accent their individual character *(Respondents: 2 Wei, 6 Xiaonan, 7 Tian, 10 Sunjian, 14 Fang, 15 Liang, 16 Yuli, 18 Keke, 21 Hui and 22 Jiang).* The "Conformism" group appears more interdependent, desiring to be recognized and verified by others *(Respondents: 1 Du, 3 Ping, 4 Sijia, 19 Xiaoyu and 20 Gan).* The "Indulgence" consumers seem drawn to seek new things and hedonism. They even feel *"confident enough"* and *"unnecessary to show success by famous brands" (Respondent: 13 Dong)*, hence they are more concerned with personal enjoyment in luxury consumption. The "Followers/pragmatists" *(Respondents: 5 Juan, 8 Shudu, 9 Zhong, 11 Ruan, 12 Lao and 17 Caohui)* could be more easily influenced by others and tend to purchase luxury goods for their excellent quality.
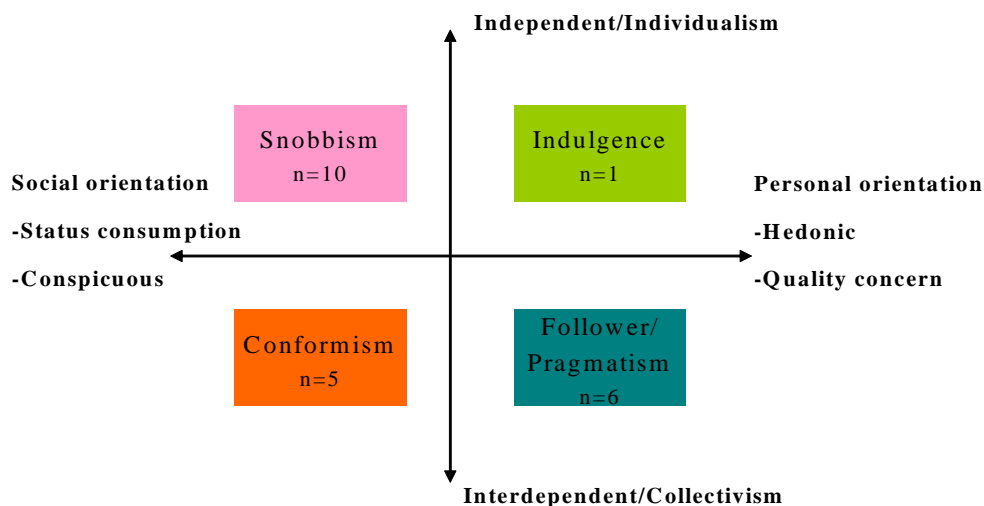
Figure 3: The segmentation of European-Chinese luxury-brand consumers

In this segmentation, we observed that consumers had both the Chinese consumption style (interdependent, social orientation) and European consumption patterns (independent, personal orientation). In that way, does acculturation influence the most the segmentation? Are there any other variables that play a role as well?

● **Effects of acculturation**

We employed a cross-table analysis to examine the relationship between the four

segments and the possible differentiating factors. Income was found to be significantly linked to segmentation (Table 4). Most of the less rich consumers (5 out of 8) fell within the "Conformism" segment, while the rich consumers were all distributed in the other three segments (14 rich consumers in total; 8 in "Snobbism", 5 in "Follower/pragmatism", 1 in "Indulgence"). It seems that less rich people are more likely to behave as the conformists, since they desire to be recognized interpersonally. Education also has a relationship with this segmentation (Table 4). Educated consumers were spread almost equally to every segment (5 in "Conformism", 7 in "Snobbism", 4 in "Follower/pragmatism"[6]), however the less educated people did not fall in "Conformism" segment at all (0 in "Conformism", 3 in "Snobbism", 2 in "Follower/pragmatism"). Gender and Years in Europe have no relationship with the proposed segmentation (Table 4).

Variables (categories)	Relationship with Segmentation	Test and P values
Income (rich, less rich)	Yes (for 2 out of 3 tests)	Lambda=0.4 p=0.067 Cramer's V=0.723 p=0.009 Kendall's tau-b=0.559 p=0.001
Education (educated, less educated)	Yes	Kendall's tau-b=0.346 p=0.047
Gender (male, female)	No	
Years in Europe (less than 5 years, 5 years and more)	No	
Income * education	No	
Income * gender	No	
Income (less rich) * years in Europe	No	
Income (rich) * years in Europe	Yes	Kendall's tau-b=0.430 p=0.031

**Table 4: Relationship between segmentation and the possible influencing factors[7]**

Although it is observed that Income and Education are related to the segmentation, Income only discriminates the "conformism" segment from the other three segments. Moreover, the other two variables (Gender and Years in Europe) have no relationship with the segmentation. It is also useful to assess the interactions between the three variables: Segmentation, Income and Education/Gender/Years in Europe. It is observed that Segmentation is only significantly associated with Income (rich group) and Years in Europe

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[6] Since there is only one consumer classified in the "Indulgence" segment, we did not include it in the cross-table analysis.
[7] The test results that are not shown here are not significant or not applicable.

(Table 4). In the rich group, less acculturated (living in Europe less than five years) people are more likely to be categorized into "Snobbism" segment than the more acculturated people (living in Europe more than five years, 3 vs. 0). Also, the more acculturated consumers have a greater chance to behave as "followers/pragmatists" than the less acculturated ones (5 vs. 0). Since the segment "Followers/pragmatists" is associated with personal orientation of luxury consumption, and the segment "Snobbism" is linked to social orientation, it reveals that ***more acculturated consumers would be more personally focused in luxury consumption***.

For a clearer demonstration, we conducted a correspondent analysis and illustrated their associations in figure 4 below. Two axes explained 60.27% of variance in all. We named Axis 1 as Income, and termed Axis 2 as Acculturation due to their greater contributions to each axis (less rich: 29.1%, rich: 16.6% to Axis 1; fewer than 5 years: 22.1%, 5 years and more: 10.3% to Axis 2). Since Axis Income explained more variance than Axis Acculturation (36.69% vs. 23.58%), we concluded that ***acculturation seems to influence segmentation, but less than income as a variable.***
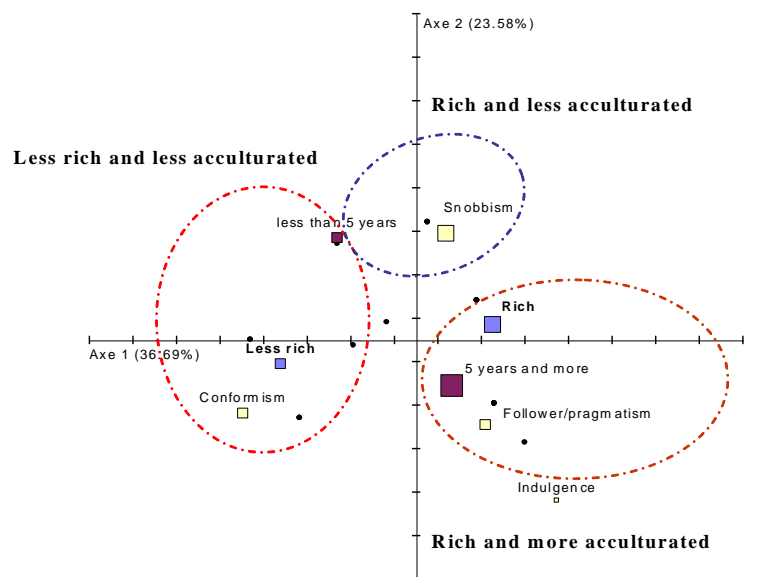
Figure 4: Associations between Segmentation, Income and Years in Europe

Generally, the more acculturated an individual is, the greater tendency that he or she will behave in accordance with the attitudes and values of the host society, hence the studies towards immigrants also reveal the behaviors of the host society population (Dato-on, 2000). According to the cultural index of Hofstede (1980/1988), France and Germany are both more

individualistic countries than China (index of Individualism- collectivism: France 71, Germany 67, China 15). However, it is argued that the individualism of Germany is due to more responsibility and pragmatism compared with other European countries (Elias, 1969; Simmel, 1989). As for France, it is representative of Romance cultures, which embody more perfectionism, elegance and affectivity (Hofstede, 1991). Based on correspondence analysis, we observed that the Chinese living in Germany mentioned more frequently the words "safe", "practical", "reliable" and "depending (*"my consumption is depending on my income level"*)", while those living in France are positioned closer to "unique", "elegant" and "wine" (Figure 5).
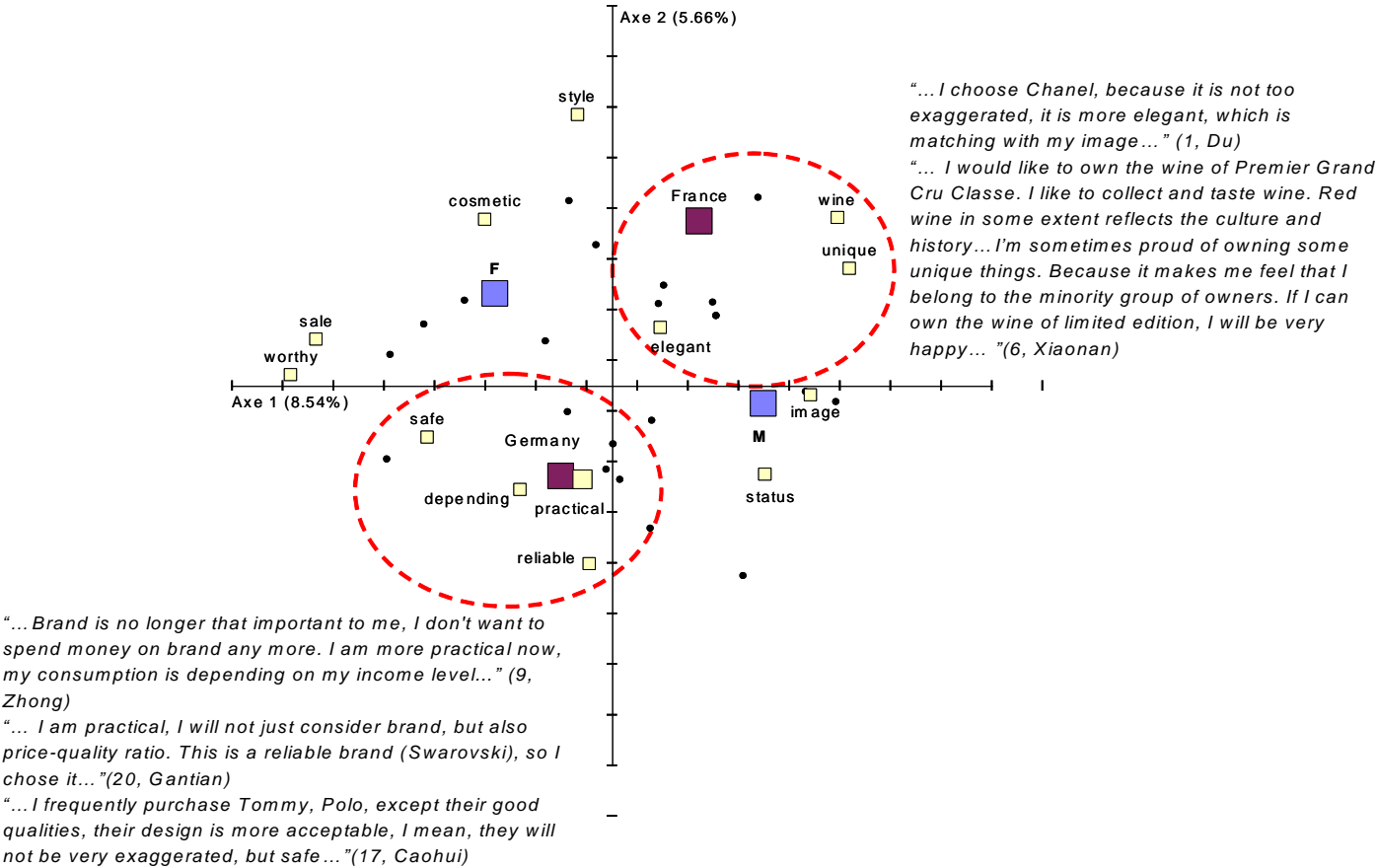
Figure 5: Comparison of Chinese living in Germany and Chinese living in France

These European Chinese seem to be not simply approaching European consumption patterns, but progressing towards the specific cultural style. They even showed a ***particular interest and preference for the local products and brands of the host country.*** While the French-Chinese consumers presented a great passion for wine, the German-Chinese consumers also expressed a special sentiment towards the "made in Germany" products.

"...For the bag, I like Aigner, it's an old German brand, very simple style and the quality is very good…Another bag brand Betty, I like it too. It's also a German brand…" (8, Shudu)

DISCUSSION, LIMITATION, AND FUTURE RESEARCH

In this research, Attitudinal dimensions "Social orientation vs. Personal orientation" and "Independence vs. Interdependence" were pointed out. Four segments of European-Chinese luxury consumers emerged and the factors which could influence consumer attitudes were also identified.

Consumers' economic and cultural capitals were considered as important influencing factors of luxury consumption in both marketing (Dubois and Duquesne, 1993) and sociology (Veblen, 1994/1889; Bourdieu, 1984). In our study, income was found as the most discriminated variable in segmentation, the different perceptions towards luxury were also observed among groups with different educational background.

As we focused on an immigrated population, the effects of acculturation on luxury-brand consumption were simultaneously explored and presented. After moving abroad, these Chinese consumers really changed in terms of the perceptions towards luxury as well as their values, attitudes and behaviours towards luxury-brand consumption. They adjusted themselves to be in accordance with their perceived European consumption patterns of luxury goods: personally oriented, low key, rational and practical. Influenced by Chinese cultural interdependent tendency, they may have more desire to assimilate into the host culture than the population with a chronic independent self-construal (Kühnen and Hannover, 2000). They seem to crave the positive attention of others, thus they appear quite prudent in the choice and demonstration of luxury brands. In this case, luxury-brand managers perhaps should consider emphasizing the positive brand images which embody the typical consumer identities of the host culture (for example "low key" in the sense of general European culture, "elegant" in French culture and "reliable" in German culture) in advertising campaigns and sales communication for these immigrated consumers.

As in China, the traditional values and modern western values coexist (e.g. Yang, 1989; Zhang and Shavitt, 2003; Zhou and Belk, 2004), to some extent, our proposition of segmentation may apply to the luxury-brand consumption market in mainland China as well.

Luxury brands that target consumers of Chinese origin could develop their marketing strategies by referring to the different characteristics and the possible consequential behaviors of each segment: "Indulgence" consumers seem more interested in seeking novel things; the "Conformism" group tends to purchase products because others buy them (Corneo and Jeanne, 1997) as the quantity of luxury possessions could be evidence of their social status; the "snobbism" group would like to be different from others (Corneo and Jeanne, 1997), and hence a rare and unique product could satisfy them; the "followers/pragmatists" appear more concerned about the luxury product quality.

Moreover, in this study we found that the longer the Chinese consumers stayed in Europe, the more personally focused they would be on luxury consumption. With China's rapid economic growth and the globalization, Chinese people will have more chance to go abroad and become acquainted with the western culture. We could expect that the phenomenon of wild purchasing luxury products in order to flaunt wealth and status would change. Hence, the marketing strategy of luxury brands in China should not only focus on consumer desire to impress others, but also consider the direction of personal orientation in long-term planning.

Based on the qualitative study with a relatively small sample size, the assumptions and propositions we made need to be further verified in a quantitative study. In this study, we conducted interviews in two European countries: France and Germany. Research in the future should investigate the influence of acculturation in other host cultural environments such as the American culture. It would be also interesting to explore the consumption and behavioral patterns of the Chinese people living in other Asian cultures, in order to investigate the variation of Confucian culture across Asian countries.

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Appendix 1

Respondent profile

ID	Pseudonym	Gender	Age	Education	Occupation	Monthly income (€)	Residence	Experiences in Europe (year)	Child
1	Du	F	27	Master	Student	600	France	2	0
2	Wei	M	35	Master	Purchasing manager	3,500	France	6	0
3	Ping	F	29	Master	Employee	2,000	Germany	9	0
4	Sijia	F	25	Master	Master student	1,000	France	2	0
5	Juan	F	24	PhD	Student	1,400	France	4	0
6	Xiaonan	M	27	Bachelor	Restaurant owner	8,000	France	2	0
7	Tian	M	40	Bachelor	Trading company owner	15,000	France	2	1
8	Shudu	F	39	Master	Restaurant owner	20,000	Germany	10	2
9	Zhong	M	43	Bachelor	Trading company owner	10,000	Germany	16	2
10	Sunjian	M	40	Bachelor	CFO	10,000	Germany	8	1
11	Ruan	M	46	Primary school	Restaurant owner	80,000	France	28	3
12	Lao	F	38	Uneducated	Restaurant owner	30,000	France	16	2
13	Dong	M	36	High school	Company owner	60,000	France	26	2
14	Fang	F	32	High school	Clothing store owner	20,000	France	9	2
15	Liang	M	26	High school	Tour guide	8,000	France	4	0
16	Yuli	F	30	Bachelor	Trading company owner	8,000	Germany	7	0
17	Caohui	F	42	Bachelor	Company owner	9,000	Germany	17	2
18	Keke	F	24	Master	Student	500	Germany	4	0
19	Xiaoyu	F	29	Master	Employee	2,000	Germany	5	0
20	Gan	M	29	PhD	Student	1,600	Germany	6	0
21	Hui	M	32	High school	Tour guide	9,000	Germany	9	0
22	Jiang	M	39	Master	Trading company owner	10,000	Germany	11	2