

Does globalization reshape Chinese consumers' luxury consumption?

Tingting MO

Research fellow, CERGAM, IAE Aix-en-Provence, Aix Marseille University

Clos Guiot, Puyricard, CS 30063, 13089 Aix-en-Provence Cedex 2, France.

Email: tingting.mo@iae-aix.com

Tel : + 33 (0) 6 17 68 55 01

Elyette ROUX

Professor, CERGAM, IAE Aix-en-Provence, Aix Marseille University

Clos Guiot, Puyricard, CS 30063, 13089 Aix-en-Provence Cedex 2, France.

Email : elyette.roux@iae-aix.com

Tel: + 33 (0) 4 42 28 08 20

Nancy WONG

**Associate Professor, Department of Consumer Science,
School of Human Ecology, University of Wisconsin-Madison**

1305 Linden Drive, Madison, WI 53706, U.S.

Email: nywong@wisc.edu

Tel : + 01 608 265 5954

Does globalization reshape Chinese consumers' luxury consumption?

Abstract:

This paper seeks to understand Chinese luxury consumption motivations and its relationships to luxury consumption. More specifically, it examines the role of acculturation on luxury consumption among adult Chinese luxury consumers both in the U.S. and China. Results show that American Chinese consumers integrate both Chinese and American consumption motives in their luxury purchases: internally, their luxury consumption is still driven by materialism motivation as Chinese consumers living in China; externally, they tend to behave and fit in as American consumers, whose experiential luxury consumption is negatively related to status and prestige seeking motives. Domain-specific model is used to explain this phenomenon.

Key words: Luxury consumption, scale, values, acculturation, motivation

Introduction

China, a country of 1.3 billion consumers, is considered by business analysts as the most attractive luxury market, with the highest growth potential in the world. Its increasing attraction is not surprising given that this market already accounts for at least 25% of European luxury goods sale worldwide (Roberts and Leung, 2010). Recent consulting companies reports estimate that China's luxury consumption in 2009, has reached USD 10.3 billion in 2010¹ and 23.7 billion, if one includes Chinese tourists expenses - buying luxury good while traveling abroad.

While there has been increased research on the Chinese luxury market, it is also becoming clear that it is not easy to understand this market due to its enormity and complexity. First, China has gone through one of the most rapid marketization process in modern history considering its liberalization at the end of 70's till now. The resulting confluence of western, commercial values and its traditional, communist values in this marketplace often attenuate or enhance the impact of western commercial messages and product offerings. As a result, several researchers have argued that Chinese consumers are influenced by both traditional as well as modern values (Zhang and Jolibert, 2003; Lu, 2008; Tsai, 2008).

Paradoxically, while it is still a poor country by global standards (a monthly disposable income of RMB 1,462 per Chinese household (about \$219²)³ and 49% of Chinese middle to upper income consumers (monthly income above RMB 5,000) claimed that luxury products are not affordable to them now, but they still hope to own them in the future.⁴ Such consumption aspirations may have something to do with the presence and prominence of "rich people" in popular media (O'Guinn and Shrum, 1997). A recent survey of 1,200 mainland shoppers by Bain & Co. in 2008 showed that

¹ Price Waterhouse Coopers, 2011

² According to the rate of change of Bank of China on 20 December 2010, 1 dollar ≈ 6.67 Yuan.

³ China National Bureau of Statistics, 2008.

⁴ The changing face of luxury, TNS China, 2007.

35% had spontaneously purchased luxury items. This is not surprising given that the number of millionaires has almost doubled since 2004 and around 100 million Chinese currently enjoy a standard of living comparable to that of western industrialized countries.⁵

Nowadays, China is undoubtedly the most important luxury market both in terms of sales volume and growth potential. However, much remains to be learned about whether Chinese customers are simply the “new Japanese” and if they are motivated to consume luxury in the same way as western consumers? What roles do cultural values play on Chinese luxury consumption? This paper seeks to address these questions through the development of a luxury values scale to better understand Chinese luxury consumption motivations and their relationships to consumers’ willingness to pay a higher price for the material and experiential luxury consumption. It further examines the role of acculturation on luxury consumption among adult Chinese luxury consumers both in the U.S. and China.

Luxury Values

What is luxury? According to Veblen (1899), it is about being conspicuous. He suggests that people consume luxury goods to flaunt their wealth, which also enhances their status or social prestige, and thus qualifies it as “status consumption” (Eastman et al, 1999) . According to Bourdieu (1984), luxury consumption mainly relates to the social class reproduction of tastes. Whereas sociologists and economists have focused on the explanation and definition of luxury, marketing scholars have been mainly interested in consumer perceptions and attitudes towards luxury brands and luxury-brand consumption (Dubois and Dequesne, 1993; Kapferer, 1998; Vigneron and Johnson, 2004; Tsai, 2005). While much previous research focused on the socially

⁵ World Wealth Report, April 2004, and KPMG 2008.

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 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. Thus, “social orientation” and “personal orientation” are regarded as the most important dimensions of luxury consumption in many studies (Mo and Roux, 2009).

Wiedmann et al. (2009), proposed a multidimensional framework of consumers’ perceived luxury value. In this framework, a boarder variety of potential luxury value drivers than former studies are identified. Besides the social (social value) and personal (individual value) dimensions, financial value (represented by price value) and functional value (structured by usability, quality and uniqueness values) are also included in the framework. However, this conceptual model was not supported empirically. Following a factor analysis using a sample of 750 German respondents, the financial value factor did not emerge. It is therefore one of our research objectives to explore a refinement of Wiedmann et al’s (2009) framework. However, in this paper, we mainly focus on the social dimension of luxury consumption and its influence on luxury consumption due to space constraint.

The social dimension includes two subcomponents in Wiedmann et al’s (2009) study: conspicuousness value and prestige value. Conspicuousness value refers to the influence of reference groups on luxury brand consumption (Mason, 1981, 1992; Bearden and Etzel, 1982). Prestige value emphasizes the role of luxury goods in communicating the possessors’ social status and social relationships (Hyman, 1942; Barkow, 1975; Douglas and Isherwood, 1979; Dittmar, 1994).

Another concept, materialism, is also considered to be connected with luxury consumption

(Wong and Ahuvia, 1998; Eastman et al., 1999). In Wiedmann et al.'s study, materialistic value is considered a component of individual value. But materialism can be regarded as part personal and part social motivation of luxury consumption (Belk, 1985; Richins and Dawson, 1992). 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). In this study, we therefore integrated the materialistic value as a component of social value.

Luxury consumption and acculturation

Luxury and luxury consumption are tightly related to culture. 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 more democratic attitudes towards luxury, while the catholic countries (France, Poland, Hungary) 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* (e.g., interior design of a luxury boutique) and the Russian pay more attention to *uniqueness*. Wong and Ahuvia (1998) also discussed the motivational differences of luxury goods consumption between the independent westerners and interdependent easterners. Contrary to the self-focused consumption orientation of western consumers, other-focused eastern consumers are 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 the social hierarchy.

To date, an important number of the research on luxury consumption has focused on cross-cultural comparisons, but little is known about how people might change, when they move to a new country and a new culture. The process of acculturation is defined by anthropologists 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” (Redfield et al., 1936, p.149). Berry (1980) has summarized the acculturation process in four types: Integration, Separation, Assimilation and Marginalization. Based on Berry’s (1980) acculturation model, scholars in marketing have developed consumer acculturation models applied to different ethnic immigrant groups (Peñaloza, 1994; Oswald, 1999; Askegarrd et al., 2005). The acculturation outcomes proposed conform more or less to Berry’s (1980) four-mode categorization and they further detailed the acculturative agents and immigrants’ responses to these factors in their research. These agents were firstly defined as host culture and home culture (Peñaloza, 1994; Oswald, 1999), then a third agent: transnational consumer culture was also taken into account (Askegarrd et al., 2005). However, these findings are interpretive and based on qualitative research, and yet needed to be explored further on a quantitative basis. The four-type framework is considered immeasurable, because the identity positions of consumers are fluid rather than stable (Askegarrd et al., 2005). Therefore, researchers tend to measure different acculturation dimensions, such as language use, media use, interaction and length of stay, in order to identify the degree of acculturation of consumers (Laroche et al., 1997; Jolibert and Benabdallah, 2009).

Overall, consumer acculturation is “the general process of movement and adaptation to the consumer cultural environment in one country by person from another country” (Peñaloza, 1994, p. 33). Acculturation reveals changes in attitudes, values, or behaviors that consumers manifest when they move to another host culture (Lee, 1989). Cultural change and unsettled social conditions may

cause escalation of consumer desires (Ger et al., 1993; Ger and Belk, 1996).

The increasing industrialization of the Chinese marketplace, as well as the emergence of Chinese multinationals, means that more and more Chinese expatriates have now lived, studied or worked in foreign countries. The impact of acculturation on consumption behavior has been well established and there have been research on specific consumption behaviors of Chinese immigrants (Gentry et al., 1995; Quester et al., 2001; Ustuner and Holt, 2007). However, very little research has investigated the role of cultural change on luxury consumption.

In China, the coexistence of traditional values and modern western values is evident in the ambivalent attitudes of the 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, 2008, p. 47-59). Among the younger generations, there is greater acceptance of western cultural influence; they prefer western education, western clothing style and foreign media. They also show greater interest in overseas experiences and interactions with foreigners (Hsu and Nien 2008), a higher preference towards foreign values (Zhang and Shavitt, 2003) and foreign products (Wang et al., 2004; Hung et al., 2007; Venkatraman and Nelson, 2008). This divergence in consumption values could be attributed to either conflicts with traditional values or greater assimilation of western cultures among the young generation. In conclusion, it points to the potential influence of cultural assimilation in luxury consumption. Therefore, it is likely that Chinese immigrants’ attitudes and behaviors towards luxury brand consumption would change as they become more acculturated in their new host culture.

RESEARCH DESIGN

As a means of exploring the motivations behind luxury consumption, we develop a luxury

values scale based on the framework of the two components of luxury consumption identified earlier which can be summarized into the: “social orientation” and “personal orientation”. This research was conducted in China and the U.S., using both student and adult samples. For the purpose of this paper, only the data related to the social dimension are presented here due to space constraints.

Study 1: Developing a scale of social values of luxury consumption

The construction of the key survey instrument: social motivations for luxury consumption began with a careful review of the related literature. Three components of consumers’ luxury value perceptions from Wiedmann et al.’s (2009) conceptualization are employed to construct the initial framework on the social dimension of luxury consumption. They are materialistic value, conspicuous value and prestige value. As we mentioned before, materialism can be regarded partially as personal motivation and partially as social motivation of luxury consumption, and materialism value is tightly related to both culture and cultural change. We decided to include the entire materialism scale of Richins and Dawson (1992) and adapt it luxury consumption in the face validity phase. To capture the prestige and conspicuous values, the original measures tested in Wiedmann et al.’s study (2009) were used, which include consumers’ attitudes toward luxury scale (Dubois and Laurent, 1994), and items generated from their exploratory interviews. We further added measures on the prestige sensitivity of price perception (Lichtenstein et al., 1993), conspicuous consumption (Marcoux et al., 1997) and relevant items on Chinese consumers’ attitudes toward luxury consumption (Lu, 2008) given the focus on the Chinese population in this study.

A total of 69 items (16 items for materialistic value, 19 items for conspicuous value, and 34 items for prestige value) were sent to 10 experts and scholars who specialized in the luxury sector in

the U.S., Europe and China for face validity checks. Each of these experts and scholars were asked to rate the items on a five-point scale from “clearly not representative” (1) to “clearly representative” (5) for each factor. Following the method employed by Hardesty and Bearden (2004), two rules were used to eliminate the items: an average score less than 3 and a score of 1-3 from more than half of the judges. As a result, 38 of the 69 items were retained. This is consistent with the average purification rate evidenced in Hardesty and Bearden (2004).

A pretest with 58 college students (33 females) at a Chinese university in Beijing and 99 college students (63 females) at a Midwestern university in the U.S. was conducted to check for reliability and to reduce the number of items in the measurement scale. At the Chinese university, respondents were all Chinese, about 70% were undergraduate students while the rest were in graduate programs. At the American university, respondents were college juniors and seniors, nearly all were Americans except for 9% international students who were not Asian students.

Besides the items on the social values of luxury consumption, the questionnaire also included measures of two dependent variables: consumers’ effective (or actual) luxury consumption and their willingness to spend on material/experiential consumption. The questionnaire was initially developed in English for the American sample, and then back-translated into Chinese by three bilingual researchers.

Respondents were first asked to select in a list as many as possible the luxury items that they had bought or received in the past two years. The luxury items in the list were adapted from Dubois and Duquesne (1993), in which a list of luxury products were developed to identify the effective (actual) luxury consumption of consumers. Respondents were then asked to report their willingness to pay a higher price for some material goods representing watch, automobile, clothing and leather goods, and also their willingness to spend more for experiential consumption including vacations

and restaurant visits. After that, respondents were asked to rate the 38 items (presented in randomized order) of social values of luxury consumption on a 7-point Likert scale (1 strongly disagree, 7 strongly agree). Demographic information was recorded in the final section.

Statistical analysis showed that more than 60% of respondents reported owning at least one piece of luxury item. Exploratory factor analysis using principle components showed two factors with 74% total variance explained for the “willingness to pay” scale in the expected form: material versus experiential consumption. The coefficient α for the two subscales on material and experiential consumption were 0.797 and 0.768, respectively.

		α
Materialism	My life would be better if I owned certain luxury goods I don't have	0.796
	I'd be happier if I could afford to buy more luxury goods	
	I like a lot of luxury in my life	
	It sometimes bothers me quite a bit that I can't afford to buy all the luxury things I'd like	
	I'd like	
Conspicuousness	I buy luxury goods to show to others	0.792
	I like to see others admiring the luxury products that I have bought	
	I only buy the luxury goods which are well identified by others	
Status	I buy luxury goods for accessing social position rather than for my personal pleasure	0.842
	Because all the others in my social group have it, I should have one too	
	I buy luxury goods to be identified in certain social groups	
Impression Management	I tend to pay attention to what others are wearing	0.766
	It is important that others think well of how I dress and look	

Table 1: Retained scale items of social values of luxury consumption in study 1

Using exploratory factor analysis, 12 items representing four dimensions of social drivers of luxury consumption, which accounted for 73% of the variance, were retained. They were named materialism, conspicuousness, status and impression management (see table 1). The coefficient α for materialism, conspicuousness, status and impression management dimensions were 0.796, 0.792, 0.842 and 0.766 respectively, indicating satisfactory reliability (see table 1). Although the full materialism scale contains both social and personal values toward consumption, the items that retained in the current study only reflect personal values.

Study 2: Validation of scale of social values of luxury consumption

We explore the structure of scale of social values of luxury consumption in study 1. We then test the validity of the scale with another sample collected in study 2.

Because the objective of the research is to investigate the acculturation effect on luxury consumption, two populations were targeted in study 2: Chinese living in China and Chinese living in the U.S. An online survey questionnaire of about 20 minutes was administered. The anonymous survey link was posted on popular online forums in China and in the U.S. (forums of Chinese communities in the U.S.). As an incentive to participate, we set aside 10 gift cards of \$20 as prizes, and asked respondents to leave their contact at the end of the survey for a chance to win one of these cards.

We also recruited some respondents at shopping malls in Beijing and Shanghai in China, and in Madison, Chicago, and San Francisco in the U.S. by giving them a brief description and the link to the survey, so they can go online to participate in the study. In the U.S., we further disseminated our questionnaire link via the mailing lists of some Chinese organizations, such as Chinese chamber of commerce and Chinese Christian church.

A total of 263 surveys were returned. After eliminating 51 surveys due to severe missing data, we had a usable sample of 212, with 109 Chinese and 103 American Chinese respondents. In the Chinese sample, 67% were female, 76% were in the 18-34 age group, 79% had earned at least a bachelor's degree, 61% of them had an annual household income of over 96,000 Yuan (about \$14,3936), which is almost twice of the average income of urban residents - 50,997 Yuan in 20097. In the sample of Chinese living in the U.S., 56% were female, 61% were aged between 18-34, 85% had earned at least a bachelor's degree, 60% reported their annual household income as over \$60,000.

⁶ According to rate of change of Bank of China on 20 December 2010, 1 dollar \approx 6.67 Yuan.

⁷ Survey report released by Tsinghua University and Citibank on 17 September 2010.

The same measures of effective luxury consumption, willingness to pay and social values of luxury consumption from the pretest were used. Willingness to pay scale shows acceptable reliability with the coefficient α of 0.812 and 0.789 for material and experiential subscales respectively. For the scale of social values of luxury consumption, the coefficient for four subscales - materialism, conspicuousness, status and impression management are 0.867, 0.829, 0.837 and 0.795 respectively, indicating satisfactory reliability.

Confirmatory factor analysis was conducted to examine the reliabilities, convergent validity, and uniqueness of the subscales of social values of luxury consumption. The model demonstrated a reasonable degree of fit [$\chi^2(48) = 110.815$, CFI = .961, TLI = .947, RMSEA = .071], suggesting that our data adequately matches the latent structure of each construct. In addition, all t -values of the factor loadings were significant ($p < .01$) and most measures showed adequate reliabilities with loadings exceeding .60. As a test of discriminant validity, we compared this baseline model (in which the correlations between the latent constructs were freely estimated) against a series of models in which the correlations between related pairs of constructs (e.g., materialism and status) were constrained to unity (Anderson and Gerbing, 1988). In each case, the constrained model exhibited a statistically significant increase in chi-square, providing evidence of discriminant validity between the construct measures (Bagozzi and Phillips, 1982), except for conspicuousness and status for the American sample. Conspicuousness was therefore eliminated from the subsequent analyses. We also further tested the convergent and discriminant validity of the measures across both the Chinese and U.S. samples following the confirmatory factor analysis procedure recommended by Steenkamp and Baumgartner (1998).

RESULTS

We then examined the influence of these social values of luxury consumption on consumers' willingness to spend on material/experiential consumption using multiple regression analyses (Cohen et al., 2003) with both samples of study 1 and 2. The dependent variable for the first regression was willingness to pay for material consumption, and the dependent variable for the second regression was willingness to pay for experiential consumption. The key predictor variables were the three social drivers of luxury consumption, gender, age, household income and education as control variables.

Study 1: Student samples of Chinese and American

In study 1, for the American population, both regression models were significant (1st regression: $F=7.56$, $p=0.000$, 2nd regression: $F=4.84$, $p=0.000$). Materialism only had a positive significant effect on experiential ($\beta=0.25$, $p=0.037$) consumption while impression management had a positive effect only on material ($\beta=0.23$, $p=0.024$) consumption. Status actually had a negative significant effect on experiential ($\beta=-0.27$, $p=0.019$) consumption (see table 2⁸).

	U.S. (N=99)			China (N=58)		
<i>Dependent variable: willingness to pay for material consumption</i>	β	t	p	β	t	p
Materialism	.14	1.28	.203	.48	3.28	.002
Status	.03	.30	.764	-.02	-.15	.886
Impression management	.23	2.30	.024	.18	1.7	.249
Gender (Dummy)	.30	3.33	.001	.16	1.32	.192
Age	.14	1.39	.168	-.00	-.01	.995
Income	.33	3.52	.001	.04	.29	.775
Education	-.00	-.03	.973	-.10	-.65	.520
<i>Dependent variable: willingness to pay for experiential consumption</i>						
Materialism	.25	2.11	.037	.47	3.59	.001
Status	-.27	-2.39	.019	-.12	-.84	.403
Impression management	.15	1.37	.175	.07	.47	.639
Gender (Dummy)	.36	3.88	.000	.47	4.12	.000
Age	.16	1.53	.129	.18	1.22	.230
Income	.12	1.14	.256	.02	.20	.842
Education	-.16	-1.52	.131	-.19	-1.44	.158

Table 2: Regression analysis in study 1

⁸ Among the remaining independent variables, gender exerted a significant positive effect on both material ($\beta=0.30$, $p=0.001$) and experiential ($\beta=0.36$, $p=0.000$) consumption while income only exerted a significant positive effect on material ($\beta=0.33$, $p=0.001$) consumption.

For the Chinese sample, both regression models were significant (1st regression: $F=4.27$, $p=0.001$, 2nd regression: $F=6.31$, $p=0.000$). Materialism had a positive significant effect on both material ($\beta=0.48$, $p=0.002$) and experiential ($\beta=0.47$, $p=0.001$) consumption. Both impression management and status had no effect on either material or experiential consumption (see table 2⁹).

Study 2: Adult samples of Chinese living in China and Chinese living in the U.S.

In study 2, we tested the influence of acculturation as between sample difference of the three social drivers of luxury consumption on consumers' willingness to spend on material/experiential consumption. Acculturation was treated as a between group difference, the Chinese sample with zero acculturation¹⁰ and the U.S. sample as the acculturated sample. The average length of stay in the U.S. sample was 8.3 years, ranging from 3 months to 40 years.

Same regression analyses as in study 1 were conducted. For the American Chinese sample both regression models were significant (1st regression: $F=5.832$, $p=0.000$, 2nd regression: $F= 3.653$, $p=0.002$). Materialism exerted a significant positive effect on both material ($\beta=0.50$, $p=0.000$) and experiential ($\beta=0.51$, $p=0.001$) consumption. Impression management also had a positive effect on both material ($\beta=-0.19$, $p=0.082$) and experiential ($\beta=0.26$, $p=0.027$) consumption. Status, however, had a negative effect on ($\beta=-0.49$, $p=0.003$) experiential consumption (see table 3)¹¹.

For the Chinese sample, both regression models were significant this time (1st regression: $F= 2.763$, $p=0.011$, 2nd regression: $F= 2.332$, $p=0.030$). Same as the American Chinese sample, materialism exerted a significant positive effect on both material ($\beta=0.23$, $p=0.047$) and experiential ($\beta=0.26$, $p=0.032$) consumption. Impression management also had a positive effect on both material ($\beta=0.30$, $p=0.003$) and experiential ($\beta=0.21$, $p=0.041$) consumption. Status, however, had no effect on

⁹ Among the remaining independent variables, only gender exerted a significant positive effect on experiential ($\beta=0.47$, $p=0.000$) consumption.

¹⁰ For the Chinese sample, respondents were asked to report their longest accumulated length of stay in a foreign country and the name of this country. Respondents who stayed in a foreign country for more than 6 months were excluded from the study.

¹¹ Among the remaining independent variables, only gender exerted a significant positive effect on material ($\beta=0.21$, $p=0.022$) consumption.

both forms of consumption (see table 3).

	Chinese living in the U.S. (N=103)			Chinese living in China (N=109)		
<i>Dependent variable: willingness to pay for material consumption</i>	β	t	p	β	t	p
Materialism	.50	3.77	.000	.23	2.01	.047
Status	-.14	-.92	.359	-.14	-1.13	.261
Impression management	.19	1.76	.082	.30	3.08	.003
Gender (Dummy)	.21	2.23	.022	-.10	-1.05	.295
Age	-.06	-.62	.538	-.16	-1.51	.133
Income	.07	.77	.444	.12	1.23	.220
Education	-.03	-.32	.753	.01	.05	.959
<i>Dependent variable: willingness to pay for experiential consumption</i>						
Materialism	.51	3.60	.001	.26	2.18	.032
Status	-.49	-3.07	.003	-.05	-.41	.683
Impression management	.26	2.25	.027	.21	2.01	.041
Gender (Dummy)	.02	.19	.852	.13	1.28	.203
Age	-.15	-1.59	.115	.06	.55	.584
Income	.02	.16	.872	.02	.15	.881
Education	-.01	-.07	.942	-.10	-1.05	.299

Table 3: Regression analysis in study 2

Unlike in study 1, except for the control variables, only one difference was observed between the Chinese and American Chinese samples in study 2: status seemed to be a negative driver on experiential consumption for the American Chinese sample while it had no effect on either experiential or material consumption for the Chinese sample.

To further identify the role of acculturation in luxury consumption, a subgroup analysis with structural equation modeling is in progress. We can show the results on the date of conference.

Discussion

We hypothesized that acculturation would influence consumers' luxury consumption in the following manner: the longer Chinese consumers have lived in the U.S., the more assimilated they would become in terms of the American pattern of luxury consumption behavior.

Two studies were conducted, study 1 compared Chinese and American student samples while study 2 further investigated the acculturation influence with Chinese living in China (zero acculturation sample) and Chinese living in the U.S (acculturated sample). The Chinese student sample in study 1 and the zero acculturated sample in study 2 show similar results in the regression

analyses: materialism seems to be an important driver for both material and experiential consumption. For the acculturated Chinese sample in study 2, materialism also has a significant effect on both material and experiential consumption. However, for the American student sample, this effect is only significant on experiential consumption but not on material consumption. At this point, American Chinese seem to be more similar with the Chinese population – materialism encourages their spending on both luxury goods and luxury services.

According to integration model (Berry, 1980), immigrants can maintain the home culture characteristics and at the same time adapt to behaviors of host culture. When we compared the results of American student sample (study 1) and American Chinese sample (study 2), the two samples were similar, especially for experiential consumption: status had a significant negative effect on experiential consumption for both two samples (American and American Chinese), but had no effect for the other two samples (Chinese students in study 1 and Chinese with zero acculturation in study 2).

Materialism, as an internal/personal motive, and status, as an external/social driver for luxury consumption, seemed to have differential impact depending on different levels of acculturation of the American Chinese population. On one hand, they still look like Chinese - their luxury consumption is driven by internal materialistic motives like the Chinese living in China. On the other hand, they may try to emulate Americans – knowing that the social motive of status pursuit in luxury consumption maybe regarded as inappropriate in that social setting. This is congruent with the domain-specific model which assumes that immigrant's preference for cultural adaptation and cultural maintenance may vary across life domains (Keefe and Padilla, 1987). These domains can be identified as two board ones: public and private domains. Some immigrant population like Turkish-Dutch is observed to prefer to maintain home culture in private domain, but adapt to host

culture in public domain (Arends-Tóth and Van de Vijver, 2003, 2004). For the American Chinese in our study, the internal motives of luxury consumption are still shaped by their Chinese home cultural values. But externally, they try to behave consistently with their American counterparts. Furthermore, for the American Chinese sample, impression management exerts a positive effect on both material and experiential consumption, while it has only positive effect on material consumption for the American sample. Americans seem to be concerned about their public image only when it comes to material luxury consumption but for American Chinese, public image matters regardless of whether it is choosing a luxury bag or eating in a gourmet restaurant, they seem to have retained their “interdependent” self or other-focused motives (Markus and Kitayama, 1991). They still observe others in order to fit in with the external cultural environment, but only to “seem to be American” enough.

Limitations and future research

In this study, we developed a scale measuring social values of luxury consumption in a cross-cultural context by using American and Chinese student samples. We also seek to understand Chinese luxury consumption motivations and its relationships to luxury consumption. It also assessed the role of acculturation on luxury consumption among adult Chinese luxury consumers both in the U.S. and China.

The use of student sample for the scale development and validation certainly brings problem of generalizability. However this limitation is somewhat overcome by the data collection of actual luxury consumers in the U.S. and China.

As we focused on the acculturation concept, relevant concepts such length of stay and degree of adaptation to host culture are measured. But due to the small sample size, sub-group analysis is

unfeasible. The next step is to increase the sample size in the future. Data collections targeting Chinese immigrants in other western countries will be also interesting for a better understanding on this topic.

In this study, the interesting phenomenon of “domain-specific” acculturation is explored in the context of luxury consumption. Follow-up studies can be conducted by using different measurement methods to better investigate the different layers of consumer motives on luxury consumption. Previous literature argued that affirmation or demonstration of one’s position in the social hierarchy is an important motivation of luxury consumption for Chinese consumers (Wong and Ahuvia, 1998; Lu, 2008). However, the status subscale in our study did not show any significant impact on luxury consumption for Chinese consumers with zero acculturation. This can be attributed to the explicit measure we used in this study. Even having never been exposed to western culture physically, Chinese consumers can still be influenced by the outside world via television, magazine, internet (Askegarrd et al., 2005) or global consumer culture (Cleveland and Laroche, 2007). With the increasing criticisms on conspicuous consumption and inappropriate behavior of “new money” in China recently, the Chinese seem cognizant of their luxury consumption to be more appropriate with the western concept of “old money”. While the internal motivation might still be the same, but socially, it is more important to display a humble and low key expression of one’s wealth and success. Therefore, the use of multiple measurement methods such as the implicit attitude measure (Greenwald, Banaji, and Mahzarin, 1995) may be needed to further investigate the true motivations on luxury consumption of Chinese consumers. Moreover, given the influence of globalization, it is also important to take into account the variables of transnational and global consumer culture in future research.

References

- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological Bulletin*, 103 (3), 411-423.
- Arends- Tóth, J., & Van de Vijver, F. J. R. (2003). Multiculturalism and acculturation: Views of Dutch and Turkish–Dutch. *European Journal of Social Psychology*, 33, 249-266.
- Arends- Tóth, J., & Van de Vijver, F. J. R. (2003). Domains and dimensions in acculturation: Implicit theories of Turkish–Dutch. *International Journal of Intercultural Relations*, 28 (2004), 19-35
- Askegaard, S., Arnould, E. J., & Kjeldgaard, D. (2005). Postassimilationist ethnic consumer research: Qualifications and extensions. *Journal of Consumer Research*, 32(June), 160-170.
- Bagozzi, R. P., & Phillips, L. W. (1982). Representing and testing organizational theories: A holistic construal. *Administrative Science Quarterly*, 27, 459-489.
- Barkow, J. H. (1975). Prestige and culture: A biosocial interpretation. *Current Anthropology*, 16, 553–572.
- Bearden, W. O., & Etzel, M. J. (1982). Reference group influence on product and brand purchase decisions. *Journal of Consumer Research*, 9, 183–194.
- Belk, R. W. (1985). Materialism: Traits aspects of living in the material world. *Journal of Consumer Research*, 12 (December), 265-80.
- Berry, J.W. (1980). Acculturation as varieties of adaptation. In A.M. Padilla (Eds.), *Acculturation: Theory, models and some new findings*, 9-25. Boulder, CO: Westview
- Bourdieu, P. (1984). *Distinction: A social critique of the judgment of taste*. Cambridge, MA: Harvard University Press.
- Chang, L. C., & Arkin, R. M. (2002). Materialism as an attempt to cope with uncertainty. *Psychology & Marketing*, 19 (5), 389-406.
- Cleveland, M., & Laroche, M. (2007). Acculturation to the global consumer culture: scale development and research paradigm. *Journal of Business Research*, 60(3), 249-259.
- Cohen, J., Cohen, P., West, S. G., & Aiken, L. S. (2003). *Applied multiple regression/ correlation analysis for the behavioral sciences*. 3rd ed. Hillsdale: Erlbaum.
- Corneo, G., & Jeanne, O. (1997). Conspicuous consumption, snobbism and conformism, *Journal of Public Economics*, 66 (October), 55-71.
- De Barnier, V., Rodina, I., & Valette-Florence, P. (2000). Which luxury perceptions affect most consumer purchase behavior? A cross-cultural exploratory study in France, the United Kingdom and Russia. Proceedings of the *International Congress on Marketing Trends*, Paris-Venice, CD ROM.
- Dittmar, H. (1994). Material possessions as stereotypes: Material images of different socio-economic groups. *Journal of Economic Psychology*, 15, 561–585.
- Douglas, M., & Isherwood, B. (1979). *The world of goods*. New York: Basic Books.
- Dubois, B., & Dequesne, P. (1993). The market for luxury goods: Income versus culture. *European Journal of Marketing*, 27 (1), 35-44.
- Dubois, B., & Laurent, G. (1994). Attitudes toward the concept of luxury: An exploratory analysis. In S. Leong & J. Cote (Eds.), *Asia Pacific Advances in Consumer Research*, 1, 273–278. Provo, UT: Association for Consumer Research.
- Dubois, B., Laurent, G. & Czellar, S. (2001). Consumer rapport to luxury: analyzing complex and

- ambivalent attitudes. *Les Cahiers de Recherche Groupe HEC*, 736.
- Eastman, J. K., Goldsmith, R. E., & Flynn, L.R. (1999). Status consumption in consumer behavior: Scale development and validation. *Journal of Marketing Theory and Practice*, 7 (3), 41-51.
- Gentry, J. W., Jun, S., & Tansuhaj, P. (1995). Consumer acculturation processes and cultural conflict: How generalizable is a North American model for marketing globally? *Journal of Business Research*, 32 (February), 129-39.
- Ger, G., & Belk, R. W. (1996). Cross-cultural differences in materialism. *Journal of Economic Psychology*, 17, 55-77.
- Ger, G., Belk, R. W., & Lascu, D. N. (1993). The development of consumer desire in marketizing and developing economies: the cases of Romania and Turkey. *Advances in Consumer Research*, 20, 102-107.
- Greenwald, A. G., & Banaji, M. R. (1995). Implicit social cognition: Attitudes, self-esteem, and stereotypes. *Psychological Review*, 102 (January), 4-27.
- Hardesty, D. M., & Bearden, W. O. (2004). The use of expert judges in scale development: Implications for improving face validity of measures of unobservable constructs. *Journal of Business Research*, 57 (2), 98-107.
- Hsu, J. L. & Nien, H. P. (2008). Who are ethnocentric? Examining consumer ethnocentrism in Chinese societies. *Journal of Consumer Behaviour*, 7 (December), 6, 436-447.
- Hung, K. H., Gu, F. F., & Yim, C. K. (2007). A social institutional approach to identifying generation cohorts in China with a comparison with American consumers, *Journal of International Business Studies*, 38 (September), 5, 836-853.
- Hyman, H. H. (1942). Psychology of status. *Archives of Psychology*, 269, 5-28.
- Jolibert, A., & Benabdallah, M. (2009). L'acculturation du consommateur : concept et mesure. Proceedings of the 25th Congress of the French Marketing Association (AFM), 14-15 May 2009, London.
- Kapferer, J. N. (1998). Why are we seduced by luxury brands? *Journal of Brand Management*, 6 (1), 44-49.
- Keefe, S. E., & Padilla, A. M. (1987). *Chicano ethnicity*. Albuquerque, NM: University of New Mexico Press.
- Laroche, M., Kim, C., & Tomiuk, M. A. (1997). A multidimensional perspective on acculturation and its relative impact on the consumption of convenience foods. *Journal of International Consumer Marketing*, 10 (1/ 2), 33-56.
- Lee, W. N. (1989). The mass-mediated consumption realities of three cultural groups. *Advances in Consumer Research*, 16 (1), 771-778.
- Lichtenstein, D. R., Ridgway, N. M., & Netemeyer, R. G. (1993). Price perceptions and consumer shopping behavior: A field study. *Journal of Consumer Research*, 30 (May), 234-245.
- Lu, P. X. (2008). *Elite China, luxury consumer behavior in China*. Singapore: John Wiley & Sons.
- Marcoux, J. S., Filiatrault, P. & Chéron, E. (1997). The attitudes underlying preferences of young urban educated polish consumers towards products made in western countries. *Journal of International Consumer Marketing*, 9 (4), 5-29.
- Markus, H. R., & Kitayama, S. (1991). Culture and self: Implications for cognition, emotion, and motivation. *Psychological Review*, 98, 224-53.
- Mason, R. S. (1981). *Conspicuous consumption: A study of exceptional consumer behaviour*. Farnborough, UK: Gower Publishing.
- Mo, T. T., & Roux, E. (2009). Who are Chinese luxury-brand consumers? An exploratory study, Proceedings of the 25th Congress of the French Marketing Association (AFM), 14-15 May 2009,

London.

- O'Cass, A., & Frost, H. (2002). Status brands: examining the effects of non-product brand associations on status and conspicuous consumption. *Journal of Product and Brand Management*, 11 (2), 67-88.
- O'Cass, A., & McEwen, H. (2004). Exploring consumer status and conspicuous consumption, *Journal of Consumer Behavior*, 4 (1), 25-39.
- O'Guinn, T. C., & Shrum, L. J. (1997). The role of television in the construction of consumer reality. *Journal of Consumer Research*, 23 (March), 278-94.
- Oswald, L. R. (1999). Culture swapping: Consumption and the ethnogenesis of middle-class Haitian immigrants. *Journal of Consumer Research*, 25(4), 303-318
- Peñaloza, L. (1994). Atravesando Fronteras/Border crossings: a critical ethnographic exploration of the consumer acculturation of mexican immigrants. *Journal of Consumer Research*, 21 (1): 32-54.
- Quester, P. G., Karunaratna, A., & Chone, I. (2001). Australian Chinese consumers: Does acculturation affect consumer decision making? *Journal of International Consumer Marketing*, 13 (3), 7-29.
- Redfield, R., Linton, R., & Herskovits, M. J. (1936). Memorandum for the study of acculturation. *American Anthropologist*, 38, 149-152.
- Richins, M. L., & Dawson, S. (1992). A consumer values orientation for materialism and its measurement: Scale development and validation. *Journal of Consumer Research*, 19 (December), 303-16.
- Roberts, A., & Leung, W. (2010). Chinese shoppers' long march through Europe. *Business Week* , (December 6), 28-32.
- Steenkamp, J. B. E. M., & Baumgartner, H. (1998). Assessing measurement invariance in cross-national consumer research. *Journal of Consumer Research*, 25 (June), 78-90.
- Tsai, J. (2008). *La Chine et le luxe*. Paris: Odile Jacob.
- Tsai, S. P. (2005). Impact of personal orientation on luxury-brand purchase value: An international investigation. *International Journal of Market Research*, 47 (4), 429-54.
- Ustuner, T., & Holt, D. B. (2007). Dominated consumer acculturation: The social construction of poor migrant women's consumer identity projects in a Turkish squatter. *Journal of Consumer Research*, 34 (June), 41-56.
- Veblen, T. (1899). *The theory of the leisure class*. New York: Vintage.
- Venkatraman, M., & Nelson, T. (2008). From servicescape to consumptionscape: a photo-elicitation study of Starbucks in the new China. *Journal of Business Studies*, 39 (September), 6, 1010-1026.
- Vigneron, F., & Johnson, L.W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management*, 11 (6), 484-506.
- Wang, C. L., Siu, N. Y. M., & Hui, A. S. Y. (2004). Consumer decision-making styles on domestic and imported brand clothing. *European Journal of Marketing*, 38 (1/2), 239-252.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2009). Value-based segmentation of luxury consumption behavior. *Psychology & Marketing*, 26 (7), 625-651.
- Wong, N. Y., & Ahuvia, A. C. (1998). Personal taste and family face: luxury consumption in Confucian and Western societies. *Psychology & Marketing*, 15 (5), 423-432.
- Zhang, M., & Jolibert, A. (2003). Les valeurs traditionnelles des acheteurs chinois: raffinement conceptuel, mesure et application. *Research and Applications in Marketing*, 18 (1), 25-42.
- Zhang, J., & Shavitt, S. (2003). Cultural values in advertisements to the Chinese X-generation. *Journal of Advertising*, 32 (1): 23-33.

