

Luxury consumer behaviour in chinese cultural marketing essay



**ASSIGN
BUSTER**

Abstract

The aim of the study is to explore the underlying motivations of luxury consumption behavior in Chinese cultural context. How Chinese culture influences consumer's luxury purchasing behavior is the highlight to be discussed. In this paper, luxury consumption behavior in China is analyzed from two perspectives that are personal values involving hedonism, materialism and self-identity and social values including conspicuousness and conformity.

Although the area of luxury consumption has attracted more attention and numerous researches have been done with the burgeoning luxury market . Most findings are contributing to the motives of luxury consumption in cross-culture scale. Investigation of luxury consumption in the certain Chinese culture is insufficient. This paper integrates personal values and social values to examine the luxury consumption attributes and the findings will benefit managers engaging in luxury business to tailor or revise their strategies especially in terms of marketing and branding.

“ China's luxury consumption climbed to USD 9. 4 billion in January 2010 from USD 8. 6 billion previously, accounting for 27. 5% of the total worldwide, the World Luxury Association said in its latest research report. It will grow into the world's biggest luxury marketplace by 2015 with a 32% market share, outracing Japan.”(Source: [www. bjbusiness. com. cn](http://www.bjbusiness.com.cn)) Chinese citizens are increasingly exposure to luxury brands with growth income and mushrooming commodity transactions. Chinese luxury market, with huge potential, is worthwhile to investigate in-depth. Given culture is the rooting

factor causing differences in consumer behavior, Miller (1995) discussions about the spurs of luxury consumption in China market will conduct revolving around Chinese Confucian collectivist cultural.

Research problem

The main goal of this study is to inspect the Chinese consumers' a performances on luxury consumption including the general characteristics such as the frequency of purchasing, especially the intentions and affecting elements. Finally it is attempt to find out the general rules, distinctiveness and trends, which will benefit for enhancing current luxury consumption research in consumer behavior and providing guidance to luxury marketers..

Research objectives

- To investigate how does culture influence consumer's behavior on luxury products in Chinese context.

- To examine the motivations of luxury goods consumption in Chinese context

- To explore the role of personal values in luxury consumption behavior in China

- To determine the role of social values in luxury consumption behavior in China

Literature Review

Concept of luxury

Traditionally, luxury goods or status goods have been viewed as tools with mere ostentation function of wealth or prestige of the owner. (Grossman and

Sharpiro, 1988) Phau and Prendergast (2001) stated that the obvious characteristics of luxury goods are exclusive price and prestige symbol, unique design and scarce quantity, high brand awareness and superior quality.

Hedonism and luxury consumption

Dubois and Laurent(1996) stated that a vast majority subscribes to the hedonic motive to consume luxury goods, which took emotional value as a vital trait of luxury. In this study, the hedonism hypothesized as a significant intensive of luxury consumption, a more comprehensive theory will be applied that luxury purchasing can stimulate the feeling of pleasure due to the cluster of traits such as ' exclusive designs ', ' superior quality ', 'special taste' and ' scarcity '. (Dubois, 1996)

Materialism and luxury consumption

In some literature, the concept of materialism represents individual's wealth accumulation and social status that can bring happiness and self-accomplishment. (Moshis and Churchill, 1978). Materialism is intensely related to certain cultural context and other notions such as personal values and self-concept. (Ger and Belk 1996) Belk (1988) argues that materialism can be regarded as a belief or a kind of characteristic, and value to possessions and indicator of buying choice making. Materialists usually look beyond functional attributes of products. Therefore, a person's level of materialism affect their consumption behaviours in large extent.(Miller 1995)

The role of self-identity in luxury consumption

Empirical researches pointed out that consumers express or augment various traits of their self-concept by purchasing and possessing luxury products. (Belk 1988) Consumers construct their self-identity and assert their individuality to others through the products they choose based on the congruous attributes of the brand and their self-image. (Mason, 1981).

Conspicuous consumption

Veblen (1934) was the first person related status and conspicuousness to consumption. Conspicuous consumption suggests the behavior that people spend not for comfort or utilitarian reason but for purely ostentatious purposes to show off their wealth. (Mason, 1981) In this paper, conspicuous consumption can be defined as an inclination for individuals to enhance their self-image through overt consumption of luxury products and to flaunt their wealth through the exclusive price of luxury merchandise to their reference groups. (Belk1988)

Conformity and luxury consumption

Chinese tend to minimize distance with others in social occasions through similar consuming behaviours (Yang 1981). Conformity in consumption within groups therefore is quite palpable. Chinese people, as typical collectivist, tend to emphasize their connection with groups. As a result, they are more apt to be motivated by norms and duties imposed by the reference group when involving consuming choice. (Kacen & Lee, 2002).

Culture dimensions and consumer behavior

According to Miller (1995), the divergence in consumer behavior usually rooted in cultural differences . Culture can be differentiated as two main catalogue including individualist (e. g. American and most western European cultures) or collectivist (e. g. Chinese, Japanese and most Asian cultures) (Hofstede 1991). In a collectivist culture such as China, the individual person is more likely to view himself as the role he may play in family or in social society rather than a independent entity. (Chu 1985)

Approach to the problem

Understanding consumer's original motives of luxury consumption is beneficial both academically and empirically. China, as the burgeoning luxury market with immense potential, is crucial marketplace to explore.

This project shed some lights on marketers operating in Chinese luxury market. On the basis of literature review, a conceptual model is designed to clarify the relationship of value-motivation-behavior presented as Figure 1

Figure 1

Hedonism

Luxury consumption

Personal value

Conformity

Materialism

Conspicuous

Social value

Self-identify

Hypothesis

Wong and Ahuvia (1998) first theorized that the impact of personal value on luxury consumption is more evident in such a cluster of consumers maintain the following attributes: (a) liable to gain hedonic experience through luxury consumption (b) pursuing distinctive connotation in the luxury products (c) focusing on the congruity of the products purchased and their self-images .. Based on these theories, I proposed the first hypothesis:

H1: Personal value has significant influence on luxury consumption in China.

Some scholars define shopping as an activity evoked by utilitarian or hedonic incentives and researchers use differences to evaluate and explain people's underlying reasons for shopping. (Solomon, M, 2009) Some advertising findings show that consumers are more vulnerable to be influenced by ads content when the products in ads are hedonic than they are utilitarian. (Wänke, M, 2009) Therefore we can propose the hypothesis 1a:

H1a: The level of consumers' hedonism to luxury goods has significant correlation to their luxury consumption.

From the consumer behavior perspective, materialism is defined as an intention or even desire to possess worldly possessions. (Belk, 1988) In Belk's theory, people tend to attach success and self-accomplishment to their

materialistic acquisition. Therefore, I develop the hypothesis1b according to these results.

H1b: The level of consumer's materialism to luxury goods has significant relations to their luxury consumption.

It is widely accepted that the self-image congruity make people prone to consume products that hold attributes match some aspect of themselves (Solomon, M, 2009) From this perspective , people may purchase luxury goods to integrate their self- identity to the luxury products attributes in their belief.(Holt, 1995) I propose the Hypothesis1c consequently .

H1c:¼ŒThe consumer's perceived level of congruity of luxury goods and his self-image is significantly related to his luxury consumption.

Festinger's (1954) comparison theory assumed that consumers often judge and compare their own opinions of and desires for products to others who share similar attributes with them. The hypothesis 2 is developed¼Œ

. H2: Social value has significant influence on luxury consumption in China.

Most people tend to act and behave as society's expectations because of culture pressure and group influence. (Solomon, 2009) Concerning luxury goods, some people consume luxury products because the desire to fit in the reference group. (Solomon, 2009) hypothesis2a can be induced accordingly:

H2a: The consumer's perceived level of well integrated by conforming to the reference group significantly relate to the luxury consumption.

Some studies revealed that the conspicuousness of products spur consumers to purchase luxury goods positively (Bearden, 1982) Consumers prefer to buy luxury goods in public occasions due to the conspicuous drivers.(Belk, 1988) I propose the hypothesis2b on the basis of these findings.

H2b: The consumer's perceived conspicuousness effect of luxury goods purchasing positively correlated to the luxury consumption..

Methodology

In order to explore the motivations for luxury goods consumption behavior in the very Chinese cultural context, the quantitative method will be employed. Based on the conceptual model, a questionnaire will be devised involving the following parts:

Luxury consumption experience

Motivation attributes

List of values

Demographic information

The first part about the consumer's luxury consumption experience will be tested by the form of single-choice questions and multiple-choice questions.

The second segment is to test the driving factors of luxury goods consumption. Scales will be adopted to examine the correlations of various motivations and luxury consumption behavior.

The third sector involving value perceptions placed to explore culture implications of luxury consumption. Scales will be the testing method as well.

In the final part, demographic information will be examined by single-choice questions.

Data collection

Participants will be Chinese consumers with luxury purchasing experience and the sample size will be 102(N= 102) that is deemed sufficient. Some questionnaires will be completed online and collected by email and other online communication tools.

Data analysis

SPSS software will be employed to analyze the collected data to validate the conceptual model . Descriptive method will test the sample's level of central tendency and deviation to elaborate how variable the responses are.

Besides, bivariate regression method will measure the relationship between motivation attributes and luxury consumption behavior. Then multiple regression analysis will examine the association between the person value involving three characteristics and social value including two traits and consumption behavior on luxury goods.

Managerial Implications

Understanding luxury perception and related knowledge such as fundamental motivations for luxury consumption and the level influenced by cultural differences has far-reaching managerial meaning. Compare to former studies about value perceptions and drivers to purchase luxury

products, this report broader the potential motivations to influence luxury value in the Chinese cultural context. On the basis of all the findings, marketers can develop corresponding marketing strategies to promote their products and enhance their marketing communications according to customer's luxury value system and the affecting factors of their luxury goods purchasing behavior.

Conclusion

In conclusion, since China has become the second large luxury consumption country and huge potential has shown in Chinese luxury market, the further research in luxury goods consumption behavior in Chinese context is important and essential. In this study, the conceptual model will help us to learn how consumer's perception value influence their luxury purchasing practice more deeply based on the former literature contribution in luxury consumption research. Some new attributes of value and motivations of luxury consumption will be explored on the basis of the findings of questionnaire. Data analysis will crystallize and clarify the theoretical hypothesis and concept proposed.