



Master Thesis of Cultural Economics and Cultural Entrepreneurship

**CHINESE STUDENTS CONSUMING LUXURIES: TO
WHAT EXTENT DO MOTIVATIONS INFLUENCE LUXURY
PURCHASE WHEN CHINESE TRADITIONAL VALUES ARE
CONSIDERED?**

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Abstract

The purpose of this study is to investigate when Chinese traditional values are taken into consideration: to what extent do purchase motivations influence luxury purchase of Chinese students? There were 142 students participated in this research and they gave their valuable feedback in completing this study. The study focuses on motivations. Social-oriented and personal-oriented motivations are measured by five-point Likert scales. The research scope encompasses motivations of luxury consumption and Chinese traditional values as motivators.

The results show that there are differences in the status motivation between domestic and overseas groups; and there are no differences in the uniqueness motivation, the conformity motivation, the hedonic motivation, and the quality motivation between the domestic and overseas groups. Three regression models reveal that for the Chinese domestic group, social-oriented motivations are more influential, while for the overseas group, personal-oriented motivations are more prominent. Contrary to traditional marketing perception of Chinese consumers, the status motivation fails to be a significant motivator in the overall model, while the hedonic motivation unexpectedly turns out to be significant. These results reflect the changes over time in younger generations in China society.

Key words: Luxury purchase, Chinese traditional value, Motivation, Chinese students

Chapter 1. Introduction

What makes Chinese students so keen on luxury purchases? Strictly speaking, luxuries are hardly the necessities of our life, and students are much less likely luxury consumers. College students are generally perceived belonging to middle-to low income group categories. Some of them may have part-time jobs to cover their living expenses; others receive financial support from their parents, though. Yet, there was an increasing trend of luxury purchases in Chinese students, especially in overseas students. According to a published report made by Ernst & Young (2005), the Chinese luxury market stood at more than 1.5 billion euros in 2005, and it was expected to grow 20% annually. Most luxury consumers in China are around 30s, they were considerably younger than their Western counter parts, who were over their 40s. This finding was confirmed by another survey conducted by World Luxury Association, stating that from 2007 to 2010, the youngest Chinese luxury consumer group was between the age group of 25 to 30 (Xinhua, 2012).

One of the most influential newspapers, China Daily also reported that Chinese young people; especially overseas students were familiar with high-end brands and they were enthusiastic about purchasing luxuries. Unlike their frugal living parents, the younger generations were willing to spend on luxury purchases and Chinese traditional values have undergone significant changes. Starting from 1978, under the impact of Reform and Opening up policy, students in China can go abroad to study. Until 2009, in 30 years there were in total approximately 13,915,000 people going abroad to study (Ministry of Education of the People's Republic of China). According to China National Bureau of Statistics, the number of Chinese overseas students was dramatically increasing every year, especially after 2003. Despite a growing population of the Chinese living and studying in foreign countries, there was no study investigating their unexpected preference over luxury. This research aims to look further into this phenomenon and discuss what motivates Chinese students to purchase luxuries. The research scope encompasses motivations of luxury consumption and Chinese traditional values as motivators.

Past researches have proven that luxury consumption could be the result of different motivations (Dubois & Duquesne, 1993; Vigneron & Johnson, 2004). People see luxury purchases different from normal consumption (Duesenberry, 1949). Luxury has some special characteristics that are different comparing with necessary goods. Besides providing its essential commodity functions, luxury also provides additional symbolic values (Veblen, 1899; Dimitri, 2005; Heine, 2012). Back in 1899, Veblen identified the first motivation of

luxury consumption: the conspicuous motivation. For a long time in history, luxuries were regarded as privileged goods and they were associated with aristocrats and upper social class (Duesenberry, 1949; Vigneron & Johnson, 1999). And the only acknowledged motivation of buying luxury items was to show off one's status (Vigneron & Johnson, 1999). In the modern society however, more and more luxury products became accessible with ease. (Sheth, 1991). With the increasing variety of luxury consumers, a number of other types of motivations were identified in modern researches that followed. Leibenstein (1950) conducted a research on American consumers and he concluded three effects of luxury purchases: the Bandwagon, Snob and Veblen Effects. Dubois & Laurent (1994) matched Leibenstein's three effects with: the conformity motivation, the uniqueness motivation and the status motivation. Additionally, Dubois & Laurent identified two motivations: the hedonic motivation and the perfectionism motivation. The final theoretical touch on motivation study of luxury purchase was done by Vigneron & Johnson (1999), they categorized five motivations into two aspects: social-oriented (external & public) motivations and personal-oriented (internal & private) motivations. The former contains: Veblen, snob and bandwagon effect, and the latter contains hedonic and perfectionism effect. Further researches were more focused on testing new samples with five motivations instead of identifying new motivations of luxury consumption.

Scholars used five dimensions of motivations to explain their research findings (Mason, 1993; Li et al., 1994; Li & Su, 2007; Melika & Muris, 2009). Additionally, studies showed that differences in income, country of origin, and age contributed to the differences in luxury purchase motivations (Dubois & Duquesne, 1993; Nueno & Quelch, 1998; Tsai, 2005; Wilcox et al. 2009). Naturally, oriental culture was often used to explain Chinese consumer behaviour. However, there were some conflicting findings with respect to luxury consumption of Chinese consumers. Some scholars proposed that Chinese mainland consumers were strongly influenced by Chinese traditional values and, thus more conserved compared with consumers from Hong Kong or Western countries (Cheung et al., 1996; Bernd, 1997; Chadha & Husband, 2006). Chinese traditional cultural values were oriented from Confucian culture, including collectivism, thrifty, respecting authority, modest mind, and face maintaining (Kluckhohn & Strodtbeck, 1961; Gao, 1998; Hofstede, 2001). Wang et al (2001) believed that Chinese consumers were increasingly adopting a thrifty way of living; they had a negative attitude towards debt and hedonism. While Xiaohua & Cheng (2010) argued Chinese consumers were accepting Western values like hedonism or individualism with the passage of time. Moreover, Pan (1990) proposed that opposite to traditional perceptions of Chinese consumers, the younger generations were highly hedonic motivated.

Therefore a gap was identified from the past researches; Western values should not be solely used in motivation scales of Chinese consumers (Hung et al., 2007). While it was essential to consider the Western cultural impact on Chinese youth, the impact of Chinese traditional values should also be taken into consideration.

In order to fill in the gap in the knowledge, *there is a need to put Chinese traditional values correspondingly into Western motivations and use the tailored scales to explain the luxury purchases behaviour of Chinese students*. The motivation of writing this paper is to figure out to what extent the tailored scales can measure luxury purchases of Chinese students. This research is a deductive quantitative research. Data generated from questionnaires is processed statistically. The research variables include: luxury purchase, the status motivation, the uniqueness motivation, the conformity motivation, the hedonic motivation and the quality motivation. The research population is Chinese students who purchased luxuries. An assumption of this research is that Chinese mainland students and the overseas students are under different degrees of Western culture impact; therefore they are supposed show differently on the five dimensions of motivation scales. The research question is: **When Chinese traditional values are taken into consideration: to what extent do purchase motivations influence luxury purchase of Chinese students?**

The significance of this research can be addressed from two perspectives. From academic perspective, a statistical model is built to explain the variance in luxury purchase motivations. Within the five dimensional scales, only the effective scales will be used in the model. These models clearly show the changes in scales between different target groups. From practical perspective, this research helps in understanding the motivations of Chinese students' luxury purchases. It won't take long for those students, especially college students to become a major force of luxury consumers in the future (Xinhua, 2012). This information is important when forecasting the future Chinese luxury market. This model can be helpful for luxury products marketers launching most suitable strategy in China.

This paper is structured in the following manner: chapter 2 is the literature review, it reviews the definition of luxury, conceptualization of motivation, and Chinese traditional values incorporated with social and personal motivations of luxury purchase. Chapter 3 is methodology. This section gives instructions from research design to data analysis. Chapter 4 is the results, including basic descriptive statistics of Chinese students, differences between domestic and overseas groups, and final models that explain the variance in luxury purchase for both the groups, domestic group and overseas group. Chapter 5 discusses the results obtained in this research. All the expected or unexpected results will be explained from both

literature and statistic aspects. Chapter 6 concludes this research, as well as summarizes the theoretical and practical implications of this research and lastly, Chapter 7 identifies the limitations of this research.

Chapter 2. Literature Review

Introduction

This chapter discusses the literatures of this research. First the conceptualisation of luxury and luxury purchase motivation will be summarized. In section 2.2., Chinese traditional values as motivators will be addressed. This part is discussing how Chinese traditional values motivate Chinese consumers and what have changed in modern Chinese society. The choice of using Chinese domestic and overseas student as comparison will be reasoned in section 2.2. In section social-oriented motivations and personal-oriented motivations there are five categories of motivations, within each category, both Western and Chinese values as motivators will be discussed. The last part is summary, where all the theories are summarized and hypotheses are listed.

2.1. The Concept of Luxury

What is luxury? According to Oxford Dictionary (2012), the term ‘luxury’ means an inessential, desirable item which is expensive or difficult to obtain. Merriam-Webster Dictionary (2012) defines luxury as something adding pleasure or comfort but not absolutely necessary. Modern understanding of luxury can be dated back to mid-17th century from the root word *luxus*, meaning excess. Luxury goods by definition are connected with desire, indulgence, expensive and non-essential (Dubois & Gilles, 1994; Nueno & Quelch, 1998; Guoxin et al., 2010). Luxuries symbolize desires that people go after beyond life necessities.

The concept of luxury has been addressed from several perspectives by scholars for years. From economic perspective, Veblen (1899) was one of the earliest scholars that approached this issue. Although his book *The Theory of the Leisure Class* was mainly about formation of leisure class, he wrote that people from the leisure class have prompted luxury consumption. He believed that luxuries, as well as comfort life in general, belong to leisure class. Moreover, luxury consumption is conspicuous (Veblen, 1899). The existence of luxury is a display of the owner’s wealth. The desire of seeking a conspicuous way of living has given birth to consumption of luxury. Luxuries are characterized by good quality, conspicuous packaging, sold in expensive locations, focused advertising that focused on public exposure, famous brand names, and the most important of all, high price. It is high price that maintains the unique and exclusive status of a luxury product (Dubois & Duquesne, 1993). Nowadays luxuries are still employed as signals of wealth (Vigneron & Johnson,

2004). One can demonstrate his wealth by showing off what he can afford to buy while others cannot (Wilcox et al. 2009).

From culture perspective, Bourdieu (1984) believed that apart from having economic capital to buy luxuries, one needs to be educated to choose luxuries, namely having taste. Bourdieu's work was mainly about taste differentiating social class, he indicated that taste accomplished the process of delicate luxuries consumption, especially when it comes to social status display. It is reasonable to say, that when defining luxury, culture and taste should be a part of it. And luxury itself inevitably represents the preference of upper social class. It wasn't until the end of 19th century that people started to focus on the economic value of luxuries, luxuries were mostly treated as symbols of noble life and cultivated taste of superior social class (Mason, 2002).

There are some modern researches that take both economic capital and cultural capital into consideration. Consisting with Veblen's wealth displaying point of view, in the study about income and culture conducted by Dubois & Duquesne (1993), they have investigated a sample of 7600 Europeans in five major luxury markets to figure out the importance of income and culture in luxury consumption. They found that when it comes to the decisive role of luxury consumption, culture was almost as important as income. This point of view has been confirmed by Chaudhuri & Majumdar (2006) in their conspicuous consumption study. They asserted that abundant income and good taste did not necessarily conflict with each other. Taste decides what people buy, and economic capability decides what they can afford. At this point, besides traditional commodity factors like price and utility, one cannot exclude some non-commodity factors like culture, taste when discussing the concept of luxury.

In 2001, Dubois et al. conducted a two-phase research with respect to the essential of luxury definition and people's attitude toward luxury. This research can be regarded as a modern approach to the definition of luxury. There was a time that luxuries were regarded as exclusive goods and they could only be consumed by upper social class. But now people from different social class have access to different luxuries. As a result, the definitions of luxury need to be updated. Unlike traditional researches, Dubois et al. (2001) didn't segment their research samples, nor did they started with past theories of motivations to construct their new research. They firstly conducted interviews of various respondents. This was worth noticing because this research was the first time that scholars oriented from the demand side when defining luxury instead of the supply side. Previous studies mostly paid heavy attention to the supply side, namely, the brand name, the designers, product strategy (Bernard &

Patrick, 1993; Lichtenstein et al., 1993; Dubois & Paternault, 1995; Anderson, 1998). The question of how customers see luxury remained mystery. Dubois et al (2001)'s progress has been confirmed by another research in 2004. According to Vigneron & Johnson (2004), the concept of luxury is highly abstract concept and the meaning of luxury varies, depending on the personal point of view. Luxury can be viewed as perceptions of customers (Vigneron & Johnson 2004). After re-coded the interviews Dubois et al. processed their finding from the interviews with existing theories. In the second stage, they conducted quantitative research by using questionnaires. Their study included respondents from 20 countries from four different continents. According to Dubois et al (2001), there were 6 aspects when defining luxury. Dimitri (2005) narrows down the concept to 4 aspects and he pays special attention to the sign value of luxury. Heine (2010)'s latest research of luxury consumer motivation, he also kept 5 similar aspects. Here is a comparison of three studies of defining luxury in the modern society:

Table 1: Comparison of Luxury Definition.

Quality	Price	Availability	Aesthetic Value	Special Character	Other
Dubois et al. (2001)					
Excellent quality	Very high price	Scarcity & uniqueness	Aesthetics & poly-sensuality	Superfluosness	Ancestral heritage & personal history
Dimitri (2005)					
Higher standard of quality than comparables	Higher price	Scarce products		Symbolic extra value	
Heine (2012)					
High level of quality	High level of price	Rarity & extraordinary	Aesthetics	Symbolic meaning	

As the above table shows, ancestral heritage and personal history were rarely used in the latest researches. This indicates that traditional views towards luxury were gradually shifting to a more flexible state. And the definition of luxury inclined to commodity prospects like price and quality instead of social upper class or noble upbringings. More and more scholars believed that different social groups have their own luxuries (Dimitri, 2005; Thomas, 2007; Heine, 2010). And cultural standard of defining luxury was viewed less important than economic standard in the modern researches. As to economics aspects, high price, high quality, scarcity and superfluosness are essential terms that define luxury.

Simply defining luxury from social and philosophical perspectives is not enough. Defining luxury requires social context, location, culture and market (Heine, 2012). Nowadays for practical reasons like conducting a marketing research, a narrowed down and clear definition from business and market perspective is required. The definition of luxury has further reduced its vagueness in relative term and came to a narrower field (Berry, 1994). When the term 'luxury' was mentioned in a market research, it was actually referred to luxury products. The scope of luxury products focuses on anything that is beyond necessary goods from the industry segments (Heine, 2012). Heine (2012) summaries the definition of luxury products as: comparing with necessary goods, luxury products are generally considered very expensive, having superior quality, aesthetic, rare, extraordinary and symbolic. Luxury products represent the superior line of its own product category. Normally those characters are dependent on each other (Heine, 2012). In order to assure high quality and aesthetic value, the production of luxury naturally requires famous designers and skilled craftsmen. As long as the number of good designers and craftsmen is limited, the production volume cannot be raised. Relatively low productivity, high quality will inevitably lead the price higher than products of the same kind (Dubois et al. 2001). Since luxury products are to fulfill the needs beyond necessary goods, they are made to be owned by people with high consumption power and high expectations. Its high price can prevent luxuries coming down to a cheap, ordinary products range (Wiedmann et al. 2007).

Luxury products and luxury brands do not equal with each other. For consumers, any name brands that provide not only commodity value but also conspicuous value, they exist as luxury brands. Luxury brands is the image in consumer's mind when they refer to luxury product (Heine, 2012), i.e. when people think of luxury purse, they think in terms of brands like Hermès or Chanel, instead of thinking in terms of product itself, despite the fact that Hermès or Chanel also produce other products. Luxury products and luxury brands do not necessarily contain each other. Taking two products from the same brands for example: a Mercedes-Benz limousine is a luxury product, a Mercedes-Benz garbage truck subtly falls out of general perception of luxury product. On the other hand, luxury products can also come from non-luxury brands. Besides offering ordinary flights, non-luxury brand KLM (Koninklijke Luchtvaart Maatschappij, Royal Dutch Airline) offers private jet service, which is considered as a luxury product.

In modern China, there is no such concept as luxury brand, especially in the last century 1960s; the Proletarian Cultural Revolution has enforced the idea 'impoverishment is virtue' all over China (Fanny, 2001). People avoided being part of the bourgeois class, in

possession of anything that indicates one's bourgeois identity was highly criticized by the society. Chinese started to familiarize with luxury brands after *Reform and Opening up to the Outside World Policy* was issued in 1976. Even nowadays, people in China refer luxury brands as foreign brands (Tsai, 2005).

2.2. Conceptualisations of Luxury Purchase Motivation

Motivation drives a person's behaviour. It is a strongly influential factor that drives consumer to buy things (Pincus, 2004). Historically, scholars have believed that motivations of buying luxury are more of for its symbolic meaning than its utility. Veblen (1899) described luxury consumption as conspicuous consumption, which means buyers are motivated by status seeking. Buyers are motivated by displaying upper class status rather than using the function of the purchased item. Furthermore, maintaining self-esteem is regarded as a motivation in luxury shopping back in 1940s (Duesenberry, 1949). Duesenberry argued that the reason why people are willing to spend more on luxury was that they wanted to maintain their self-esteem, especially when people relate their self-esteem with their social belonging. So the price a person pays for luxury is actually the price to pay for maintaining one's self-esteem. This partially reasoned why some people willing to pay the price difference between a luxury item and a cheap necessity item despite getting similar utility. In 1950, Leibenstein conducted a systematic research on the new-rich American consumers in luxury market. He raised the issue that social interaction could motivate people behave differently when buying luxuries (Leibenstein, 1950): the Bandwagon, Snob and Veblen Effects. Corresponding to those effects, people buy luxuries to symbolise that they are conformable, unique and status.

The next stage of researching motivation of luxury consumption is after 1990s. Based on the work of Leibenstein, Dubois & Laurent (1994) added two more motivations: hedonism and perfectionism. These two aspects are more personal oriented than social oriented, since hedonism addresses emotional value and perfectionism addresses quality value. Tidwell and Dubois (1996) conducted a comparison study by using 167 samples from Australia and France to generalise their previous model. According to their study, cultural was a significant factor in motivating people to buy luxuries. People from different culture vary in their perceptions of luxuries. Vigneron & Johnson (1999) made another step on motivation by studying value of prestige-seeking consumers. They firstly categorized five motivations into two aspects: social-oriented (external & public) and personal-oriented (internal & private). The former contains: the Veblen, snob and bandwagon effect, and the latter contains the hedonic and perfectionism effect.

2.3. The Influence of Chinese Traditional Values as Motivators

This section describes what Chinese traditional values are, how do those values change overtime, to what extent do they influence luxury consumption of Chinese people, why choose domestic and overseas students as comparison group. In this study, the selected Chinese traditional values as motivators will be connected with Western consumer motivations from past researches (Leibenstein, 1950; Dubois & Laurent, 1994; Vigneron & Johnson, 1999). Similar values from Western and Eastern study will be further combined and put into motivation research.

Chinese traditional cultural values are mainly composed of Confucian values, in which harmony, thrifty, respect of social order, modest mind, and face maintaining are emphasized (Xiaohua & Cheng, 2010). In 1996, Cheung et al. have conducted a clinical psychology culture study about culture oriented Chinese personality, by analysing over 300 statements of 50 Hong Kong people, a pilot study of 433 people from Hong Kong and Mainland China, they have found some values that were particularly important to Chinese social members, and the selected ones were relevant of this study:

Face (Mianzi), which is a dominant factor in regulating Chinese social behaviours. Face depicts a person claims himself of what he is supposed to be in his social contacts. Although Mianzi is translated as face, it actually refers to dignity and prestige. In Chinese traditional culture, one should avoid doing things that causes losing face. In order to enhance and protect their face, people are encouraged to behave accordingly to their ideal social status.

Gifting (Renqing), which is a complicated way of enhancing social connections. Renqing means affection exchange; it is a social favour that can be materialized in gifting. The forms of gifting is various, include money, goods and information, etc. Asking and giving favours in Chinese society is directed by implicit social rules. Chinese people attach great amount of importance on gifting properly.

Collectivism (Guanxi), which depicts personal network. Guanxi means people have to show that they value their relationship of others that around them, like family, friends, important social network. The ultimate form of acknowledge Guanxi is collectivism. Guanxi is closely related to Renqing in the favour exchange perspective. However, another important aspect of Guanxi is expressing conformity. In the collectivism culture, people are encouraged to go with the flow. Making personal sacrifice for the sake of family or group is praised in ancient Chinese culture. By showing that you are alike the others in certain group, in the way of life style, consuming ability, social status, and one can signal his belongingness.

Thrift, which is cherished in traditional Chinese culture. Thrift value encourages prudent lifestyle and saving for tomorrow attitude. Conspicuous wasting and careless spending for hedonism is despised by people who adopted thrift value.

Stability (seeking for assurance), which is the guideline of Chinese traditional collective life. Seeking for assurance and order to maintain stable and consistent is important for collectivism. It is considered a virtue if one can stay unflustered under pressure. And this mindset in terms of product consuming, can be interpreted as quality seeking, because only product with good quality can be trusted and durable.

Values reflect the essential part of culture, and they are believed shared by people of the same culture (Kluckhohn & Strodtbeck, 1961). Consumption value influence consumer's purchase decision. Consumption value is about what consumers believe worth to have in acquiring certain item. Culture value has largely led the consumption value in society (Sheth et al., 1991, Xiaohua & Cheng, 2010). Furthermore, culture value affects one's life style, social choice and hence it is significantly influential in consuming motivation (Xiaohua & Cheng, 2010). Even under the strong impact of Western values, Chinese traditional values still deeply influence Chinese consumers' consumption behaviour (Pan, 1990). Wang et al (2001) had conducted a consumer research of high end product by interviewing and questionnaire of 600 participants, their research result showed that Chinese traditional value thriftiness were strongly influencing Chinese consumers. Wang et al. believed that most Chinese consumers had a negative attitude towards debt; therefore Chinese consumers were likely to be against over spending. Xiaohua & Cheng (2010) argued that Chinese traditional value inserted dual-value structures in the society. On one hand, thriftiness could be regarded as a virtue; on the other hand, spending conspicuously for the sake of "face" (dignity/prestige) was also understandable.

Rapid changes of the society and market economy have brought impact to traditional Chinese values. Under various circumstances and within different generations, some seemed conflicting values managed to co-exist with each other (Xiaohua & Cheng, 2010). Hedonic consumption values, for instance, have been largely accepted by younger generations, while the elder generations still see thrift and conserve as virtue. The generation after 1980s are a prominent force in luxury consuming nowadays. The 1980s and 1990s are raised by parents who are not allowed to go abroad or hear anything from abroad in the Proletarian Cultural Revolution time. Inevitably, the 1980 and 1990 generations were showered with Chinese traditional values by their parents in their childhood and early youth (Hung et al. 2007). Since the one child policy has severely downsized Chinese family, the economic power from both

parents is accumulated onto the only child. Even though the parent generations are living frugal, they tend to spend generously on the only child of the family (Pan, 1990). The only child generations are called the spoiled generation, they are willing to spend for hedonic purposes. Hedonic consumption represents enjoyment and personal pleasure, which happens to be welcomed by the one-child-policy generations (Pan, 1990). Pan (1990) further pointed out that opposite to traditional perceptions of Chinese consumers; the younger generations were highly hedonic consumers. They were enthusiastic with purchasing luxuries for hedonic reasons and their parents were not hesitant to support this need.

In the younger generation, especially for those who can afford to study overseas, they represent a significant value conflict of their consumption behaviour. Hsu & Nien (2008) conducted a study of 662 respondents of students from mainland China and Taiwan about the influence of traditional culture value on their shopping pattern. Their study shows that China mainland student was more influence by traditional social culture than Taiwanese students. Their shopping patterns differ even when they shop abroad. There are three reasons to compare domestic and overseas students: firstly, they were raised by traditional parents, they were inevitably influenced by Chinese traditional values. However, they were not encourage to live like their parents, their parents spend high amount of money to send them abroad to embrace a Western life style. Their value orientation is a combination from both traditional Chinese values and Western values (Xiaohua & Cheng, 2010). Secondly, the one who went abroad encounter a currency issue, when converted into Western currencies like Euro or Dollar, Chinese Yuan proved to have lowered their purchase power comparing with their original consumption level in China. It would seem like they became “poor” suddenly when they go abroad. Would they go back with older generation’s thrift life style or maintain a hedonic lifestyle? The ones that didn’t go abroad did not experience this currency issue. Thirdly, living abroad is the ultimate format of experience the impact from Western consumption culture. The overseas students will be confronted with Western values directly. Comparing samples from domestic and overseas students could provide a good insight of to what extent Eastern and Western values have changed Chinese students.

Hypothesis 1: There are differences of luxury purchase motivation between Chinese mainland students and Chinese overseas students.

2.4. Social-oriented Motivations

Social-oriented motivations refer to external factors from society that motivate consumer to buy luxuries. Consumers that have social-oriented motivations are more sensitive to the

social effects when purchasing luxuries rather than the utility of the product itself (Solomon, 1983). Social-oriented motivations have caused the following effect: The Veblen effect, snob effect and bandwagon effect. Leibenstein (1950) believed that those effects were caused by psychological demands. The essential character of those demands are non-functional demands (Leibenstein, 1950), meaning that Veblen effect, snob effect and bandwagon effect describe people who are motivated to buy luxury because of external factors like status, unique or conformity, instead of core-function of good: serving physical need. The following sections will be elaborating each one of them separately.

The Status Motivation: the Veblen effect

The Veblen effect was named after American scholar Thorstein Veblen (1857-1929) by Leibenstein (1950). Veblen effect is about perceived conspicuous value. It describes a phenomenon: when price of certain goods raise, the demand somehow increases. This means that certain goods become more popular when their prices are increased. On contrary, classical economists believe that in supply and demand relationship when price raise, demand will drop, and vice versa. This rule applies perfectly for necessity goods. Veblen has discussed the irregular price and demand relationship in his book *The Theory of the Leisure Class*, and that is the reason Leibenstein named this situation after Veblen.

As one of the earliest researchers in luxury consumption field, Veblen (1899) did not see price as an indicator of quality, nor did he related consumption highly priced products to hedonism. However, he pointed out that when people seek for status, they will achieve status display by conspicuous consumption. According to Veblen, there are two motives of conspicuous consumption: “invidious comparison” and “pecuniary emulation”. Invidious comparison refers to people from higher social class differentiate themselves from the people from lower class by consuming conspicuously. Pecuniary emulation is the opposite of the invidious comparison; people from lower social class try to be identified as higher social class members by consuming higher class goods. High price of luxuries is perceived as means of creating distance between social classes. Therefore the price for luxury will reach equilibrium when it is high enough to discourage imitation and differentiate social class (Laurie & Douglas, 1997).

Invidious comparison is about sending signals to peers (Vigneron & Johnson, 1999). Veblenists’ primary motivation of purchase luxuries is to impress others. According to Vigneron and Johnson, invidious consumers use price as reference, however, they see price more as an indicator of purchase power. And thus high price of a product for invidious

consumers can be used to identify people with the same purchase ability. It is important for invidious consumers that their purchases have social reactions. If the purchase did not achieve the effect of wealth displaying, then invidious consumers would be disappointed (Mason, 1981). Mason further pointed out that materialists are willing to spend money conspicuously and even wastefully to enhance their social status. Invidious consumers are motivated to buy luxuries if it helps them to maintain and signal their status.

Pecuniary emulation is about asking for recognition. Pecuniary emulation literally means monetary imitation. In Veblen (1899)'s book, the new-rich American purchased luxuries to imitate upper class lifestyle. They had made a fortune in World War II, however they were not considered as upper class. In order to be accepted by their ideal social class, they displayed their wealth and spend money conspicuously. Pecuniary emulation consumers imitate the way upper class people live. They are willing to be influenced by upper class social trend. Social feedback and recognition are important motivators for them to buy luxuries (Mason, 1993). Pecuniary emulation consumers interpreting upper class life in a materialist way, they use what they have purchased to signal the society that they ought to be. Processing certain luxury items can be regarded as a key to membership of upper social class (Grubb & Stern, 1971; Solomon, 1983). Since necessity goods cannot be conspicuous consumed, pecuniary emulation consumers are less motivated to buy them despite the actual functions (Bearden & Etzel, 1982; Childers & Rao, 1992).

However, Chaudhuri & Majumdar (2006) believed that the above mentioned theories are incomplete. They criticized that price is overlooked in the class theories. Past researches have focused heavily on conspicuous part of consumer irrationality. Based on the view of classic luxury consumption theory, Veblenists use price as reference, but high price cannot demotivate them since they aim to signal their wealth. Chaudhuri & Majumdar showed disagreement on the particular point. In classical luxury consumption theory, high price is an absolute term that is perceived by rich and poor. Chaudhuri & Majumdar implied that high price is a relative term. Luxuries are generally regarded as high price products for people with social average income; but for people with very high income, the price of luxury can be lower in their perception. They believed that nowadays consumers are still keen to impress others by consuming conspicuously, but they perceived price in a different way.

Chaudhuri & Majumdar (2006)'s idea can be dated back to Duesenberry (1949)'s spending level issue. In the book *Income, Saving and the Theory of Consumer Behavior*, Duesenberry proposed that people compared their spending level with peers and they adjust their perception in actual spending on luxuries. As a result, the acquired perception will lower

the psychological price of luxuries and stimulates people to a higher spending level. Chaudhuri & Majumdar clarified that high price of luxuries stimulating consumption should not be labelled as irrational consumption. And conspicuous consumers are not simply irrational consumers that solely focus on ostentation. Dupont and Duquesne (1993) also proposed that the status seeking and recognition to oneself and to others, their research indicated that the pursuit itself was more meaningful than the feedback for modern Veblenists.

Self-consciousness issue is raised in the studies of 90s. Consistent with previous conspicuous theory, self-consciousness Veblenists are still motivated by showing status, declaring their importance, and wanting belongingness from upper class social group. The progress made in this topic is that with self-consciousness, when modern Veblenists purchase luxuries, they give themselves recognition first. They define their images by consumption, and use price as a surrogate indicator of their perceived status. That is to say, they are motivated by symbolic meaning conveyed by luxury purchases (Chaudhuri & Majumdar, 2006; Dubois & Duquesne, 1993; Wong & Ahuvia, 1998). Under the assumption that luxuries can symbolize status and wealth, ostentation as a motivator constantly makes luxuries desirable for Veblenist consumers. Social and economic reference groups were still important factors that motivate conspicuous consumers (Chaudhuri & Majumdar, 2006; Dubois & Duquesne, 1993). What self-consciousness Veblenists seek for was accordance between how society sees them and their self-image.

Chinese traditional value 'face' is consistent with conspicuous value. Face is a salient value in Chinese daily life. Past researches have proved that consumers of collectivistic culture behave differently as oppose to individualistic culture. Consumers from different culture are also motivated differently when purchasing luxuries (Hofstede, 2001; Dubois, Czellar, & Laurent, 2005). Face can be a profound motivator when it comes to status seeking purchase behaviour. Unlike in the western culture, saving face in Chinese culture has always been seen as an important thing (Ho, 1976). Despite the low average income of Chinese, they are still motivated to buy luxuries to maintain face (Zhou & Belk, 2004). Face could be a primary motivation of some Chinese consumers to purchase luxuries. Chinese consumers prefer world famous foreign brand that belongs to conspicuous good category, since they believe that the purchase of those goods will bring them more prestige and more value (Zhou & Wong, 2008). It is very likely that people from collective culture attach what they own to who they are, or who they want to be. For face seeking consumers, they purchase luxuries to win face for themselves. This phenomenon is very typical in Chinese culture (Juan, 2011).

It can be concluded that face maintainers are externally motivated people. They seek for social effects. If one attached importance to face oriented value, he is most likely to be a Chinese version of Veblenist. Face seeking enhances his motivation; no matter he is an invidious comparison type or pecuniary emulation type. Thus conspicuous value is internally consistent with face seeking value in Chinese traditional culture. For Chinese domestic and overseas students, they have different social context and thus different peers. Since Chinese domestic group were more directly exposed in the Chinese face value, while overseas students would be more or less influenced by Western value, it can be expected that:

Hypothesis 2: There are differences in the status motivation between Chinese mainland students and Chinese overseas students.

The Uniqueness motivation: the snob effect

The snob effect describes the situation when luxury consumers express their uniqueness by consuming limited edition of luxuries or products that are less popular with mass luxury consumers. The snob effect is about perceived unique value. Snob consumers base their choice on the opposite of mass luxury consumers, they tend to purchase goods that come in a small volume every time or limited availability entirely. The demand curve of snob goods is reversely connected with popularity (Vigneron & Johnson, 1999). Most of the time, price are used by snob consumers as a reference when it was raised high enough to provide exclusiveness (Vigneron & Johnson, 1999; Dubois et al., 2005).

The uniqueness motivation is about being different or exclusive comparing with surrounded people (Vigneron & Johnson, 1999). It is a distinct rationale of luxury consumption and an external driven motivation. Snob consumers are motivated by uniqueness motivations. They intentionally avoid using popular brands or choosing popular choices to express their special taste. According to Liebenstein (1950), snob effect happens when the certain consumers are more motivated to buy products when products are on limited supply or highly priced. The more inaccessible a product gets, the more appreciated it would be for snob consumers. It is important for snob consumers that what they buy is known as inaccessible by mass consumers. There are three influential factors in purchase decision making process for snob consumers: personal desires, emotional desires, and the behaviours of others (Liebenstein, 1950). The uniqueness motivation has shared some similarity with the status motivation (Liebenstein, 1950; Mason, 1998). Both the uniqueness motivation and the status motivation are conspicuous. Uniqueness motivated consumers are seeking for recognition of their unique taste as the extension of themselves (Belk, 1988).

The snob effect becomes so prominent in luxury purchase is because luxury itself is closed related to scarcity and exclusiveness. Since luxury by nature offers what motivates snob consumers. It is no wonder that snob consumers accumulate in luxury purchase. Chaudhuri & Majumdar (2006) proposed that snob effect is consists of consumers who reject dominant values and want to express uniqueness of their taste. Modern consumers are having increasing need to interpret consumptions differently. Chaudhuri & Majumdar argued that the definition of the uniqueness motivation has shifted from pursuing what others cannot have to pursuing what others do not have. In Lynn (1991)'s study Scarcity effects on value, he conducted a meta-analysis of 41 previous studies. He proposed that there is a significant positive relationship between perceived scarcity and value. When scarcity of certain goods increases, the desire for them also increases. And snob effect seems to be on extreme of this scarcity and desire relationship. Lynn & Harris (1997) added materialism in the desire for unique consumer products research, they proposed that materialistic people are expressing their views and making statements by purchasing luxuries. For materialistic people, being uniqueness can be achieved in terms of owning limited editions of goods.

There are two situations snob effect may occur, according to Maison (1981), one is that snob consumers compete for newly launched luxury, so they be first movers at that moment; the other is when a luxury product is recognized and bought by a lot of people, snob consumers tend to avoid this choice. Snob consumers leave distance from popular items and mass choice. Lynn and Harris (1997) also confirmed that the desire of having something exclusive is a power motivator despite one's status.

Uniqueness seeking pattern can be traced in Chinese consumers when buy luxuries as gifts. Gifting has strongly motivated Chinese people to buy luxuries. Despite Chinese traditional value of collectivism, gifting, as an important social mean, has it special characters (Ger & Belk, 1996). Exchanging expensive gifts for Chinese is about showing respect to social hierarchy and maintaining inter-personal relationships. Through gifting, Chinese people balance group needs and individual needs (Ying, 2011). Renqing, it can be directly translated as human emotion or human sentiment. It means people offering wishes or sending greetings for special occasions like birthday, marriage or funeral through gifts. Renqing is what connects Chinese people in all ages; it plays a significant role in Chinese life. And gifting is the most popular way of building up Renqing between each other.

Asian people are keen on maintaining a close family ties and they purchase luxuries frequently for family members (Ger & Belk, 1996; Ying, 2011). Chinese traditional values attach importance to family ties. Gift exchange is expected to contribute greatly to enhance

family ties. For Chinese people, maintaining and enhancing relationship through gifting is an obligation. He is obliged to participate in gifting relation to enhance Renqing in his social life (Hwang, 1987; Bond, 1996).

Conformity is less welcomed by Chinese in gift picking. Showing conformity in gifting will only lead this person to be forgotten. The major purpose of gifting is to enhance relationships and thus building a stronger relation (Ger & Belk, 1996). And a successful gifting can be seen as making an unforgettable impression to gift receiver in a materialistic way (Bond, 1996). However, by giving similar gifts to others does not help impression making. And the 'utility' of gifting is not achieved. For both Chinese domestic and overseas students, the target of gifting is basically the same, either for family or for friends. Therefore it should be no difference in the uniqueness motivation when gifting.

Hypothesis 3: There is no difference in the uniqueness motivation between Chinese mainland students and Chinese overseas students.

The Conformity motivation: the bandwagon effect

The bandwagon effect is the antecedent of snob effect (Vigneron & Johnson, 1999; Berry, 1994). The basic motivation of snob effect and bandwagon effect is to enhance one's self-concept (Dubois & Duequesne, 1993). Those two effects differentiate each other through distinct group affiliation. The bandwagon effect arises when people prefer certain goods as the sales of these goods increase; namely, people prefer what others prefer. When bandwagon effect happens, people jump on a consumption bandwagon and follow the popular choice. The bandwagon effect is not originally included in traditional microeconomic theory of supply and demand. According to supply and demand theory, one's consumption choice is primarily based on his income, price of commodity and one's own preference. The bandwagon theory significantly increases the importance of social trend; meanwhile it decreases the influence of price as a reference. In the context of luxury consumption, Leibenstein (1950) believed that the bandwagon effect mostly happens to the lower end of a luxury brand (Vigneron & Johnson, 1999). The bandwagon is about perceived social conformity value.

The conformity motivation causes bandwagon effect. People with conformity motivation choose to consume identical goods from their reference group (Bearden & Etzel, 1982). Their consumptions purposes are enhancing self-concept and meeting expectations (Bearden et al, 1989). Either way they would like to ensure their conformity to a socially aspired life style. Comparing with snob customers, bandwagon consumers attach less

importance on price. Bandwagon consumers focus more on the acceptance and meeting expectations of their reference group (Vigneron & Johnson, 1999). In order to be with their desired group, sometimes consuming an iconic item becomes so necessary for bandwagon consumers that they have to own it despite the price (Dittmar, 1994).

Group reference is essential for bandwagon consumers (Leibenstein, 1950; Bearden & Etzel, 1982; McCracken, 1986). Some people desire acceptance. They believe that their consumption choice will be associated with popularity, as well as an image of living like successful people. Under the impression that buying luxuries will bring popularity, bandwagon consumers are willing to purchase luxuries to meet peers expectations (Dittmar, 1994). Nowadays media always relate a desired life style with luxury wrapped appearance and luxurious way of living; this stimulates bandwagon consumers to conform to luxurious social trend. Tse (1996) conducted a study of Hong Kong students, the result of his research showed that 86% of the students admitted that their reference group had influenced their purchase.

Conformity in luxury consumption under Chinese context is prominent. Traditional Chinese culture requires people behave accordingly to their social class. Conforming to reference group is regarded as appropriate. Showing conformity is considered as being popular. Chinese people are taught to restrain expressing themselves uniquely. They consider mass choice as the safe choice. When Chinese bandwagon consumers express the value of collectivism in a materialistic way, they tend to buy similar styles or same brands. Even nowadays, expressing individualism is not encouraged in Chinese society (Wang et al., 2001). Confucians and communism have long shaped China into a collectivism dominant country. With serious social pressure of showing conformity, Chinese youth tend to show their individualism within a reasonable range, very likely to be under the influence of their elders and peers. Some scholars argued that showing conformity is merely a public expression of outward conformity for Chinese people (Greenblatt, 1979). It means Chinese people have private values but when it comes expressing to public, they will still choose conformity. They see having private values and showing values publicly as two different sets with different consequences.

Confucian collectivism is the dominant traditional value in China and is it significantly influence Chinese luxury purchase (Wong & Ahuvia, 1998; Chaudhuri & Majumdar, 2006; Ying, 2011). Past researches about motivation of luxury consumption were conducted in western individualism social culture. Chinese consumers, as an emerging buyer force in the international market, call for more culture oriented studies. One of the most

influential forces that distinct between Eastern and Western culture is Confucian collectivism (Wiedmann et al., 2007). Confucian collectivism encourages social conformity.

Wong & Ahuvia (1998) proposed that social conformity is particularly strong in Asian countries like China. Confucian collectivism is reflected in Chinese consumer's buying behaviour, especially in the prospect of self-concept expressing. Chinese consumers express their self-concept in the frame of social majority opinion (Chaudhuri & Majumdar, 2006). Chinese luxury consumers are mainly externally motivated, especially by social conformity motivations (Ying, 2011). The consumption pattern differs from West to East. Unlike self-expressive and independent Western luxury consumers, Chinese consumers are being easily influenced by opinions from their social circle, and they are hesitating to be unique. Moreover, Confucian collectivism consumers will buy luxuries out of their social duty to stay conformity with each other. This consuming pattern will also help with recognizing group member and non-group member. Wong & Ahuvia (1998) pointed out that symbolic meaning of a luxury item was more important for Asian consumers than hedonic meaning. Since symbolic meaning is crucial for Asian consumers, they prefer to buy products in public.

For domestic students, they are exposed in a conformity culture, thus they are easily influenced by bandwagon motivations. As for overseas students, it is also likely they would choose other overseas students to show conformity. Although living in Western countries decreased the social pressure of showing conformity, overseas students are not explicitly encouraged to be unique, they could possibly stay conform to each other out of habit. One can assume that they are following the usual habit and express social conformity with other Chinese overseas peers.

Hypothesis 4: There is no difference in the conformity motivation between Chinese mainland students and Chinese overseas students.

2.5. Personal-oriented Motivations

Personal-oriented motivations refer to internal factors from the person himself that motivate one to buy luxuries. On contrary with social-oriented motivations, people with personal-oriented motivations are more inclined to focus on the product itself, they tend to attach emotions to certain products or brands, or pursuit high quality in luxury products.

The Hedonic motivation: the hedonic effect

The hedonic effect is about perceived emotional value. The hedonic motivation refers to the desire of having pleasant and positive feelings in consumption. The importance of the hedonic motivation in luxury consumption is proposed by Dubois & Laurent (1994).

According to Dubois & Laurent (1994), one of the most prominent utility of luxury is to provide emotional value to consumers. Sheth et al. (1991) also emphasized that besides functional utility, luxuries also provide emotional value. Scholars have agreed that the consumption of luxury has been internally driven by emotional factors (Sheth et al., 1991; Dubois & Laurent, 1994; Vigneron & Johnson, 1999). Hedonist consumers are internally motivated consumers, they focus solely on their own feelings and emotions, thus they place less attention on price and they hardly see price as the indicator of prestige (Vigneron & Johnson, 1999).

Sensory and spiritual pleasure is considered as the basic motivator of hedonic consumers (Dube & Le Bel, 2001). The emotional responses towards luxury are: beauty, pleasure and fulfilment, etc. Wiedmann et al. (2009) proposed that aesthetic beauty and emotional attachment is an essential character of luxury products. Since lot of definitions of luxuries have connected luxuries with beauty and pleasure, it is likely consumers are attracted to luxuries when they seek for sensory and spiritual pleasure. People purchase luxuries to satisfy their hedonic needs (Tsai, 2005). Hedonic consumers believe that they will have positive emotional experience when they consume luxuries (Dubois & Czellar, 2002).

Dubois & Laurent (1996)'s research showed that there were more and more luxury consumers purchase luxury to satisfy themselves rather than to impress others. According to Hofstede (1980), individualism is defined as people see themselves as individuals rather than as part of a group. On contrary, collectivists see themselves as part of a group and adjust their behaviour accordingly to other group members. Consumers from individualism culture are more self-oriented than consumers from collectivism culture; correspondingly, their consuming motivations are more obviously connected with hedonic value. Some even link their possessions with wellbeing and satisfaction of their lives (Richins & Dawson, 1992).

In Hofstede (2001) later research towards Asian countries, he took Confucian Dynamism into consideration. Confucian Dynamism depicts Asian long-term oriented culture. Asian countries like China and Japan are the main adopters of Confucian Dynamism. In a society that believes in Confucian Dynamism, people value perseverance of tradition, saving for the future, taking long time to fit in and waiting for payback in the long run (Hofstede, 2001). Juan (2011) has elaborated this point, people in the Confucian Dynamism culture are proud of their frugal lifestyle and they are accustomed to save money. They are taught to concern the worth of money and they will maximize the value of it. Chinese people value thriftiness and simple living. Even though there is a growing tendency of consumerism, it is still a traditional propensity for Chinese to save money. The ideology that 'personal desire is

selfish' was once trumpeted by official media during the Proletarian Cultural Revolution. One should think for the group he belongs instead of pursuit personal happiness. Hedonism is largely restrained back then, and now it is gradually growing. Still, in some rural areas of China, people's mind of not updated yet comparing with citizens (Wang & Lin, 2009). As a traditional virtue, thrift restrains hedonic needs. The tension is getting more and more obvious when it comes to luxuries consumption for Chinese people.

Tse (1996) found that Chinese consumers had encountered difficulties in pursuing hedonic values in luxuries. They are accustomed to judge a product by its utilitarian functions rather than hedonic functions. Long-term thrifty living made Chinese gear their lives to be utilitarian consumers. Utilitarian consumers focus on the function value and physical performance when consuming. Hedonic values that a luxury brings are normally ignored by utilitarian consumers (Sheth et al., 1991). Function value is regarded as the basic motivator of consumption traditionally, as the living standard and income raise; people start to seek for higher needs that beyond necessity, namely, hedonic needs. People with a traditional lifestyle value solely function of goods; they believe in utilitarian value and live in a simple way (Sheth et al., 1991). Utilitarian consumers hardly connect pleasure with consumption (Tse, 1996).

Another reason that blocks Chinese consumers from pursuing hedonic values in luxuries could be brand knowledge (Chenglu, 2000). Hedonic consumers are expected to be more brands conscious and they have an emotional attachment to certain brands. Hedonic consumers use brands to express themselves and gain pleasure in this process of familiarizing with a brand (Chenglu, 2000). It was only until late 30 years that luxury stores are allowed to open business in China. It is possible that Chinese people need more time to be brand conscious.

However, with the influence of Western culture and increase of income, Chinese consumers are reacting to hedonic needs in luxury consumption (Chu & Ju, 1993). Chu & Ju (1993) argued that after years of deprivation and institutionalized discouragement towards consumption in the past, Chinese consumers are willing to compensate and accept hedonic values. Therefore there is a tendency that in China the one-child policy generation are less influenced by this thrift value (Xiaohua & Cheng, 2010). Despite all the descriptions of a changing Chinese society, so far there is no systematic study that shows Chinese consumers are entirely comfortable with pursuing hedonic values.

Comparing the domestic student group, the overseas student group obviously have more knowledge of Western brands. Moreover, under the assumption that they can afford to

go abroad, their purchase ability is more or less guaranteed. Without parenting restraint, overseas students can freely explore their hedonic needs in luxury purchase. Therefore:

Hypothesis 5: There are differences in the hedonic motivation between Chinese mainland students and Chinese overseas students.

The Quality motivation: the perfectionism effect

The perfectionism effect is about perceived quality value (Vigneron & Johnson, 1999). Quality seeking consumers are willing to pay a premium price to acquire assurance of high performance. They use price as an essential indicator of quality (Vigneron & Johnson, 1999). The perfectionism effect describes the situation that consumer are motivated to buy luxuries since they equal luxuries with superior quality. Indeed, besides providing social prestige values and hedonic value, luxuries are characterized with superior function value (Quelch, 1987). Perfectionism consumers are looking for products with technical superiority and consistent performance.

Luxury consumption is always related with conspicuous value. Veblen effect happens when consumers seeking status and signalling wealth. However, the premise of Veblen effect is that consumers are willing to pay a higher price for a functionally equivalent good as long as the brand is famous (Laurie & Douglas, 1997). The discussion of Veblen effect was based on the assumption that quality of luxuries doesn't differentiate from cheap brands. Quality issue was not made explicit in the past studies on Veblen effect. Since the studies were mainly about conspicuous value, it is reasonable to exclude other disturbing factors to conduct a research that links conspicuous value to Veblen effect. However, quality cannot be always ignored. Quality seekers may view luxury differently. They believe price is an indicator of quality. And thus in order to have guaranteed the quality of what he buys, he purchases luxuries.

Quality values and conspicuous values are not exclusive in motivating luxury purchase. Seeking for superior quality goods motivates consumers across different cultures; more and more researches after 1990s are taking quality as a motivation into consideration (Durvasula et al., 1993; Shim, 1996). According to Vigneron & Johnson (2004), product quality includes several perspectives like material, design, technology and crafts. Comparing with less luxurious brands, a luxury brand is expected to guarantee high standard of quality on its products (Quelch, 1987). High quality has been viewed by some scholars as one of the defining characteristic of the luxury product (Bernard & Patrick, 1993; Guoxin et al., 2010). Individuals indeed seek quality in luxury shopping. Even when a luxury item is primarily

purchased for its social value, it is also possible that luxury consumer considers this product is functionally better than its non-luxurious counterparts. Consumer values like quality and conspicuousness can be integrated and finally form as purchase intention.

Culture factor like uncertainty avoidance could be the motivation of quality seekers (Lichtenstein & Burton, 1989; Juan 2011). For people who want to avoid risk, using price quality ratio to judge a product would be their first choice. Especially when search cost is high, people are likely to rank products by their prices as indicators of the quality. In a normal market when price is regulated by supply and demand, it saves time and energy for people to use price as a shortcut to decide what to buy. Tsai (2005) found that consumers repurchase intentions were determined by quality assurance in luxury products. For quality seeking consumers, the benefit of paying a premium price for luxury goods can be returned in the long run. Rao & Bergen (1992) conducted a study of 234 samples of price premium; their found that highly risk-averse consumers tend to pay a premium price for a product as long as these products are guaranteed with high quality. Since buying a product with inferior quality means shorter usage time and more repeat purchase of same functional product, risk averse consumers are better off in having a decreased search cost when they purchase luxuries. Seeking for assurance and order to maintain stable and consistent is important for Chinese people (Juan 2011).

Hypothesis 6: There is no difference of the quality motivation between Chinese mainland students and Chinese overseas students.

2.6. Summary

Theoretical summary:

Table 2: The chart below shows the motivations and corresponding Chinese traditional values

Orientation	Consumption Effect	Motivations/ Core Value	Chinese Traditional Value	Purchase reference	Price Dependence
Social oriented	Veblen Effect	Conspicuousness	Face (Mianzi)	Price	YES
	Snob Effect	Uniqueness	Gifting (Renqing)	Popularity (-)	YES
	Bandwagon Effect	Conformity	Collectivism (Guanxi)	Popularity (+)	NO
Personal oriented	Hedonic Effect	Affection	Thriftiness	Pleasure	NO
	Perfectionism Effect	Quality	Assurance	Quality	YES

Chapter 3. Methodology

Introduction

This chapter provides an overview of the research, including the aim of this research, research range, possible outcome, and the selection of all the variables. In section 1, general research design is discussed, and the reasons of choosing questionnaire are elaborated. Section 2 is about development of measures, namely the selection process of all variables from literature. Section 3 is about sampling process, including sampling method and administration issues. In section 4, the data analysis method is discussed, providing the reasons why particular statistical analyses are used. In the end, there is a brief conclusion about the whole research process.

3.1. Research Design

The aim of this research is to investigate to what extent different motivations influence Chinese students' luxury purchase. The highlight of this research is that Chinese traditional values as motivators are considered when measuring five motivations, and together they are categorized into five categories and identified as: the status motivation, the uniqueness motivation, the conformity motivation, the hedonic motivation and the quality motivation. The range of this research includes domestic Chinese students from mainland China, and the overseas Chinese students studying in European countries, the U.S., the United Kingdom, and Australia. Participant has to be a Chinese student and he/she has a history of luxury purchase. This research is to find out to what extent five purchase motivations significantly influence actual luxury purchase behaviour when Chinese traditional values are taken into consideration. Moreover, this research explores whether there are differences between domestic group and overseas group. And multiple regression analysis was used to find out to what extent each motivation decided the final choice, which answers the research question.

According to Bryman & Bell (2008), the process of a deductive research is to come up with hypotheses based on existing theories, then collect data and test data to reach findings. One can confirm or reject hypotheses based on the findings, and thus figure out the consistencies and inconsistencies comparing current findings to the past theories. The nature of this research is quantitative and deductive. Questionnaires are used in this research. On one hand, by using questionnaire, the scope of this research can be broadening to reach more participants. And thus the results and derived conclusions are more generalizable. On the other hand, interview shall be used when the research topic is deep and narrow about certain

topic, especially when specific ideas and opinions are needed (Saunders et al. 2007). This criteria does not fit my purpose of this research. So the research method of this research will be a self-conducted questionnaire survey.

The outcome of this research is consisted of two main parts: demographic descriptions of respondents, and results of statistical tests with respect to hypotheses. The results will be able to show to what extent each motivation influence luxury purchase. The influence will be presented numerically with a positive or negative β value. Four statistical tests are conducted in this research. They are: (1) Principal component analysis, (2) Factor loading analysis, (3) Independent T-test, (4) Multiple linear regression. The reasons of conducting these analyses are briefly introduced as following: *Step 1*: the factors that represent motivations and Chinese traditional values appeared mixed up in the original questionnaire. To group mixed factors into major motivation, Principal Component Analysis is conducted. *Step 2*: when factors that should be put into one group are identified, the next step is factor loading analysis to test the reliability of grouping. Three values are monitored in factor loading analysis; they are communalities, values from component matrix, and Cronbach's Alpha values from reliability tests. *Step 3*, to compare if there is a difference between Chinese mainland group and overseas group in motivations and luxury purchase, an independent T-test is conducted. *Step 4*, to calculate to what extent does each motivation influence luxury purchase; a multiple linear regression is conducted. The choice of statistical test will be elaborated in details in data analysis in part 3.4.

3.2. Development of Measures

The questionnaire of this research is consisted of three parts: basic information, motivations, and Chinese traditional values as motivators. The factors in basic information are standard consumer research factors like gender or education, etc. To measure status motivations of consumers, factors are derived from Eastman et al. (1999)'s research about scale development of status consumption. All measuring statements in status motivation are describing feelings and motivations towards luxury purchase, for example "I want people to recognise my social group according to the brand(s) I use" or "Using luxuries brings me better social impression to others". Participants are required to score on a likert scale of how much these statements in accord with their motivations, as strong disagree =1 and strongly agree = 5. Uniqueness motivation factors are originally from the scale developed Lynn & Harris (1997) in their research of the desire for unique consumer products: A new individual differences scale. Statement in unique motivations are mainly respect to luxury products, i.e.

“I am attracted to limited editions” and “If one item turns out to be popular, I’d rather not buy it”. Moreover, in unique motivation part, gift buying related statements are emphasized. In the literature review, gift buying is identified as a unique motivation since it motivates “normal shoppers” to become “snob shoppers” when shopping for luxury as gifts. Thus statement like “I want to avoid similar products as my friends would buy when purchasing gifts” is added. Gifting is only mentioned in the uniqueness motivations part. Conformity motivations, hedonic motivations and quality motivation are measured by factor from research of Tsai (2005), Wiedmann et al. (2009). Their researches are consistent with previous researches conducted by Dubois & Laurent (1994) and Vigneron & Johnson (1999). Conformity motivations are in contrast with snob motivations, besides the descriptions like “I buy luxuries when I see my friends or family do”, which appears completely opposite of snob motivations. Acceptance is mentioned in this part. “People are more likely to accept me if they see me with a luxurious product” is a typical acceptance seeking statement in this section. As identified by Tasi (2005), seeking for acceptance is typical in Asian consumers. Hedonic motivations are mainly stating how luxury products make this person feel successful and happy. And quality motivations are mainly describing how good people feel towards superior quality and perfect details satisfying them. Chinese traditional value oriented motivations are generated from Ying et al. (2011) of Chinese Luxury Consumers: Motivation, Attitude and Behaviour. Factors are chosen based on their loading in Ying et al (2011)’s original research results. I chose high loading factors from each category since the high loading indicates high validity. Since there are more than five kinds of Chinese traditional values, Cheung et al. (1996)’s paper *Development of the Chinese Personality Assessment Inventory* is also used as a reference to the relevance of choosing factors. Some values that are irrelevant to this particular study are eliminated. In this part, participants are asked to rate on a 1 to 5 scale on agreement of descriptions like: “People should always efforts to maintain face (Mianzi)” and “I care a lot about what other people think of me”. Although all the factors that measure motivations are derived from existing literature, they are critically chosen and used. In my own research process, factors with statistically lower reliability are deleted.

Luxury purchase is measured in four level of spending. Since the sample is consisted of students, the spending is not set up too high. In the beginning of the questionnaire, there is a brief list of what usually considered as luxury as reference. It says the world’s TOP 10 valuable luxury brands include: Louis Vuitton, Hermès, Rolex, Chanel, Gucci, Prada, Cartier, Hennessy, Moët & Chandon, Burberry (Roberts, 2012). This of course is just a reference of

luxury brands; brand like Bottega Veneta is obviously in the category. As long as this participant had some knowledge of luxury products, they would recognize instantly brands of the same level. In that case, it is not necessary to list all the luxury brands in the introduction. There are four categories of spending level, 1= less than € 500 (around ¥ 4000 Chinese Yuan/ £400 Sterling Pounds), 2= € 500 - €2000, 3= € 2000 - €3500, and 4= Over € 3500. Different currencies are converted in an approximate amount for participants in different areas. Based on the information of Top 10 luxury brands, with option 1 a person has very limited purchase power in luxury purchase; probably he can afford to buy one or two item from the above mentioned brands. While with option 4 a person can buy all the brands mentioned on the list.

3.3. Data Collection

The sample size of this research are pre-estimated as 90 participants, namely around 15 participants per category. After eliminating invalid questionnaires, the actual sample size is 142. In order to get enough questionnaires, the planned hand-out number of questionnaires was more than 90. Given the calculation method from *Research methods for Business Students* by Saunders et al. (2007), the actual hand out size should be 300 ($N=90*100/30$), given 30% response rate.

The language of this questionnaire was easy comprehensive English language. Before this questionnaire was posted online, a group of pre-test participants are asked to finish this questionnaire and give opinions. This group contains two high school students in mainland China, two undergraduate students, one in China and one abroad. I chose this test group because for anyone who has higher degree than them should have no difficulties understanding my questionnaire. After being confirmed that this questionnaire is understandable and takes less than 10 minutes to finish for participants, the questionnaire was posted online. As it know to all that the response rate of random online questionnaire is very low, some effort was made to speed up the response rate. I asked my friends from The University of Edinburgh, Royal Melbourne Institute of Technology, University of Alberta, Universities of North Carolina, Beijing University of Posts and Telecommunications to hand-out my questionnaires in person. Besides this method, social media is also used as means of getting more response; I posted my questionnaire on popular Chinese overseas forums, for instance website GogoDutch for Chinese people in the Netherlands. Anyone who filled my questionnaire on the forum will be rewarded with virtual forum credits by me. These administrations have largely increased my efficiency of data collecting.

The process of filling the questionnaire goes like following: in part 1, the participants are asked to fill in their education, gender, place of study, source of study expenditure, part-time job, and buying purpose, continue buying intention, preferred shopping place, and past expenditures. In part 2 motivations and part 3 Chinese traditional values, the answer was measured by a likert-type scale. For every description, participants need to fill in their response based on their feeling or situation on 1 to 5 basis, in which 1 = strongly disagree, 3 = neutral and 5 = strongly agree. For each statement, participants can only choose one answer.

3.4. Data Analysis

The SPSS statistic analyses are used to process data with respect to motivations and Chinese traditional values. Four statistical tests are used in this research. Firstly, principal component analysis is used to revealing the basic data structure. It is the first step to give direction of further combination of scores on mixed statements.

Secondly, factor loading analysis is used to explore if the current data confirm the motivation structures that are previously identified in the literature. Before factor loading, the factors are tested with Kaiser-Mayer-Olkin measure of sampling adequacy and Bartlett's test of sphericity value. These two values indice that a factor analysis was appropriate for this data. The recommended minimum of Kaiser-Mayer-Olkin measure of sampling adequacy is 0.50, and for Bartlett's test of sphericity value, the significance should be < 0.001 level (Field, 2009). Factor loading can help eliminating unnecessary variables that are generated from literature review. After factor loading analysis, a smaller set of variables will be chosen and further combined as one dimension of the five major motivations (status, uniqueness, conformity, hedonic, quality). The combined dimensional new variable is named after one kind of motivation, and can be further used in t-test and regression analysis. In factor analysis, Cronbach's Alpha value of each decides if those "loose" factors can be combined into one dimensional new variable. If Cronbach's Alpha is higher than 0.7, then one can say the internal consistency is acceptable (Cortina, 1993). The eigenvalue is the ratio of explanatory importance of the factors with respect to the variables. A large eigenvalue is associated with a strong function. When a factor has eigenvalue small than 1, this factor contributes little to the explanation of variances in the variables and may be ignored as redundant with more important factors. The purpose of having exploratory factor analysis is to find the fittest data to represent every motivation dimension. Because time and sample varies over time, the factors from literature review cannot be fully adopted without discretion.

Thirdly, an independent sample t-test is conducted to test whether the mean of purchase and motivations differs between Chinese mainland and overseas group. If the test result is significant, then the consumption patterns differ between Chinese mainland and overseas group.

Fourthly, multiple linear regression is to test the relative influence of five motivations as predictors on dependent variable luxury purchase. If the above T-test showed that there is a difference on each motivation between groups, or there is a difference on luxury purchase between groups, two more regression analysis will be conducted. One is a separate model for group mainland Chinese students; another is for group of overseas students. These two additional models will specifically address to what extent every motivation influence luxury purchase for each group of students. The basic linear regression model is:

$$Y = \alpha + \beta_1 * (X_1) + \beta_2 * (X_2) + \beta_3 * (X_3) + \beta_4 * (X_4) + \beta_5 * (X_5) + \varepsilon$$

Where: Y = *Dependent variable*

X₁~X₅ = *Independent variable*

α = *constant*

β_i = *coefficient of variable i*

ε = *residual/error term (i.e. part of Y not explained by collection of X's in the model)*

Filled with variables name it is:

$$\text{Luxury Purchase} = \text{Constant} + \beta_1 * (\text{Status}) + \beta_2 * (\text{Uniqueness}) + \beta_3 * (\text{Conformity}) + \beta_4 * (\text{Hedonic}) + \beta_5 * (\text{Quality}) + \varepsilon (\text{standard error})$$

In multiple linear regression analysis report, R square is the coefficient of determination; it means variance in Y explained by the model. R square goes between 0 to 1. The higher of R square, the more of dependent variable Y is explained. And thus the “better” is the model. The significance of R square is decided by F-value. Only when F test is significant, one can say that R square is valid. The next step in regression is look at the coefficients of each independent variable, namely Beta (β) value and its significance. The degree of influence is derived from β , which varies from 0 to 1. If β is 0, it means luxury purchase is not influenced by this variable; if β equals 1, it means luxury purchase is completely influenced by this variable that β attached to. Meanwhile, any independent variables with a (P>0.5) significance value of β will be removed from the model. Since its strength on the dependent variable Y is considered as invalid (insignificant). The last issue of regression analysis is multicollinearity problems. Multicollinearity means a presence of correlation among the independent variables. It is not an issue for predictive power or reliability of whole model, but it affects calculations

regarding β of each independent variable. Multicollinearity can be tested by two values: Tolerance and VIF. There is no multicollinearity problem if Tolerance > 0.2 and VIF < 5 (Field, 2009).

Conclusion

This part is the overview of research design. This research is a deductive research based on data retrieved from questionnaires. The research process is consisted of formulating hypotheses and designing questionnaire according to existing literature, collecting data from questionnaires and using SPSS to analyze the data to support or reject hypotheses. This research has focused on a particular sample group of Chinese students with lowest education level of high school.

Chapter 4. Results

Introduction

This chapter provides the results of this research. Section 1 is descriptive statistics of relevant aspects of this study. And section 2 is the results of statistical analyses including factor loading analysis, multiple variables regression and multicollinearity test. Finally, there is a summary of all the findings with respect to hypotheses.

4.1. Descriptive statistics

There were 142 participants in this research from mainland China and the overseas. All of them are Chinese students. The lowest education level is high school, since this research is about luxury purchase, anyone who is younger than high school age will be considered as a low significance consumer in luxury purchase. Thus they were excluded from this research. As it shows in the table below, undergraduate students and master students held large proportion of the sample in this research. There were 73.1% and 66.7% female participants. From the source of study expenditure perspective, the major source of expenditure are from parents, 80.6% of mainland China and 86.7% overseas students were studying on the support of parents. Only one student (1.5%) from China mainland was found to study on the expense of his own savings. 2.7% overseas students had received a full scholarship. No full scholarship students were found in mainland China sample. As for part-time job perspective, there were more people who have no or occasional part-time jobs than who always had part-time jobs both in mainland China and overseas. Large proportions of luxury buying were for themselves, with 52.2% of mainland China sample and 57.3% of overseas sample. The considerable proportions of buying luxury as gifts for family were 35.8% of mainland China sample and 38.7% of overseas students. This shows that Chinese students in general are buying luxuries for themselves and if as gifts, are mostly for their families.

Table 3: Basic descriptive data of Respondent (N=142)

Research Items	Category	Study Place	
		Mainland China (N=67)	Overseas Countries (N=75)
<i>Education level</i>	<i>High school</i>	1.5%	1.3%
	<i>Undergraduate</i>	49.3%	40.0%
	<i>Master</i>	40.3%	50.7%
	<i>PhD</i>	9.0%	8.0%
<i>Gender</i>	<i>Male</i>	26.9%	33.3%
	<i>Female</i>	73.1%	66.7%
<i>Source of study</i>	<i>Parents</i>	80.6%	86.7%

<i>expenditure</i>	<i>Own Savings</i>	1.5%	0.0%
	<i>FullScholarship</i>	0.0%	2.7%
	<i>PartScholarship</i>	17.9%	10.7%
<i>Part-time job</i>	<i>Yes</i>	26.9%	18.7%
	<i>No</i>	35.8%	42.7%
	<i>Occasional</i>	37.3%	38.7%
<i>Luxuries buying mostly for</i>	<i>Myself</i>	52.2%	57.3%
	<i>Gifts to family</i>	35.8%	33.3%
	<i>Gifts to friends</i>	11.9%	9.3%

4.2. Factor Analysis

Factor analysis used data from questionnaire part 2 and part 3. On a likert-scale of one to five, participants were asked to express their agreement on every statement with respect to motivations, where 1=strongly disagree and 5=strongly agree. The statements were specially developed for measuring motivations from existing literature. Five motivations contain: status motivation, unique motivation, conformity motivation, hedonic motivation and quality motivation (Vigeron & Johnson, 1999). There were original 37 items and 28 of them were selected for further statistical analysis after the test of factor loading. The selection process is as following.

The first test in factor analysis was to *examine the adequacy of the sample*. One needs to figure out whether factor analysis is the appropriate analysis for this data set. Factors were tested with Kaiser-Mayer-Olkin measure of sampling adequacy and Bartlett's test of sphericity value. As it shows in the table below, the Kaiser-Mayer-Olkin values for all the motivation variables are around 0.7, which excess the recommended minimum amount of 0.50 (Field, 2009). And the significance of Bartlett's test of sphericity is 0.00, which means the test is significant. These tests proved that the data set were appropriate for further factor analysis.

Table 4: Kaiser-Mayer-Olkin test and Bartlett's test.

	Status	Uniqueness	Conformity	Hedonic	Quality
<i>Kaiser-Mayer-Olkin measure of sampling adequacy</i>	0.701	0.766	0.742	0.753	0.756
<i>Bartlett's test of sphericity</i>	167.571	196.672	138.790	171.365	193.956
<i>Significance*</i>	0.00	0.00	0.00	0.00	0.00

*Test is significant at the 0.01 level, when $p < 0.05$

The second step of factor analysis was factor loading analysis and reliability tests. This step aims to *pick up most relevant factors from all the mixed factors and add them up to put them into five motivation variables*. Although the factors were derived from existing literatures based on five motivation categories, it was possible some factors from the questionnaire didn't function well in explaining variables in this research. It was necessary to test them and categorize them statistically. In the rotated component matrix chart, factors of value more than 0.5 were picked up and grouped with each other. The pre-grouped factors from motivation category and Chinese traditional values category were further carried to calculated communalities and reliability.

As the chart below shows, Cronbach's alphas are values in the parenthesis on the diagonal. The process of refining factors for new variable is the following, for example under a variable named status motivation, originally there were 8 factors in the questionnaire, and only 5 factors were selected after factor loading. And these 5 factors' Cronbach alpha is 0.73, this indices these 5 factors are reliable measure of variable status motivation. The table below shows that Cronbach's alpha values are 0.73(status), 0.77(uniqueness), 0.734 (conformity), 0.73(hedonic), 0.74(quality), all of them are higher than recommended level of 0.7, which means every dimension of variables is constructed satisfyingly into a reliable new scale. And the variables are internally consistent. As explained in section 3 data analysis, the ones with eigenvalue smaller than one was deleted. Because the factors with eigenvalue smaller than one was considered as lack of explanatory importance with respect to the variables. Then the factors in the variables were combined and calculated mean and standard deviation (S.D.).

The mean of each variables indicated that in general people tend to agree more on hedonic and quality values. Standard deviation is a measure of variability. For this data set, the variance was almost at the same level in a normal range from 2.5 to 3.5. At this point, all the selected factors were combined into five new motivation variables, namely status motivation, uniqueness motivation, bandwagon motivation, hedonic motivation and quality motivation.

Table 5: Means, standard deviations and correlations among the study variables (Cronbach's alphas on diagonal) (N=142).

	Mean	S.D.	1	2	3	4	5
1.Status	14.90	2.85	(0.730)				
2.Uniqueness	13.67	3.14	0.44	(0.770)			
3.Conformity	14.17	2.66	0.39	0.03	(0.734)		
4.Hedonic	18.46	3.72	0.42	0.00*	0.13	(0.732)	
5.Quality	19.04	3.96	0.43	0.25	0.18	0.41	(0.740)

* Correlation is significant at the 0.05 level (2-tailed), $p < 0.05$.

4.3. T-test

In this part independent sample T-tests were conducted to *compare the means* between the Chinese mainland students and the Chinese overseas students. T-test can show that if five motivations and luxury purchase are different between groups. In the following chart, group of the Chinese mainland students denotes 1, and group of the Chinese overseas students denotes 2. The assumption of independent sample T-test is that two groups are independent with each other. In this study, two groups are the domestic and the overseas students; they were not in any way influential with each other between groups. So they are independent samples which are proper for T-test. The data from the following tables will be illustrated with respect to every hypothesis below those tables.

Table 6: Group statistics

	StudyPlace	N	Mean	Std. Deviation	Std. Error Mean
Purchase	1	67	1,91	,830	,101
	2	75	2,37	,997	,115
Status	1	67	13,7761	2,55735	,31243
	2	75	15,8933	2,73897	,31627
Uniqueness	1	67	13,7910	3,03284	,37052
	2	75	13,5600	3,26008	,37644
Conformity	1	67	13,9552	2,88377	,35231
	2	75	14,3600	2,43644	,28134
Hedonic	1	67	18,2537	3,69415	,45131
	2	75	18,6400	3,76915	,43522
Quality	1	67	19,2090	3,95251	,48288
	2	75	18,8933	4,00194	,46210

Table 7: Independent Sample T-test

Variable*	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Purchase	5,689	,018	-2,987	140	,003
Status	,006	,939	-4,744	140	,000
Uniqueness	,256	,613	,436	140	,664
Conformity	2,360	,127	-,906	140	,366
Hedonic	,481	,489	-,615	140	,539

Quality	,135	,714	,472	140	,638
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* Equal variances assumed

Hypothesis 1: Luxury purchase

H₀: There is no difference of luxury purchase between Chinese mainland students and Chinese overseas students.

H₁: There are differences of luxury purchase between Chinese mainland students and Chinese overseas students.

Luxury purchase was measured on a different scale; there were 4 categories of spending on this item. That explains why the means and variances are different comparing with the above items. Table of group statistics shows mean of luxury purchase motivation is 1.91 of group 1 and standard deviation of 0.83, mean of group 2 is 2.37 with a standard deviation of 0.99.

Table of Independent Sample T-test shows that luxury purchase motivation ($t = -2.987$, $p = 0.003$), which proves the means of two groups is significantly different ($p < 0.05$). Levene's Test for Equality of Variances tells that for luxury purchase ($F = 5.689$, $p = 0.018$), which indicates that the variance between groups is significantly different ($p > 0.05$). The means and variances are significantly different between two groups. As a result, H_0 is rejected and H_1 is supported. There were differences in luxury purchase between domestic students and overseas students.

Hypothesis 2: The status motivation

H₀: There is no difference in status motivation between Chinese mainland students and Chinese overseas students.

H₁: There are differences in status motivation between Chinese mainland students and Chinese overseas students.

From Table of group statistics can be found that mean of status motivation is 13.78 of group 1 and 15.89 of group 2 with a standard deviation of 2.56 and 2.73. With this one cannot simply draw the conclusion that two groups are different. Table of Independent Sample T-test shows that status motivation ($t = -4.744$, $p = 0.00$), which decides the means of two groups is significantly different ($p < 0.05$). However, it is worth mentioning that Levene's Test for Equality of Variances tells that for status motivation ($F = 0.006$, $p = 0.939$), which indicates that the variance between groups is not significantly different ($p > 0.05$). Although Levene's Test for Equality of Variances doesn't influence the conclusion, it should be noticed that two groups are different with a same variance value. Therefore H_0 is rejected and H_1 is supported. There are differences in status motivation between domestic and overseas students.

Hypothesis 3: The uniqueness motivation

H₀: There is no difference in uniqueness motivation between Chinese mainland students and Chinese overseas students.

H₁: There are differences in uniqueness motivation between Chinese mainland students and Chinese overseas students.

Table of group statistics shows mean of uniqueness motivation is 13.79 of group 1 and standard deviation of 3.03, mean of group 2 is 13.56 with a standard deviation of 3.26. The obvious mean difference is very small (13.79-13.56=0.23). Table of Independent Sample T-test shows that uniqueness motivation ($t= 0.436$, $p=0.664$), which decides the means of two groups is not significantly different ($p>0.05$). Therefore H_0 is supported and H_1 is rejected. No difference was found statistically in uniqueness motivation between two groups.

Hypothesis 4: The conformity motivation

H₀: There is no difference in conformity motivation between Chinese mainland students and Chinese overseas students.

H₁: There are differences in conformity motivation between Chinese mainland students and Chinese overseas students.

Table of group statistics shows mean of conformity motivation is 13.96 of group 1 and standard deviation of 2.88, mean of group 2 is 14.36 with a standard deviation of 2.44. Table of Independent Sample T-test shows that conformity motivation ($t= -0.906$, $p=0.539$), which decides the means of two groups is not significantly different ($p>0.05$). And H_0 is supported while H_1 is rejected. No difference was found statistically in conformity motivation between two groups.

Hypothesis 5: The hedonic motivation

H₀: There is no difference in hedonic motivation between Chinese mainland students and Chinese overseas students.

H₁: There are differences in hedonic motivation between Chinese mainland students and Chinese overseas students.

Table of group statistics says mean of hedonic motivation is 18.25 of group 1 and standard deviation of 3.69, mean of group 2 is 18.64 with a standard deviation of 3.77. Mean difference is very small (18.64-18.25=0.39). As expected from the small mean difference, table of Independent Sample T-test shows that hedonic motivation ($t= -0.615$, $p=0.539$), which decides the means of two groups is not significantly different ($p>0.05$). So H_0 is supported while H_1 is rejected. No difference was found statistically in hedonic motivation between two groups.

Hypothesis 6: The quality motivation

H₀: There is no difference in quality motivation between Chinese mainland students and Chinese overseas students.

H₁: There are differences in quality motivation between Chinese mainland students and Chinese overseas students.

Table of group statistics shows mean of quality motivation is 19.20 of group 1 and standard deviation of 3.95, mean of group 2 is 18.89 with a standard deviation of 4.00. Table of Independent Sample T-test shows that quality motivation ($t = -0.472$, $p = 0.638$), which decides the means of two groups is not significantly different ($p > 0.05$). And H_0 is supported while H_1 is rejected. No difference was found statistically in quality motivation between two groups.

To conclude T-test section, statistically significant differences can be found in two variables: status motivation and luxury purchase. T-test only shows difference between two groups, it cannot further say if the variance has influence on dependent variable, which is luxury purchase. If the multiple regression result was consistent with T-test, it could be expected that Beta of status motivation of two groups will be different. That means status motivation might be significant in one model and insignificant in another model since there is a group difference.

4.4. Multiple Regression Analysis

Multiple linear regression analysis is to test the relative strength of every predictor variable on dependent variable luxury purchase. The independent variables are status motivation, uniqueness motivation, conformity motivation, hedonic motivation and quality motivation. The dependent variable is luxury purchase. In this test, the control variables are education and gender. The control variables are constant in the research. Since the above T-test showed a significance on motivations and luxury purchase between groups. The group difference in luxury purchase calls for two separate regression analyses. Since there is a group difference in dependent variable, like the formula below shows, there will be difference in constant and each β (degree of influence).

$$\text{Luxury Purchase} = \text{Constant} + \beta_1 * (\text{Status}) + \beta_2 * (\text{Uniqueness}) + \beta_3 * (\text{Conformity}) + \beta_4 * (\text{Hedonic}) + \beta_5 * (\text{Quality}) + \varepsilon (\text{standard error})$$

For every regression analysis in this section, there are three tables. The first table is to show overall how much of luxury purchase is explained by the model. The second table is to show the overall significance of the model. The third table gives numeric values of to what extent each independent variable influence luxury purchase, and it also provides multicollinearity

diagnoses in the “Collinearity Statistics” part. At the end of each regression, a formula is provided to give an idea of to what extent every motivation influence luxury purchase. Together they answer the research question: *to what extent do motivations influence luxury purchase of Chinese students when Chinese traditional values are incorporated?*

4.4.1. Regression model for two groups together

The first table shows the value of $R^2 = 0.394$. R^2 varies between 0 to 1, where 0 means complete no goodness of fit between dependent variables and independent variables and 1 means entirely goodness of fit. This means five motivations attributes to 39.4% of the variance in luxury purchase. And the rest can be explained by other variables. This is a reasonable amount variance explained by motivational model, since there are obviously more factors that decided luxury purchase besides motivations, disposable money or income for instance. The second table ANOVA shows if the model is statistically significant. With $F=10.794$ and $Sig. =0.000$ ($p<0.05$), the regression model for two groups together is significant.

Table 8: Model summary of multiple regressions

Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. Change	
1	,627	,394	,357	,760	,394	10,794	8	133	,000

a. Predictors: (Constant), V2Gender, Uniqueness, Status, V1Edu, Quality, Bandwagon, Hedonic

b. Dependent Variable: Purchase

Table 9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	<i>Regression</i>	49,836	8	6,230	10,794	,000 ^b
1	<i>Residual</i>	76,756	133	,577		
	<i>Total</i>	126,592	141			

a. Dependent Variable: Purchase

b. Predictors: (Constant), V2Gender, Uniqueness, Status, V1Edu, Quality, Conformity, Hedonic

The table below shows coefficients of each variable to dependent variable. First we have to rule out the possible of multicollinearity problem, otherwise there is no use to discuss the influence of each dependent variable. According to collinearity statistics, Tolerance ranges from 0.553 to 0.968, all of the tolerance values are higher than 0.2; and TIF ranges from 1.033 to 1.807, all the TIF values are smaller than 5. Therefore there is no multicollinearity problem between variables. For each variables in this table, the status motivation ($B=0.043$,

$p=0.077 > 0.05$) has no significant influence on luxury purchase. The uniqueness motivation ($B=0.032$, $p=0.245 > 0.05$) has no significant influence on luxury purchase. The conformity motivation ($B=0.081$, $p=0.005 < 0.05$) has a significant positive influence of 8.1% on luxury purchase. The hedonic motivation ($B=0.097$, $p=0.000 < 0.05$) has a significant positive influence of 9.7% on luxury purchase. The quality motivation ($B=0.077$, $p=0.000 < 0.05$) has a significant positive influence of 7.7% on luxury purchase. Overall the model can be put numerically like following:

$$\text{Luxury Purchase}_{\text{total}} = -4.106 + 0.081* (\text{Conformity}) + 0.097* (\text{Hedonic}) + 0.077* (\text{Quality})$$

Table 10: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
	(Constant)	-4,106	1,058				
1	Status	,043	,024	,131	1,780	,077	,847
	Uniqueness	,032	,027	,106	1,169	,245	,553
	Conformity	,081	,028	,228	2,882	,005	,730
	Hedonic	,097	,023	,380	4,245	,000	,568
	Quality	,077	,016	,322	4,688	,000	,968
	Overseas	,290	,140	,154	2,073	,040	,831
	Edu	,354	,112	,247	3,175	,002	,752
	Gender	-,177	,141	-,086	-1,256	,211	,964

a. Dependent Variable: Purchase

4.4.2. Regression model for the group of mainland Chinese students

The first table shows the value of $R^2 = 0.426$. This means five motivations attributes to 42.6% of the variance in luxury purchase. The second table ANOVA shows if the model is overall significant. With $F=6.245$ and $\text{Sig.}=0.000$ ($p<0.05$), the regression model for the mainland Chinese students is significant.

Table 11: Model summary of multiple regressions

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Sig. F Change	
				R Square Change	F Change	df1		
Mainland China	,426	,357	,665	,426	6,245	7	59	,000

Table: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
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<i>Mainland China</i>	Regression	19,348	7	2,764	6,245	,000 ^c
	Residual	26,114	59	,443		
	Total	45,463	66			

a. Dependent Variable: Purchase

b. Selecting only cases for which V3StudyPlace = 1

c. Predictors: (Constant), V2Gender, Hedonic, Status, V1Edu, Quality, Conformity, Uniqueness

The table below shows coefficients of each variable to dependent variable. Tolerance ranges from 0.540 to 0.964, all of the tolerance values are higher than 0.2; and TIF ranges from 1.037 to 1.852, all the TIF values are smaller than 5. Therefore there is no multicollinearity problem between variables. For each variables in this table, the status motivation (B=0.143, p=0.000 < 0.05) has a significant positive influence of 14.3% on luxury purchase. The uniqueness motivation (B=0.074, p=0.048 < 0.05) has a significant positive influence of 7.4% on luxury purchase. The conformity motivation (B=0.117, p=0.002 < 0.05) has a significant positive influence of 11.7% on luxury purchase. The hedonic motivation (B=0.033, p=0.263 > 0.05) has no significant influence on luxury purchase. The quality motivation (B=0.026, p=0.229 > 0.05) has no significant influence on luxury purchase. Overall the model can be put numerically like following:

$$\text{Luxury Purchase}_{MC} = -3.952 + 0.143* (\text{Status}) + 0.074* (\text{Uniqueness}) + 0.117* (\text{Conformity})$$

The Chinese mainland group shows a different pattern, they are to a large extent influenced by the status motivation and the conformity motivation.

Table 12: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-3,952	1,292		-3,058	,003		
<i>Mainland</i>							
Status	,143	,033	,440	4,374	,000	,964	1,037
Uniqueness	,074	,037	,271	2,020	,048	,540	1,852
Conformity	,117	,035	,408	3,309	,002	,642	1,558
<i>China</i>							
Hedonic	,033	,029	,145	1,130	,263	,591	1,693
Quality	,026	,022	,126	1,216	,229	,910	1,099
V1Edu	,213	,144	,174	1,476	,145	,698	1,432
V2Gender	-,238	,194	-,128	-1,229	,224	,896	1,116

a. Dependent Variable: Purchase

b. Selecting only cases for which V3StudyPlace = 1

4.4.3. Regression model for Chinese overseas students

The first table shows the value of $R^2 = 0.641$. This means this model explains 64.1% of the variance in luxury purchase. Here is a clear improve of the goodness of fit of this model in the Chinese overseas students group indicated by high R^2 of 64.1%. The influences of other factors have decreased to 36.8%, comparing with mainland students group of 58.4%. One possible explanation is that the disposable money of overseas students are increased, when their purchase are not restrained by low budget, the motivation of buying (leads to actual purchase) become essentially important. The second table ANOVA shows if the model is overall significant. With $F=17.097$ and $Sig. =0.000$ ($p<0.05$), the regression model for the Chinese overseas students is significant.

Table 13: Model summary of multiple regressions

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
<i>Overseas</i>	,641	,604	,628	,641	17,097	7	67	,000

Table: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
<i>Overseas</i>	Regression	47,151	7	6,736	17,097	,000 ^c
	Residual	26,396	67	,394		
	Total	73,547	74			

a. Dependent Variable: Purchase

b. Selecting only cases for which V3StudyPlace = 2

c. Predictors: (Constant), V2Gender, Hedonic, Status, Conformity, Quality, V1Edu, Uniqueness

The table below shows coefficients of each variable to dependent variable. First we have to rule out the possible of multicollinearity problem, otherwise there is no use to discuss the influence of each dependent variable. According to collinearity statistics, Tolerance ranges from 0.468 to 0.948, all of the tolerance values are higher than 0.2; and TIF ranges from 1.055 to 2.137, all the TIF values are smaller than 5. Therefore there is no multicollinearity problem between variables. For each variables in this table, the status motivation ($B= - 0.049$, $p=0.076 > 0.05$) has no significant influence on luxury purchase. The uniqueness motivation ($B= - 0.009$, $p=0.793 > 0.05$) has no significant influence on luxury purchase. The conformity motivation ($B=0.037$, $p=0.288 > 0.05$) has no significant influence on luxury purchase. The hedonic motivation ($B=0.139$, $p=0.000 < 0.05$) has a significant positive influence of 13.9% on luxury purchase. The quality motivation ($B=0.106$, $p=0.000 < 0.05$) has a significant

positive influence of 10.6% on luxury purchase. Overall the model can be put numerically like following:

$$\text{Luxury Purchase}_{Os} = -2.617 + 0.139* (\text{Hedonic}) + 0.106* (\text{Quality})$$

The Chinese overseas students group are highly motivated in the hedonic and quality prospects when they purchase luxuries.

Table 14: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
Overseas	(Constant)	-2,617	1,305		-2,005	,049		
	Status	-,049	,027	-,135	-1,801	,076	,948	1,055
	Uniqueness	-,009	,033	-,028	-,263	,793	,468	2,137
	Conformity	,037	,035	,091	1,072	,288	,739	1,354
	Hedonic	,139	,028	,526	4,965	,000	,477	2,098
	Quality	,106	,019	,425	5,500	,000	,897	1,114
	V1Edu	,333	,131	,216	2,543	,013	,739	1,352
	V2Gender	-,075	,163	-,036	-,464	,645	,892	1,121

a. Dependent Variable: Purchase

b. Selecting only cases for which V3StudyPlace = 2

Conclusion

This part has provided the results of the statistical analyses. The major participants of this research are female undergraduate and master students. Over half of the total sample is buying luxuries for themselves. A considerable proportion of sample also buys luxuries as gifts for their family relatives. Factor analysis has eliminated excess factors out. The rest of the factors are combined into five motivation variables as independent variables. Luxury purchase is the dependent variable. T-test shows that there are the domestic and overseas groups are significantly different in status motivation and luxury purchase. In the end, regression analyses presents three models that together answer the research question to what extent do motivations influence luxury purchase of the Chinese students when Chinese traditional values are taken into consideration.

Chapter 5. Discussion

Introduction

This chapter discusses the findings of this research. Firstly, all the results are summarized in section 5.1. Secondly, interpreting results, in which hypotheses will be compared to existing literatures. For unexpected findings, additional literatures or statistical reasoning will be added to make a thorough discussion. The last section is qualifying results; the findings will be examined from methodological perspective. Reliability and validity of the findings will be discussed.

5.1. Examine Results

The main findings of this paper are consisted of two parts: part one is hypothesis with regard to difference between two groups and part two is regression model. All the participants had luxury purchases in the past. In general, there were more female participants than male participants. Only two high school students and twelve PhD students had participated in this research, the rest of the sample were undergraduates and master students. As to tuition fee aspect, over 80% of the total sample was on the support of their parents. The only exception was one student from mainland China, this person was paying tuition fee with his/her own saving. 26.9% people in the mainland China group were with long-term part-time jobs. The part-time job proportion went even smaller to 18.7% for the overseas group. High rate of parents support on source of study expense and low rate of having part-time job indicated that most Chinese college students were spending their parents' money on both studying, living and shopping for luxuries. More than half of the students bought luxuries for themselves. A slightly smaller portion of students bought luxuries as gifts for family members, which was 35.8% of the mainland China sample and 38.7% of the overseas. Around 10% of both groups bought luxuries as gifts, therefore buying luxury as social means was not popular in the student sample of this study.

Factor analysis tested six hypotheses, in which H_0 denotes no difference and H_1 denotes existence of difference. *Hypothesis 1* was supported, *there were differences of luxury purchase motivation* between domestic and overseas group. The average of spending indicated that overseas students were spending more than domestic students. *Hypothesis 2* was supported; *the status motivation was different* between two groups. This difference was further confirmed by regression analysis, status motivation as a variable was significant in regression model for domestic student ($B=0.143$, $p=0.000 < 0.05$) but insignificant for

overseas students ($B = -0.049, p = 0.076 > 0.05$). *Hypothesis 3* was supported; *there was no difference in the uniqueness motivation* between two groups. However, in the regression model, the uniqueness motivation was found significant in the domestic group ($B = 0.074, p = 0.048 < 0.05$). Since the p-value of uniqueness motivation in the regression model was 0.048, it was very close to the rejecting point of 0.05. This meant uniqueness as a motivator has low validity. Therefore using uniqueness as a motivator in students sample should be discrete. In the future research, it is also recommended that this motivator should be re-tested. *Hypothesis 4* was supported; *there was no difference in conformity motivation* between the mainland students and the overseas students. In the regression analyses, the conformity motivation turned out to be significant in regression model of two groups together ($B = 0.081, p = 0.005 < 0.05$) and Chinese domestic group ($B = 0.117, p = 0.002 < 0.05$). *Hypothesis 5* was rejected, T-test showed that *there was no difference in the hedonic motivation* between two groups ($t = -0.906, p = 0.539 > 0.05$). But the hedonic motivation appeared as a significant motivator in the regression model for two groups together ($B = 0.097, p = 0.000 < 0.05$) and the Chinese overseas group ($B = 0.139, p = 0.000 < 0.05$). *Hypothesis 6* was supported; *there was no difference in the quality motivation* between two groups. Quality was a significant motivator in the regression model for two groups together ($B = 0.077, p = 0.000 < 0.05$) and the Chinese overseas group ($B = 0.106, p = 0.000 < 0.05$).

There were three multiple regression models developed in this research. Multiple regression models describe how much variance is explained in luxury purchase by five motivation variables. The original construction of the regression was like this:

$$\text{Luxury Purchase} = \text{Constant} + \beta_1 * (\text{Status}) + \beta_2 * (\text{Uniqueness}) + \beta_3 * (\text{Conformity}) + \beta_4 * (\text{Hedonic}) + \beta_5 * (\text{Quality}) + \varepsilon (\text{standard error})$$

Where β denotes the degree of influence. In the regression analysis process, any β with an insignificant p-value (when $p > 0.05$) was removed from this model, indicating that the factor is invalid in explaining variance in luxury purchase.

(1). The first model included both the domestic and overseas students ($N = 142$):

$$\text{Luxury Purchase}_{total} = -4.106 + 0.081 * (\text{Conformity}) + 0.097 * (\text{Hedonic}) + 0.077 * (\text{Quality})$$

(2). The second model included only the domestic Chinese students ($N = 67$):

$$\text{Luxury Purchase}_{MC} = -3.952 + 0.143 * (\text{Status}) + 0.074 * (\text{Uniqueness}) + 0.117 * (\text{Conformity})$$

(3). The third model included only the overseas Chinese students ($N = 75$):

$$\text{Luxury Purchase}_{OS} = -2.617 + 0.139 * (\text{Hedonic}) + 0.106 * (\text{Quality})$$

As the above three formula shows, the constant in all the models are negative. If held every other variables unchanged, overseas students were most motivated to buy luxuries (-2.617>-3.952>-4.106). In the domestic Chinese student's model, the status, uniqueness and bandwagon were significant motivators explaining the luxury consumption of domestic students. These three motivators were social oriented motivations, and this result shows that the domestic students were more directly influenced by Chinese collectivism culture; hence they were easier to be motivated by social-oriented factors. On contrary, personal oriented motivations were significant in explaining the overseas student's luxury consumption. The hedonic motivation and quality motivation turned out to be significant motivators with high degree of influential power, where 13.9% of variance in luxury purchase was explained by the hedonic motivation, and 10.6% of variance in luxury purchase was explained by the quality motivation. This indicated that the exposure in Western culture had changed the focus of Chinese students. They were more explicit when expressing individualism.

5.2. Interpret Results

The difference in the status motivation between the domestic group and overseas group was consistent with researches conducted by Zheng & Kent (2001). The original thought of this research was that the mainland students were more prone to status motivations, and the overseas students would be partially influenced by Western culture therefore less influenced by status motivations. Because status related advertisements were more used in the vertical culture Countries like China or Japan (Shavitt et al, 2006). When Chinese students went abroad, they were exposed in more horizontal Western culture; hence their values would be gradually influenced. This thought was confirmed by the research result. In Zheng & Kent (2001)'s research, 226 Chinese and U.S. college students participated in their investigation. It turned out Chinese students were more prestige sensitive (status) than American young consumers. Tse (1996) also argued that young people in Western society were influenced by their peers; however, the extent of influence was not as strong as face values in Chinese society. Comparing with those who went abroad, students in mainland China proved to show high influence in status motivation also in regression model: 14.3% of variance in luxury purchase was explained by status motivation in the Chinese domestic group. While in the overseas regression model, the status motivation was insignificant as a variance.

However, in the overall regression model when two groups were analysed together, the status motivation turned out to be insignificant ($B= 0.043$, $p=0.077 > 0.05$). From statistical perspective, there are two factors that possibly explain the insignificance of the

status motivation in overall model: the first factor is the sample size, overseas group has a sample size of 75 while domestic group has a sample size of 67, when the samples come together; it is possible the overseas group has bigger influence on overall model. The second factor is that the standard deviation of status motivation for the overseas group is 2.74, and the standard deviation of the domestic group is 2.56, while the standard deviation of both groups is 2.85 (highest variance), which indicates the overseas group is “disturbing” the result of the status motivation in the overall model. From literature perspective, Chao & Schor (1998) found that the status consumption is strongly influenced by income and occupation. Since the samples of this research were students, their income and occupation did not belong to the luxury consumer level, they might have transferred the status motivation through academic or sport achievement. This explains the absence of status consumption as an influential variable in the overall model. Additionally, the status consumption is traditionally related with differentiating social class (Laurie & Douglas, 1997), students belong to the same social class. It could be reasonable that luxury consumption model for students does not include status consumption as a variance.

According to the result of T-test, there was no difference between groups in *the uniqueness motivation*. And regression models showed that the uniqueness motivation had a weak influence in Chinese domestic group; in the combined group and the overseas group, the uniqueness motivation was insignificant and thus eliminated out of the final models. For Chinese domestic group ($B=0.074$, $p=0.048 < 0.05$), p-value of uniqueness motivation is 0.048, which is very close to rejecting value 0.05. This means the influence of the uniqueness motivation is weak. If there was a small change in the sample of the domestic group, p-value might have been raised to 0.05 and the uniqueness motivation will be eliminated out. Generally we can say that the uniqueness motivation was not a strong influence in Chinese students in luxury purchasing. This result was expected. Firstly, as scholars argued in the literature review, uniqueness consumption was highly related to exclusiveness and scarcity (Lynn, 1991; Lynn & Harris, 1997; Vigneron & Johnson, 1999; Dubois et al., 2005). The price to pay for exclusiveness and scarcity is naturally high. But the target of this research was student. Even though participants were able to purchase some luxuries, according to descriptive statistics, the mean of purchase was around 2 (2 was the coding for option B. €500 to €2000), it means most students could only afford luxuries within the price range of €500 to €2000. In luxury consumption, this spending range was too low to achieve exclusiveness. Although there was no literature that directly linked gifting with uniqueness seeking consumption, the above mention reasons also explained why Chinese students did

not seek for uniqueness in shopping for luxuries as gifts. It could be even if they wanted to; they simply could not afford to do so. When Chinese students accepted the fact that they were not able to pursue uniqueness in luxury shopping, uniqueness as a motivator had lost its power on them. Secondly, this result went along with the trend that nowadays consumer choices became globally homogenous (Bullmore, 2000). When people's preference becomes homogenous, they will be reluctant to pay a premium price for uniqueness. Thirdly, it is likely that students choose not express uniqueness through luxury consumption. People have different choices of expressing desire for uniqueness (Lynn, 1991). Limited by the research scope of luxury purchase, the effect of seeking for uniqueness was not explicit.

Hypothesis 4 was supported; there was no difference in *the conformity motivation* between Chinese mainland students and Chinese overseas students. This result was expected. In the regression analyses, the conformity motivation was significant variance in both the overall model ($B=0.081$, $p=0.005 < 0.05$) and the mainland model ($B=0.117$, $p=0.002 < 0.05$). This result was consistent with Tse (1996)'s research on Hong Kong students, the result of his research showed that 86% of the students admitted that their consumption was motivated by conformity motivators. The conformity motivation has long been recognized as a strong influence on the Chinese consumers. As Wang et al. (2001) proposed, staying confirmative to meet social expectations were important for Chinese consumers. The unexpected part of the result was that the conformity motivation appeared to be insignificant in the overseas group ($B=0.037$, $p=0.288 > 0.05$). In the luxury purchase model of overseas group, the conformity motivation was no longer a variance that explaining overseas students luxury consumption. This could be partially attributed to that the overseas students were acculturized by Western values (Wong & Ahuvia, 1998). Therefore they tended to express less conformity values. However, in the overall model for both groups, the conformity motivation was significant, which was against the argument that overseas students were no longer influenced by conformity values. While the conformity motivation in regression model of Chinese domestic group was explaining 11.7% of variance in luxury purchase; in the overall model, this number decreased to 8.1%, which means the additional overseas group had decreased the influence of the conformity motivations. The explanation for the unexpected part could be that overseas group had weak peers influence when they consumed luxuries abroad. Their conformity values were unchanged but there was less need to express them explicitly. There was a weak linear relationship between luxury purchase and conformity motivation in the overseas group. Therefore when overseas sample was added in the overall regression model,

with a strong linear relationship brought by the domestic group, the conformity motivation was significant again.

Hypothesis 5 was rejected; statistical result showed that there was no difference in *the hedonic motivation* between domestic and overseas groups. However, if we looked at the regression models, then we could find that there was a difference between the domestic and overseas group. In the regression models of each group, the hedonic motivation was significant in overseas group as a variable ($B=0.139$, $p=0.000 < 0.05$), but it was insignificant in the domestic group ($B=0.033$, $p=0.263 > 0.05$). This contradiction was unexpected. In this case, we have to go back to the interpretation of hypothesis 5, which was “there are differences in the quality motivation between Chinese mainland students and Chinese overseas students”. If this hypothesis was rejected, then the conclusion would be: there was no difference in hedonic motivation between two groups. There are two possible extensions of this conclusion: since there was no difference between two groups, one possibility was that both the domestic and overseas group were not motivated by hedonic values in luxury purchase; another possibility was that both groups were motivated by hedonic values and therefore there were also no difference. Since the hedonic motivation was also significant in the overall group ($B=0.097$, $p=0.000 < 0.05$). That means in general, the hedonic motivation was a significant motivator in Chinese students luxury purchase. It seemed like the latter extension of conclusion was more reasonable. Both groups were motivated by hedonic values, but domestic group’s preference not explicit enough when tested individually.

This contradictory conclusion towards hypothesis 5 reflects the arguments in literature. On one hand, Chinese Confucians culture encourages thrift living. Chinese people have adapted to frugal living and fully utilizing money (Hofstede, 2001; Tse, 1996; Wang & Lin, 2009; Juan, 2011). Moreover, Chenglu (2000) argued that low brand consciousness was another factor that made Chinese people less hedonically motivated. On the other hand, Chu & Ju (1993) believed that Chinese have been through long-time deprivation of consuming pleasure and now they were about to compensate by going after hedonic values in consumption. In a latest research of Xiaohua & Cheng (2010), it turned out Chinese younger generations were less influenced by thriftiness and they were willing to pursuit internal pleasure. The result of this research was consistent with the latter arguments. The Chinese students nowadays are more familiar with luxury brands, and the one-child generations are not encouraged living frugally anymore. The fact that Chinese students were motivated by hedonic values reflected the changes over time in China society.

Hypothesis 6 was supported; there was no difference in *the quality motivation* between two groups. In the regression models, the quality motivation was significant in the overall model and the overseas model. Since there should be no difference between two models, the quality motivation should be significant in all the regression models. Unexpectedly, the quality motivation was insignificant in the model of domestic luxury purchase. One plausible explanation was that domestic group was highly motivated by the status motivation and the conformity motivation, therefore when they were conducting this research, they felt the priorities of buying luxury was for conspicuous and conformable, which are both external oriented motivations, and quality motivation as an internal oriented motivation was ranked out. This explanation can be rooted to a cross-culture research conducted by Durvasula et al. (1993); they proposed that in the decision making process, consumer sometimes consider quality value and conspicuous value were exclusive with each other. There is a mind trap in analysing motivations of luxury consumption; people tend to think it has to be a sole purpose of buying luxuries. In the early researches, scholars often isolated different motivations to make a “neat” research, thus this would bring a misconception that those motivations were exclusive (Durvasula et al., 1993; Shim, 1996). Since in the overall model, the quality motivation was again explicit, this result showed that in general Chinese students were motivated by quality values. And quality motivating Chinese students was predicted by previous researches, in which scholars proposed that uncertainty avoidance and assurance seeking motivated Chinese people to buy luxuries (Lichtenstein & Burton, 1989; Juan 2011). Rao & Bergen (1992) also confirmed that highly risk-averse consumers were motivated to buy luxuries for their superior quality.

5.3. Qualify Results

Qualifying results aims to see if the results are reliable and valid. There are three issues with respect to reliability of this research: equivalency, stability and internal consistency (Edward & Richard, 1985). When the same kind of research is repeated, if same results were generated, then one can say this research is *reliable*. *Equivalency reliability* is to what extent a key concept can be measured by two different approaches. In this research, the key concepts are five motivations. The measurements were derived from past researches. Since the items to measure one motivation were selected from the item pool of the past researches, there are plenty of other items in the same pool to measure one motivation. My criteria of choosing item was based on its original loading on the motivation variable in the past research. However, in my own factor loading process, some items were deleted when they failed to

load significantly on my scale. As the sample varies, it was possible that the original item that used to load significantly in the past study failed to be re-used in the new study. To conclude, the equivalency reliability is satisfying for this research. Stability reliability is about the stability of the measures over time. In the original research conducted by Dubois & Laurent (1994) and Vigneron & Johnson (1999), the items were measured by the same likert-scale of agreement. This stays the same in this research. Internal consistency is to test if the procedures assess the same target. This research is internal consistent since it stayed with the aim of measuring motivations.

Validity encompasses whether the research design is scientific, it includes internal validity, external validity. As to the internal validity of this research, the steps of this research is strictly followed scientific deductive research, namely from theories to hypotheses, then design questionnaires to collect data, finally test data and get back to the hypotheses. The sample of this research was completely random. No participants were pre-informed about the expectations of this research. External validity refers to generalizability. This research contains a sample size of 142 Chinese students. With 142 as sample size and students as sample range, one cannot generalize the results to a larger social extent. These results can be only used to predict future behaviour of Chinese students luxury purchase.

Chapter 6. Conclusion

The phenomenon of Chinese students purchasing luxuries has been researched in this paper. This research has answered the research question: when Chinese traditional values are taken into consideration: to what extent do purchase motivations influence luxury purchase of Chinese students? The following are sub-questions with respect to main research question were: (1) what are the motivations of luxury purchase? (2) How can Chinese traditional values be linked with the luxury purchase motivations? (3) To what extent do motivations influence luxury purchase?

According to the past researches, different motivations influenced luxury purchase (Dubois & Laurent, 1994; Vigneron & Johnson, 1999). Five motivations were identified in this research, including the status motivation, the uniqueness motivation, the conformity motivation, the hedonic motivation and the quality motivations. The original five motivational scales of measuring luxury purchase were developed by Vigneron & Johnson (1999). Based on the original scales, five Chinese traditional values were selected and added into each motivation category correspondingly (Xiaohua & Cheng, 2010). They were: face, gifting, collectivism, thriftiness, assurance. Since Chinese traditional values as motivator were added in this research, Chinese domestic group and the overseas group were used as comparison in this research. There were 142 participants in this research. T-test results showed that there were differences in status motivation between the domestic and overseas groups; and there were no differences in the uniqueness motivation, the conformity motivation, the hedonic motivation and the quality motivation between the domestic and overseas groups.

In order to find out to what extent motivations influence Chinese students luxury purchase, regression models were developed. In the regression model for all the Chinese students, the conformity motivation explains 8.1% of the variance, while the hedonic motivation explained 9.7% of the variance and the quality motivation explained 7.7% of the variance in luxury consumption. In the regression model for only the domestic students, the status motivation explains 14.3% of the variance, while the uniqueness motivation explained 7.4% of the variance and the conformity motivation explained 11.7% of the variance in luxury consumption. In the regression model for the overseas students, the hedonic motivation explains 13.9% of the variance, while the quality motivation explained 10.6% of the variance in luxury consumption. Not all the motivations appeared to be significant in each models. The significant motivations varied accordingly to the special character of the group.

For the Chinese domestic group, social-oriented motivations were more influential, while for the overseas group, personal-oriented motivations were more prominent. On contrary to traditional marketing perception of Chinese consumers, the status motivation failed to be a significant motivator in the overall model, while the hedonic motivation unexpectedly turned out to be significant. This reflected the changes over time in Chinese society.

This research was a deductive quantitative research. Firstly, hypotheses were developed from theories and past researches, followed by using questionnaire to collect data, then the statistics were analysed by SPSS. In the end, hypotheses were tested and regression models were developed to answer the core research question of to what extent motivations influenced luxury purchase. The methodology was appropriate and effective.

The theoretical contribution of this research was using statistical model to answer the “to what extent motivations influence luxury purchase”. The models clearly showed that not all the previously identified motivations could be used in explaining luxury purchase. Under the framework of five dimensions of motivations, the models picked out the actual effective dimensions. This research showed that Chinese traditional values influenced luxury purchase, while younger generations were also processing an open mind to Western values.

The practical contribution of this research was investigating an under-researched sample: students. In luxury consumption research, most researches were focused on people with high income. The Chinese only-child generations bought luxuries prevalently. In the near future, they are very likely to become the major force of luxury consumers in China. It would be very useful for companies to investigate them and forecast what motivates them to buy luxuries.

Chapter 7. Limitations

Generalizability was the first limitation of this research. The scope of this research was limited with students. And the sample size was only 142. Moreover, one had to be a luxury consumer to participate in this research, therefore the conclusion could only represent part of Chinese students. Luxury consumption was sensitive with age and income. Student sample had limited both factors. It was very likely that some motivations (i.e. status motivations) turned out to be insignificant because of the sample restraint.

Another concern was the measurements of the scale. Although the measurement were carefully picked. The standard for pick up measurement was its correlation with that perspective of motivation. However, the correlation numbers were derived from the past

researches of different samples. When it comes to a particular sample, certain measurements might fail to be significant in the scale.

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