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# The Motivations of Chinese Luxury Car Consumers: The Case of Porsche in Sichuan

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Doctor of Management

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ISCTE University Institute of Lisbon

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University of Electronic Science and Technology of China, School of Management and Economics

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BUSINESS
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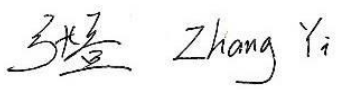

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# Abstract

The Chinese luxury market accounts for one-third of the total sales in the global luxury market, and the luxury cars segment represents a large portion of luxury goods. However, research on luxury goods in the Chinese market is mainly concentrated on fashion products.

This study investigates the motivations driving the consumption of luxury cars in China. Within this context, it explores the first-hand experiences of Porsche car owners in their decision-making process as well as how personal (cultural) values play a pivotal role in influencing motivations to purchase and the consequences of purchasing.

Using an exploratory approach, this thesis offers a qualitative study based on interviews. The application of the means-end chain model (Gutman, 1982) and the laddering technique (Reynolds and Gutman, 1988) are applied to examine how acquiring and driving a Porsche car brings the required experiences to fulfil consumers' ultimate needs and personal values.

The findings reveal four motivations for purchasing Porsche cars: sense of preserving face (*mianzi*), sense of expanding personal networks (*guanxi*), family life, and hedonism. Many luxury car consumers perceive value in terms of social obligations and are confined to *mianzi*, *guanxi* and family life (social-cultural norms in China). Other consumers like the individuality that a Porsche car creates and highlight the hedonistic experience (Western view of being).

These insights contribute to the advancement of academic knowledge of higher-order values and motivations behind luxury car purchase decisions in China. This study also reports the research design, implementation and findings in a manner helpful to practitioners interested in luxury car consumption.

**Keywords**: luxury car consumption, consumption motivation, Chinese traditional cultural values, Western values, China

**JEL**: M10; M31

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# Resumo

O mercado de luxo chinês representa um terço do mercado de luxo global e o segmento de carros de luxo é uma fatia importante desse mercado. Contudo, a investigação em bens de luxo no mercado chinês concentra-se nos artigos de moda.

Este estudo investiga as motivações que fomentam o consumo de carros de luxo na China. Neste contexto, são exploradas, em primeira mão, as experiências dos proprietários de carros Porsche no seu processo de tomada de decisão e como os valores pessoais (culturais) desempenham um papel primordial em influenciar as motivações para adquirir e as consequências dessa aquisição.

Utilizando uma abordagem exploratória, esta investigação realiza uma pesquisa qualitativa com a aplicação do formato de entrevista. O modelo da cadeia meios-fim (Gutman, 1982) e a técnica de escada (Reynolds and Gutman, 1988) são usados para estudar como a aquisição e condução de um carro Porsche proporcionam as experiências requeridas para atender necessidades supremas e valores pessoais.

Os resultados revelam quatro motivações para adquirir carros Porsche: sentimento de preservar a honra (*mianzi*), sentimento de expandir as redes de contacto (*gaunxi*), vida em família e hedonismo. Muitos consumidores de carros de luxo percecionam valor em termos das obrigações sociais e estão confinados ao *mianzi*, *guanxi* e à vida em família (normas socioculturais na China). Outros consumidores gostam da individualidade que um carro Porsche cria e destacam a experiência hedonista (visão ocidental do ser).

Estas perceções contribuem para o avanço do conhecimento acadêmico sobre valores de ordem superior e motivações subjacentes às decisões de compra de carros de luxo na China. Este estudo também descreve o projeto, a execução e os resultados desta pesquisa de uma maneira útil para os profissionais interessados no consumo de carros de luxo.

**Palavras-chave**: consumo de carros de luxo, motivações para o consumo, valores culturais tradicionais chineses, valores ocidentais, China

**JEL**: M10; M31

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# 摘要

中国奢侈品消费市场总额已占据全球奢侈品消费市场总额的三分之一，而豪华汽车市场又作为奢侈品市场的重要细分市场，其消费者的购买动机有着重要的研究意义。本文以中国豪华汽车消费者为研究对象，通过界定其消费行为和表现，并结合中国传统文化的影响，深入探究推动和影响中国豪华汽车消费者的主要动机。

首先，本次研究系统的回顾了奢侈品消费和奢侈品消费动机的相关文献。同时，针对本次研究的中国市场，系统的回顾了关于中国传统文化，也就是儒家文化和集体主义文化，对于奢侈品消费行为和动机的影响。本次研究使用 Means-end Chain 作为研究模型，确定了以定性研究为研究基础的研究方法。通过使用软式阶梯，完成了 Codebook 的编写。在此基础上，通过完成 Implication matrix 后，最终形成 Hierarchical value map，并根据其中不同的 Partial Chains。明确了影响中国豪华汽车消费者的 4 个主要动机。分别是面子 Sense of preserving face (mianzi)、关系 Sense of expanding personal networks (guanxi)、享乐 Hedonism 和家庭生活 Family life。其中，面子、关系和家庭生活的豪华汽车消费动机是受中国传统文化影响下的结果，而享乐则是新生代豪华汽车消费者在西方奢侈品消费文化冲击下的产物。

其次，本次研究的案例来自于已经购买了保时捷品牌汽车的真实客户，在筛选了超过 1300 位保时捷客户的案例后，最终选出了 50 名客户作为研究对象。案例内容包含销售过程和售后回访两个部分，完整了记录保时捷客户的从购买到评价的全部内容。

本次研究在案例分析的基础上，还进行了相应的结果讨论，并给出了对应的建议。

**关键词：**消费动机 文化影响 豪华汽车消费

**JEL**: M10; M31

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# List of Acronym

| | |
|---|---|
| HVM | Hierarchical Value Map |

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# Chapter 1: Introduction

## 1.1 Rational for research

### 1.1.1 Research background

The Chinese luxury market is an emerging market that has become an important influence on the performance of the global luxury industry. It is not simply increasing in sales but driving consumption upgrading at the same time (D'Arpizio et al., 2016).

The luxury car market has made the major contribution to steady the growth of the global luxury industry. In 2016, luxury car sales in China reached two million euros, accounting for 34% of the global luxury car sales (the largest market share in the respective industry) (D'Arpizio et al., 2016). In China, the sales of luxury cars have been increasing year after year. Meanwhile, the demand of luxury cars has diversified. For instance, in recent years, several imported luxury car brands have taken the market share from the traditional luxury car brands.

Research on luxury goods in the Chinese market is mainly concentrated on luxury fashion goods, such as clothes, accessories, handbags, shoes, watches, jewellery, and perfume. These studies have focused on customer segmentation based on consumption types, consumption frequency and amount of consumption. Other studies analyse customer profiles and their motivations. However, a review of existing literature shows no studies on luxury cars. Within the broad luxury market, luxury cars are important to consider because this segment represents a large portion of luxury goods, have complex branding, and have a high entry barrier for consumers.

### 1.1.2 Justification

Research on luxury consumption started in the western world. Veblen (1899), the pioneer of the research of luxury consumption, introduced the idea of conspicuous consumption and associated it with nouveaux riches that emerged in the society. Conspicuous consumption is the act of showing off wealth by people whose wish is to prove their own financial strength and gain social recognition. At the earliest time, luxury consumption was defined as symbolic consumption since purchasing luxury goods was a vehicle to consume "status goods".

Wicklund and Gollwitzer's (1981) symbolic self-completion theory explains the idea of symbolic consumption. Goods, which convey to others information about the owners, are products with symbolic value. When products have symbolic value, consumers can pursue self-affirmation. In other word, the symbolic value helps the owners to achieve the self-completion and social recognition. It works as a self-fulfilling symbol.

Maslow (1943) explains the consumer behaviour in the way of human needs in his hierarchy of needs theory. After satisfying the physiological needs and safety needs, people seek a higher level of needs. They are the love and belonging needs, esteem needs and self-actualization needs. Consuming goods with symbolic value may be the most intuitive way to achieve the highest level of needs, namely self-actualization needs.

Inspired by the Western research, Chinese scholars have also shifted their focus to symbolic consumption. Conspicuous consumption and disproportionate consumptions have been key buzz words to characterize the Chinese luxury consumers. However, luxury goods consumption might not be simply driven by personal tastes. Traditional Chinese cultural values may also influence consumption. In addition, the emergence of experienced Chinese consumers and the second rich generation with significant purchasing power have polarized the luxury market and transformed the Chinese luxury consumption behaviours (Griffiths, 2014). Therefore, there are several key gaps in the literature that leave both practitioners and scholars without a holistic understanding of luxury consumption in China, especially in luxury cars segment.

First, research into the influence of traditional Chinese cultural values on customers' motivations has been underrepresented in existing literature. Few exceptions have been provided, for instance, by Cao (2006) and Zheng (2014), who offer some insights on face consumption. Second, some prejudice has been introduced in research and business practice on luxury consumption in China. Commonly, it is possible to encounter such statements in literature that Chinese consumers are motivated by conspicuous consumption, social status consumption and the disproportionate consumption (Radha & Paul, 2006). However, the analyses are often rooted in the belief that Chinese people behave like Western citizens and so are driven by personal tastes and individuals' intrinsic aspirations. Unfortunately, researchers have ignored that Chinese people are more external-oriented than their Western counterparts (Zhu, 2006) and consumption for Chinese is more a way of meeting the expectations of others than acting in accordance with one's own wishes. Third, published research on Chinese luxury market is essentially focused on statistical analysis and trend reports. Further, it only covers fashion luxury goods. Given the context, this study seeks to fill these key research gaps through an exploratory study on consumption motivations of luxury cars.

The findings of this study will benefit scholars and practitioners. For scholars, the study expands the theoretical and operational understanding of luxury car consumption in China, answering the call for studies on luxury consumption in emerging regions. For practitioners, the identification of consumer motivations entrenched within the Western and Chinese cultural values may help clarify customers' decision-making process and define strategies to attract new customers and retain actual customers.

### 1.1.3 Statement of purpose

The purpose of this study is to investigate the motivations driving consumers of luxury cars in China. Within this context, it seeks to explore the first-hand experiences of luxury car owners in their decision-making process, as well as how personal (cultural) values play a pivotal role in influencing motivations to purchase and the consequences of purchase.

The objectives of this study are twofold. First, this study intends to advance academic understanding of values and motivations behind luxury car purchase decisions in China. Second, this study aims to report its research design, implementation and findings in a manner helpful to practitioners interested in luxury car consumption.

This study is a qualitative study using an exploratory case study approach supported by in-depth interviews. The means-end chain model (Gutman, 1982) and the laddering technique (Reynolds & Gutman, 1988) are applied to examine customers perceptions of the attributes, consequences and values associated with purchase intentions. "Means" is the characteristics of products or services (attributes) that facilitate experiences and actions, while "end" is the desired end state of being that reflects central needs (e.g., security, self-actualization, fun, and enjoyment of life).

Research in fashion luxury goods has used the means-end approach to explain how consumers' choices facilitate the achievement of desired end state (Amatulli & Guido, 2011; Lundblad & Davies, 2016). Because this study is focused on consumers' motivations for buying luxury cars, it is asserted that their purchase decisions are influenced by both the characteristics (attributes) of the luxury cars and the needs fulfilment and cultural/social influence factors. Hence, this study explores the psychological processes related to the acquisition of luxury cars by integrating the means-ends perspective with the motivation theory.

### 1.1.4 Research problem and questions

This section reviews the existing studies and identifies the gaps to help this study clarify the

direction and put forward solutions to fill those gaps.

The first gap lies in the different research background; the difference is created by the different culture which have given rise to different consumption cultures; according to the research by Anderson and Kliduff (2007), self-praise and enjoyment are significant manifestations among Western luxury consumers. But luxury consumption in China is more likely external-oriented; Zhu (2006) points out that the Chinese luxury consumers pay attention to visible values, like the social identity and symbolic significance. To find solutions to this gap, this study will be based on a case study to find out the influences from the Chinese culture, especially how different cultures create different consumption behaviours.

The second gap is that the existing studies concentrate on statistics by showing the data of the whole Chinese luxury market. Besides, existing literature is focused on the individual wearable luxury goods, such as jewellery, bags and costumes. Research on the luxury car market is simply a list of statistics and trend reports. This study selects a target brand Porsche, one of the typical luxury car brands in the world, to clarify the research group. In addition to the sales data, the case study will be the basis of qualitative research. In particular, the records of the sales process offers an important way to find out the motivations of the Chinese luxury car consumers.

As mentioned in the Benjamin et al.'s (2017) research, in 2016 the Chinese luxury consumers contributed a third of the global market share. The Chinese luxury consumers are gradually maturing; the original strategies are gradually fading out. This view echoes the view put forward by D'Arpizio (2016) that the traditional push system is not working for the current Chinese luxury market, and the consumers are paying attention to the connections between themselves and the brand.

Compared with existing literature, this study is conducted from the perspective of the practitioners of Chinese luxury car market, and the case is from real business. Participants of this study are consumers of Porsche cars; this study will fill the gaps and limitations in existing research on Chinese luxury car consumers' motivations. To define the motivations of Chinese luxury car consumers in this study, qualitative research is depended on, and the cases from the real business will be representative of the real motivations of Chinese luxury car consumers.

The Chinese luxury consumers has attracted public attention in recent events as there are some prejudice and stereotypical perception of the Chinese luxury consumers in the emerging luxury market. For example, conspicuous consumption, social status consumption and disproportionate consumption have become the labels of the Chinese luxury consumers. From the perspective of luxury industry practitioners today, these labels are no longer suitable. If the

incorrect perceptions lead to the incorrect marketing approach, there will be negative influences on the industry. And the cognitive bias is not limited to the business circle. In the academia, the prejudice against the Chinese luxury consumers is also existent. For example, Radha and Paul (2006) argue that Chinese luxury consumption is typical status consumption. So, the cognitive bias is where the significance of this study lies.

For both qualitative research or quantitative research, asymmetric information has influenced the results of research by institutions and scholars. According to the research by Bain Company (2013); over 75% market sales come from core consumers from the Chinese luxury market, and the proportion is 30% from the total. It means the core consumers were small in number but made higher contributions. However, in the sampling process, the core consumers' motivations are weakened. In other words, the actual contributions made by and influence of core consumers and they amount of research attention to them are disproportionate.

In the luxury car industry, the sales and aftersales records are highly confidential because they contain consumer information and are related to the brand's secondary sales and consumer lifecycle. This study selects JMS Auto Group as the case. JMS is an authorized dealer of the brand Porsche. The study is based on real business scenarios. The data consist of both sales and aftersales records, including paper documents and audios. The data used for analysis are raw data collected by the salespersons and aftersales persons. Data analysis will help this study define the real motivations of Chinese luxury car consumers.

To contribute to the understanding of the myriad of motivations for luxury car consumption in China, this thesis endeavours to answer the following questions:

- What key personal (cultural) values and motivations are behind actual luxury cars purchase decisions by Chinese owners of luxury cars?
- Is the transformation in the Chinese society influencing consumers' intentions to purchase luxury cars?

## 1.2 Outline of this thesis

The introduction chapter gives an idea of the rational for research, which includes the identification of the research background, the gaps in existing literature, research purpose, and research questions. An outline of the research process is also provided to guide readers through this study.

Chapter 2 will describe the luxury market in China and worldwide.

Chapter 3 will review the Western views of luxury consumption, which include the

definition of luxury and a summary of the main theories on motivations for consuming luxury goods, and the emergence of a consumer culture in China.

Chapter 4 will describe in detail the research strategy and the means-end technique applied in this study and how the data will be gathered and analysed to provide information about the sample.

Chapter 5 will present the results of the application of the means-end chain framework to the data gathered through semi-structured interviews available in the archive sources.

Chapter 6 will answer the research questions by discussing in depth the findings.

Chapter 7 will summarize the main conclusions, present the limitations of the study, recommendations for future research, and contributions of the study.

# Chapter 2: Research Background

## 2.1 Global luxury market

The sample of this study is the Chinese luxury car consumers. Firstly, Chinese luxury car consumers are part of the Chinese luxury market, and the Chinese luxury market is part of the global luxury market. The study by Chadha and Husband (2010) shows that Chinese luxury consumers possess a number of labels such as blindness, vanity and overspending. However, as society progresses and Chinese consumers continue to gain consumption experience, marketers and research institutions have realised that Chinese luxury consumers are maturing rapidly and their perceptions and behaviours are changing accordingly (McKinsey Insights China, 2012). It is also worth noting that the demand for customised products from niche brands has become one of the key trends in the Chinese luxury market.

D'Arpizio et al. (2014) mentioned that different consumer behaviours are developed in different cultural contexts, but that in essence there are still commonalities across cultures. Chinese luxury consumers are no longer simply imitating the behaviour of others but are gradually developing self-consideration and shaping their own preferences, which is important evidence to explain the tendency of Chinese luxury consumers to customise niche brands. In order to define the motivations of Chinese luxury consumers, this study will first define the motivations of Western luxury consumers. In the process, similarities between the motivations of Western and Eastern consumers in luxury goods consumption will be identified and the differences between Chinese luxury consumers and Western luxury consumers will be clarified.

Based on statistics from research institutes (D'Arpizio et al., 2016), the total sales of the global luxury market had reached EUR 1.08 trillion by 2016. The size of the global luxury market grew by 4% in 2016 relative to the 2015 figures. The luxury automobile market made a major contribution to the steady growth of the global luxury market. The luxury automobile market grew by 8% from 2015 to 2016, reaching EUR 438 billion. In addition, statistics from research institutes showed that luxury consumption is beginning to shift towards personalisation and high-end experiences. For example, consumers are beginning to focus on luxury travel, food, wine, and art (D'Arpizio et al., 2016).

Meanwhile, sales in the personal luxury goods sector remained stable. Benefiting from the

steady performance of the Chinese luxury goods market, the global personal luxury goods market maintained a good trend of steady growth. Sales in the global personal luxury goods market reached EUR 249 billion in 2016. Compared with the figure in 2015, sales in the luxury market increased by EUR nine billion in 2016. Taking into the increase in 2016 into consideration, the contribution of Chinese luxury consumers accounted for 30% of the global luxury market. In the long term, the number of the middle class in the Chinese Mainland is growing rapidly and their disposable income for luxury consumption is increasing too. As a result, the Chinese luxury market is expected to increase in terms of luxury consumption and its contribution to global individual luxury consumption.

Having grasped the full picture of the global luxury market, this article shifts its attention from the luxury market to the different segments. From 2014 onwards, luxury car consumption, luxury hotels, wine, and yacht markets have made a significant contribution to the growth of the global luxury market.

In emerging markets, luxury cars are still seen as status symbols that can help open up social circles for car owners (D'Arpizio et al., 2014). The luxury automobile market in emerging markets is growing steadily, with total sales in 2014 increasing by 10% compared with that in 2013. Furthermore, bespoke models and tuning services have doubled the price of luxury cars, even tripling the original price. Bespoke models and tuning services are important factors influencing sales in the luxury automobile market, becoming a significant contributor to the global luxury automobile market.

Research findings suggested that the contribution of emerging markets is not limited to the luxury automobile market, as consumers in emerging markets are also experiencing strong demand for yachts and private jets (D'Arpizio et al., 2014). Compared to 2012, total sales in the yacht market and private jet market increased by 2% and 9% respectively compared with the figures in 2013. Along with the continued growth in demand for quality travel, the luxury hotel market grew by 9% compared to 2012. From 2013 onwards, the luxury hotel market grew by 5% between 2012 and 2013.

D'Arpizio et al. (2016) proposed that in the global luxury market, the behaviour of luxury consumers has become more personalised, and they are more inclined towards high-end experiences. This trend is also in line with the changes in Chinese luxury consumers. The Chinese luxury market has entered a relatively mature stage. At this stage, the success of luxury companies in attracting Chinese luxury consumers depends on the development and implementation of differentiation strategies.

## 2.2 The Chinese luxury market

Having understood the global luxury market in its entirety, this study turns its attention to the Chinese luxury segment. In this section, the author will present trends in the Chinese luxury market and luxury consumption in China. The presentation of this section will provide important support for this study and will also help to understand the motivations of Chinese luxury car consumers.

D'Arpizio et al. (2016) argued that from 2007 to 2014, the total sales of the Chinese luxury market grew by 19% and showed a steady upward trend. Meanwhile, by 2016, the Chinese luxury market had captured 30% of the global luxury market. Compared to 2015, the market share had decreased by 1% due to the exchange rate impact, but the Chinese luxury market was still showing an upward trend in sales.

In terms of specific items in the luxury market, the Chinese luxury market has presented a similar demand to the global luxury market. Demand for artwork, luxury cars and luxury hotels is increasing, but the market for personal luxury goods is performing differently to the global luxury market. Compared to 2015, the luxury watch, luggage and apparel markets showed a downward trend in demand in 2016. The continued decline in demand in the Chinese women's personal luxury goods market was the main factor contributing to this trend.

Between 2015 and 2016, sales in the Chinese luxury apparel market fell by 6% and sales in the Chinese luggage market fell by 12%. The luxury watch market is worthy of attention since the sales of luxury watches in China have continued to decline for three consecutive years. Compared to 2012, the Chinese watch market fell by 11% year-on-year in 2014, by 13% in 2015, and by 10% in 2016.

The reasons for this market trend come from two sources (China Minsheng Bank & McKinsey Company, 2012). The first factor is that the Chinese economy is slowing down; the second factor is that wealthy Chinese have gained access to multiple investment channels. Pinning their hopes on asset hedging, wealthy Chinese have increased the amount of money invested. This is particularly true for real estate investments, which grew by 380% in total from 2007 to 2008. In addition, capital market products, bank wealth management products and overseas investments have also attracted capital from wealthy Chinese.

In addition to investment needs, the preferences of wealthy Chinese have changed, with highly customised luxury goods and better consumer experiences coming to the fore. Chadha and Husband (2010) explained this phenomenon in their study that mass-produced luxury goods and standard services no longer appeal to Chinese consumers mainly because of the barriers to

entry for mass-produced luxury goods and standard services. Zhu (2006) explained from a different perspective that in the context of Chinese Confucianism, hierarchy is widely recognised in traditional Chinese culture. Luxury goods have long served as an important symbol for their owners to demonstrate their wealth and social status. As society developed and the economy grew, China's middle class began to imitate the wealthy class by emulating their consumption of luxury goods. This weakened the symbolic meaning of luxury goods and drove the pursuit of customised luxury goods by the wealthy in China. Customised luxury goods are more expensive and have more segments for the masses. These customised and niche brands mask the barriers to entry for the Chinese middle class.

For the sake of understanding, the author will then distinguish the differences between the Chinese middle class and the Chinese wealthy class in terms of the amount of wealth, the proportion of consumption of luxury goods and the number of groups.

In the Chinese luxury market, luxury consumers are made up of three different groups. Combining the division methods of and statistics from research institutions (China Minsheng Bank & McKinsey Company, 2012), these three different groups are the middle class, the wealthy class and the super wealthy class. The differentiation is based on their annual household income, with an annual household income between EUR 15 thousand and EUR 30 thousand being the Chinese middle class. In 2015, 76 million Chinese households belonged to the middle class group, which contributed 22% of the total sales of the Chinese luxury market. However, luxury consumption accounted for 40% of their annual income, much higher than the other two groups. Some of the typical consumption behaviours coming from the Chinese middle class are copycat consumption, ostentatious consumption and disproportionate consumption.

This is followed by the wealthy group, whose annual household income ranged from EUR 30 thousand to EUR 150 thousand. The wealthy class had a population of 5.6 million households in 2015, and they spent 16% of their annual income on luxury goods. Compared to the Chinese middle class, the Chinese wealthy class is relatively rational in their consumption of luxury goods. In addition, the wealthy group contributed the most to the Chinese luxury market, accounting for 41% of total sales.

The final group is the Chinese super-wealthy group, which produced the highest contribution. The Chinese super-wealthy group has a population of only one million, but their contribution accounted for 37% of the total sales of the Chinese luxury market in 2015. Households with an annual income of more than EUR 150,000 are defined as China's super-wealthy group, and they spent 10% of their annual income on luxury goods. Furthermore, the need for consumption upgrading is widespread and evident within this group. They are looking

for customised luxury products with niche brands and a better consumer experience and want to differentiate themselves from others by customising niche brands. The wealthy and super-rich classes are making a significant contribution to the Chinese luxury market.

McKinsey Insights China (2012) demonstrated that there are important differences between Chinese luxury consumers and Western luxury consumers by comparing luxury consumers in China with those in the US and Europe.

In the Chinese luxury goods consumer market, consumers under the age of 45 accounted for 50% of the total. In contrast, in the US luxury market, consumers under the age of 45 accounted for 50%. In addition, in China's luxury goods market, consumers under the age of 35 accounted for 45%. Kapferer and Bastien (2012) confirmed that the ages of luxury goods consumers in the Chinese luxury market are relatively younger.

However, there are differences among the Chinese luxury consumer groups. Dimitropoulos (2015) illustrated that the first batch of Chinese luxury consumers were concerned with brands, brand reputation and price. Their behaviour delivered an impression of superficiality, vanity and conspicuousness to others. However, as society evolves, young Chinese luxury consumers have very different behavioural habits compared to older luxury consumers. Young Chinese luxury consumers are concerned with the consumer experience, the level of technology, quality, design touch, and brand history. In addition to these, low-profile customised brands are also favoured by young Chinese luxury consumers, as they perceive products with clear and visible logos as old-fashioned and high-profile. McKinsey and Company (2017) referred to a new generation of Chinese luxury consumers who are committed to differentiating themselves from others. It is not class that they are trying to differentiate but the identity of being different from older Chinese luxury consumers.

McKinsey Insights China (2012) noted a change in the behaviour of Chinese luxury consumers from the study in 2009 where more than 67% of Chinese luxury consumers said they did not want to be noticed. Hurun Report (2016) identified a change in Chinese luxury consumers and summarised this change as that Chinese luxury consumers are maturing rapidly. To appeal to today's Chinese luxury consumers, it is far more effective to tell the history of a brand than to provide them with a prominent and conspicuous logo.

The overall behaviour of the luxury market and changes in consumers have affected the Chinese luxury automobile market. Over time, the Chinese luxury automobile market has become a major market for the global luxury automobile market. This is especially true for traditional European luxury car companies such as Audi, BMW, Mercedes-Benz, Porsche, Jaguar, and Land Rover.

For example, Mercedes-Benz's total annual sales in 2016 were 2.083 million, an increase of 11% over 2015, enjoying the largest market share in the global luxury automobile market. Mercedes-Benz's total annual sales in China increased by 26.6% in 2016 compared with its total volume in 2015. The Chinese market contributed 22.6% to Mercedes-Benz's global sales (Li, 2019). The performance of the luxury automobile market in the Chinese Mainland remained positive in 2017. Compared to total annual sales in 2016, Mercedes-Benz global annual sales jumped to 588,799 in 2017, an increase of 39.3%. Total sales in China accounted for almost a third of Mercedes-Benz's global sales.

Not only is Mercedes-Benz a strong performer in the Chinese luxury automobile market, but the Chinese luxury automobile market has also become the most important market for Porsche. In 2016, 237,778 Porsche cars were sold, an increase of 5.6% compared to 2015 (Porsche China, 2018). A total of 65,246 Porsche cars were sold in the Chinese luxury automobile market, accounting for 27% of Porsche's global sales in 2016. The Chinese luxury automobile market surpassed the US luxury automobile market and became the largest market for Porsche.

As Chinese luxury car consumers change, the factors that consumers consider when making a purchase are also shifting. Traditionally, Chinese luxury car shoppers have focused on price, brand, design, and model. Brand awareness is still one of the most important factors influencing the purchase of a luxury car, but other influences vary. Statistics from Hurun Report (2016) implied that Chinese luxury car consumers now consider safety, comfort, handling, power, technology, and reliability when buying luxury cars. Initially, Chinese luxury car consumers were very concerned about what others thought. But now, the focus of Chinese luxury car consumers is on first-hand experience.

In addition, there is another change in Chinese luxury car consumers. The Chinese luxury automobile market is showing a high trend of customisation and anti-mass demand, which is important evidence that Chinese luxury car consumers value their own experience.

To sum up this section, it can be concluded that the symbolic nature of luxury cars remains intact, as both the demand for brand awareness and the demand for anti-mass appeal are based on the symbolic effect of luxury brands. Beyond this, the drivers of Chinese luxury car consumers are shifting from interpersonal effects to personal effects.

## 2.3 Product symbolism, aggrandizement and consumption of social status in China

Along with the development of society, after several consumption upgrades, the Chinese luxury market still suffers from irrational and ostentatious consumption behaviours, which are mainly found in the Chinese middle class. To identify the factors that influence these behaviours, it is necessary to understand the Confucian culture that is rooted in China.

Zhu (2006) points out that social stratification exists in Chinese society. Traditionally, Chinese social classes were distinguished by surname, lineage, family, occupation, wealth, and power. With the development of the times, surname, descent, family, and occupation no longer produce the same value as they used to be, while wealth and power have become appropriate criteria in modern Chinese society. In other words, the modern Chinese are evaluated on the basis of wealth which distinguishes themselves from others, and wealth is used as a threshold for entry into social groups.

Because of this, the first batch of wealthy Chinese went on a luxury consumption spree, leaving the society with an impression that they were vain, ostentatious and pompous. Over time, Chinese luxury consumers, who belong to the wealthy and super-wealthy classes, have slowly changed their consumption behaviour. Both Dimitropoulos (2015) and Griffiths (2014) suggest that luxury has become a symbol of their power and discretion. Wealthy and super-wealthy Chinese luxury consumers are no longer consuming highly identified luxury goods. Instead, niche and bespoke brands are gaining attention from the wealthy and super-wealthy groups in China as they try to move away from the wealthy label.

On the other hand, wealthy and super-wealthy Chinese luxury consumers are more focused on personal experiences than brands and products. The luxury hotel industry has recognised the Chinese luxury consumers' focus on the luxury experience, which is why Marriott Hotels & Resorts made the observation that the destination is as important as the process (Hurun Report, 2016). Furthermore, in the luxury car sector, Porsche China (2018) had similar findings, arguing that Chinese luxury car consumers consume more than just cars; they are more focused on the high-end driving experience.

Currently, consumption upgrading is limited to the rich and super-rich. The findings of several scholars (McKinsey Insights China, 2012; Griffiths, 2014) thought that the Chinese middle class is still seeking the symbolic meaning of luxury goods, which they still hope will help them rise or integrate into a higher social class. Theory also suggests that people want to

have a stable social status and to have their abilities and achievements recognised by society. Modern Chinese society has lost the traditional criteria for evaluating social status and has replaced them with wealth and power as the only measures of social standards. Bearden and Etzel (1982) argue that luxury goods are unique in terms of materials, quality, design, and brand recognition, and have an inherent symbolic meaning. Luxury is helping the Chinese middle class to turn intangible factors into tangible ones. These arguments suggest that Chinese middle class luxury consumers still engage in irrational and ostentatious consumption behaviour. In addition, Chinese middle class luxury consumers prefer luxury products with distinctive and visible logos.

In summary, it can be concluded that Chinese luxury consumers are polarised. The two groups of Chinese luxury consumers, the wealthy and the super-wealthy, are maturing rapidly. Their consumption behaviour is similar to that of luxury consumers in mature European markets. They seek self-indulgence and the high quality of life and processes that give them a high-end experience. But the Chinese middle class luxury consumers still seek the symbolic meaning of luxury. They still want luxury to help them rise or integrate into a higher social class. Based on this need, the behaviour of Chinese middle class luxury consumers is characterised by irrationality and ostentation. Having understood the behaviour of Chinese luxury consumers, this study will then focus on the behaviour of Chinese luxury consumers in a specific market, namely the Chinese luxury automobile market. The author will also explore the factors that influence the behaviour of Chinese luxury car consumers, which is an important part of this study.

## 2.4 The wealthy Chinese and luxury car consumption in China

In this section, the author will present the trends in the Chinese luxury automobile market before comparing consumers in the Chinese luxury automobile market with those in Europe to identify similarities and differences. This section will also compare the factors that influence Chinese consumers and European consumers to buy luxury cars.

According to Hurun Report (2016), the Chinese automobile market was the global sales leader for three consecutive years between 2013 and 2015. A Total of 24.59 million vehicles were sold in China in 2015, and the total number of luxury cars sold in the country reached 1.42 million. This figure uses the criterion that cars priced at 400,000 RMB (EUR 57,000) or more are considered mid-luxury cars. In addition to the steady rise in car sales, the Chinese luxury automobile market has overtaken the US luxury automobile market as the largest market in the

world for traditional European luxury car companies.

The global luxury automobile market has similar behaviour compared to the Chinese luxury automobile market. McKinsey Insights China (2012) argued that Chinese luxury car consumers prefer customised products, especially those who purchase ultra-luxury cars priced at EUR 100 thousand or more. Hurun Report (2016) found that there is relatively little irrational consumer behaviour in the purchase of luxury cars due to their higher sales prices. The sales price has become a natural barrier to purchase behaviour for customers who cannot afford it. This means that the luxury automobile market has shown a real trend in demand from the wealthy in China, as the high selling price that acts as a barrier has scared off pretentious consumers.

In the Chinese luxury automobile market, the traditional German luxury brands have a much higher market share. According to Hurun Report (2016), Audi, BMW and Mercedes-Benz accounted for 75% of the annual sales of the entire luxury automobile market in China in 2015. In 2015, Audi recorded sales of 570,889 cars in China, a decrease of 1.4% compared to 2014. Between 2014 and 2015, BMW's total sales in China increased by 1.7% to 463,736 cars. The car brand with the largest increase in sales over the same period was Mercedes-Benz. Between 2014 and 2015, total Mercedes-Benz sales increased by 32.6% to 373,459. In addition to Mercedes-Benz, brands with strong sales growth in China include Porsche, Infiniti, Lexus, and Cadillac. Compared to 2014, Porsche's sales increased by 24% in 2015, Infiniti's sales increased by 34% in 2015, Lexus' sales increased by 13.1% in 2015 and Cadillac increased by 17%. However, two brands, Audi and Land Rover, showed declining sales performance in 2015. Land Rover, in particular, showed a more pronounced downward trend. Compared to 2014, Land Rover's total sales plummeted by 24% in 2015. The main reason for this plunge was the poor image of existing Land Rover owners.

As society progresses, Chinese luxury car consumers are becoming more cautious in their choice of brands. Dimitropoulos (2015) mentioned that for the Chinese luxury consumer, brand is a powerful symbol. For example, Land Rover is the preferred choice of coal mine bosses. The image of a coal mine boss is generally labelled as a mine owner, poorly educated, unethical and vulgar. Due to the poor image of Land Rovers' owners, more potential customers choose other brands. In this respect, Chinese luxury car consumers are similar to European luxury car consumers. Hurun Report (2016) mentioned that approximately 83% of European luxury car consumers are influenced by the personal image of the brand's existing owners and 94% of Chinese luxury car consumers are influenced by the personal image of the brand's existing owners. Chinese luxury car consumers are more sensitive to the personal image of the existing owners of a car brand. Some 77% of Chinese luxury car consumers are highly dependent on the

brand, while 50% of European luxury car consumers are highly dependent on the image of the existing owner of the luxury car brand.

The similarities between Chinese luxury car consumers and European luxury car consumers do not end here. Hurun Report (2016) compared the two groups of consumers and concluded that both groups focus on the interior space, fuel consumption, technology, ease of operation, and reliability of the car when buying a luxury car. However, the main difference between Chinese luxury car consumers and European luxury car consumers is their concern about price. Only 17% of Chinese luxury car consumers think about price before making a decision, compared to 44% of consumers in Europe. There is a huge difference between Chinese and European consumers when it comes to price factors.

The price factor is not the only difference between Chinese luxury car consumers and European luxury car consumers. Another difference comes from the brand's market share. According to Hurun Report (2016), around 65% of Chinese luxury car consumers prefer brands with a high market share because they believe that such brands offer more convenient after-sales services. Higher market share means better availability of parts and more service stations. However, only 33% of European luxury car shoppers are influenced by market share when deciding whether to buy a luxury car. However, this figure cannot be interpreted as a preference for niche brands among European luxury car consumers, as Hurun Report illustrated that only 15% and 17% of luxury car consumers in China and Europe respectively prefer niche brands. Therefore, Chinese and European luxury car consumers are similar in their attitudes towards niche luxury car brands on this point.

After comparing the brand factors that impose impacts on decision of buying luxury cars, the author will present the differences between Chinese luxury car owners and European luxury car owners, which will help us better understand Chinese luxury car consumers. According to Hurun Report (2016), the age difference between Chinese and European luxury car consumers is relatively small. The average age of the Chinese luxury car consumer is 33.1 years, while the average age of the European luxury car consumer is 31.9 years. However, the younger age group (20 to 29 years old) accounted for 6.7% of the total number of European luxury car consumers, much lower than the 18.8% in China. In terms of education, Chinese luxury car owners have an overwhelming advantage since 97% of them have a bachelor's degree, while only 67.7% of European luxury car owners have a bachelor's degree. This is the main difference between Chinese luxury car owners and European luxury car owners.

In terms of the comparative dimension of monthly household income, Chinese luxury car owners have similar income levels to European luxury car owners. Figures from Hurun Report

(2016) indicated that level to be around EUR 11.45 thousand per month. In terms of hobbies, Chinese luxury car owners favour travel and gastronomy, while European luxury car owners favour nightlife and family activities.

From the above discussion in this chapter, it is evident that Chinese luxury car consumers behave similarly to mature European luxury car consumers in terms of the barriers to entry to purchasing luxury cars. Consumers from two different cultural backgrounds share a similar interest in niche brands, but Chinese luxury car consumers behave more cautiously as they consider the convenience of after-sales service. In terms of age structure and income level, the Chinese luxury car consumer is largely the same as the mature European luxury car consumer, with the main differences being education level and hobbies.

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# Chapter 3: Literature Review

## 3.1 Concept of luxury and luxury consumption

The research on luxury goods originated in Europe. However, as luxury is a subjective and relative concept, scholars have given different definitions from the perspectives of different disciplines such as economics, sociology and marketing. Luxury goods can be defined in a broad sense or in a narrow sense. Specifically, in a broad sense, luxury goods refer to consumer goods that are beyond the basic needs of consumers, while luxury goods in a narrow sense refer to the consumer goods at the highest level of consumers' consumption structure (Kapferer & Bastien, 2012).

To define the concept of luxury, it is necessary to distinguish it from the common goods. Firstly, there is consensus that luxury generally has three characteristics – it is special, sparse and rare (Bearden & Etzel, 1982; Dubois & Duquesne, 1993; Anderson & Kilduff, 2009). Other scholars argue that luxury has the characteristics of non-necessities (Vickers & Renand, 2003; O'Cass & McEwen, 2004; Kapferer & Bastien, 2012).

From the perspective of economics, luxury goods are products with high and elastic price. Dubois and Duquesne (1993) mentioned that the demand for luxury goods tends to increase with the increase in personal income. Other scholars point out that luxury goods have a tangible, functional value that was far below their own prices (Richins, 1994; Kapferer & Bastien, 2012). This idea emphasises the high intangible intrinsic value of luxury goods.

From a marketing perspective, luxury goods refer to a category of goods or services that are of better quality and higher tastes and are more desirable to consumers than other goods or services in the same category (Lan, 2019). Such goods tend to have higher selling prices and fewer quantities than ordinary goods of the same type.

In comparison with the economic perspective, some scholars analysed luxury from a sociological perspective. Miller (1991) said that the luxury goods represented the social status of the owner and promoted personal taste. As a symbol, it displays the identity and power of the owner as well as the owner's quality of life. Veblen (1899) mentioned that luxury goods highlight the value of the goods from the socio-economic aspects, not just the quality and functions of the goods. He put forward the concept of conspicuous consumption and pointed

out that conspicuous consumption is one of the essential features of luxury goods consumption. Based on Veblen's idea, Dubois and Duquesne (1993) deepened the research and found that people are eager to pursue material wealth. The consumption of materials not only satisfy themselves but also embody the class of the owners. To sum up, luxury goods are different from ordinary goods, as the luxury goods' characteristics represent the gorgeous and noble status of the owner and display the owner's social status. To the owner, luxury goods are important symbols of economic strength and way of life.

In conclusion, the definition of luxury goods that will be used in this study comprises the following common features: firstly, luxury goods are the non-necessities of life in terms of cost performance, and their symbolic value far exceeds their use value. Secondly, luxury goods are rare and conspicuous because their basic attributes are to present high quality and cultural connotation.

## 3.2 Research on motivations of luxury consumption

Existing literature on luxury consumption is divided into two parts: the initial conceptualisations of luxury consumption and modern luxury consumption.

Motivation is the cause of behaviour. In psychological terms, motivation is the desire or intention that causes people to behave in order to satisfy certain needs. In the process of consumption, consumption needs consumer motivation, and consumer motivation governs the purchase behaviour of individuals to satisfy their needs (Tsai, 2005). Therefore, to understand luxury consumption motivation is to better understand consumer buying behaviour.

According to the research carried out by Vigneron and Johnson (2004), consumption behaviours are caused by the inner motivations of consumers. In other words, the motivations are invisible drivers while the consumption behaviours are the visible results. The process is that the consumers have the motivations because of influential factors, and then the behaviours are the realised motivations. So, the study of motivations is the way to clearly understand behaviours.

According to Klein's (1997) research result, behaviour is determined by motivation, and motivation comes from needs. He pointed out three elements in his research: need, motivation and behaviour. When people's needs are not satisfied, their motivations are generated; to satisfy the needs, people need to take actions. The actions are behaviours. It is the way to satisfy the unfulfilled needs, and behaviours are driven by the motivations. In the present study, luxury consumption is part of behaviours – that is, the actions to satisfy the needs and motivations. To

define luxury consumers' needs and motivations, their behaviours should be studied to clearly understand the motivations and needs.

### 3.2.1 Initial conceptualisations of luxury consumption

Veblen (1899) is the first scholar who paid attention to luxury consumption and advanced the theory of luxury consumption. Conspicuous consumption is understood as the wealthy people's consumption through which the wealthy justify their financial ability and seek social recognition. Veblen (2005) believes that to acquire honour and keep honour, one needs to provide proofs, and conspicuous consumption provides evidence for the wealthy or the powerful to obtain honours.

O'Cass and McEwen (2004) point out that the deeper marketing connotation of conspicuous buying behaviour reflects the following five important characteristics: (1) conspicuous consumption behaviour is implemented by individual consumers with special psychological needs as the dominant demand; (2) conspicuous consumption behaviour is with conspicuous goods (such as medium and high-end brand-name goods or rare goods that symbolise certain wealth, status, identity and quality) as the objects or carriers; The content of consumption includes showing off one's wealth, personality, status and position, and the purchase of goods or services is based on non-functional needs and social symbolism. Conspicuous consumption behaviour is expressed in the public consumption of these conspicuous goods by consumers (4) The main object of conspicuous consumption behaviour is to show off oneself to important reference groups in social and interpersonal interactions; (5) The main purpose of conspicuous consumption behaviour is to show off certain superior characteristics (personality, status and position) to achieve the psychological satisfaction of showing oneself and realizing oneself, in order to achieve self-identity and social identity.

Veblen's (2005) conspicuous consumption theory is the initial conceptualisation of luxury consumption; it set the direction for future research. Leibenstein (1950) defined bandwagon behaviour and unique motivations in terms of conspicuous motivations. The bandwagon behaviour refers to acquiring self-identity from the social groups, while the unique motivation is to distinguish from others, and the conspicuous motivation is to show wealth and social status and honour. Mason (1984) also put forward similar ideas on conspicuous consumption. He emphasised the factors driving luxury consumption. The desire for social status and the important role in the groups are the key motivations of luxury consumptions.

Based on the review of the early research, the initial conceptualisations of luxury

consumption focused on social motivation, meaning luxury consumers during that period attached great importance to the interpersonal effects of luxury consumption. For modern luxury consumption, further studies are focusing on individual motivations, which means the consumer's consumption behaviours are shifting from interpersonal effects to personal effects. The results of the study carried out by Dubois and Duquesne's (1993) suggests that modern luxury consumers pursue luxury consumption based on hedonism and perfectionism. They consider hedonism a self-actualisation behaviour with the purpose of acquiring self-pleasure, and the purpose of perfectionism is to pursue quality assurance and the sense of gain therefrom. Vigneron and Johnson (1999) integrated and proposed five kinds of motivations of luxury consumption, which are based on interpersonal effects and personal effects (see Figure 3.1). The interpersonal effects include three different perceived values, which are conspicuous, unique and bandwagon behaviours. The personal effects include pleasure and perfectionism; they are the internal drivers of luxury consumers.

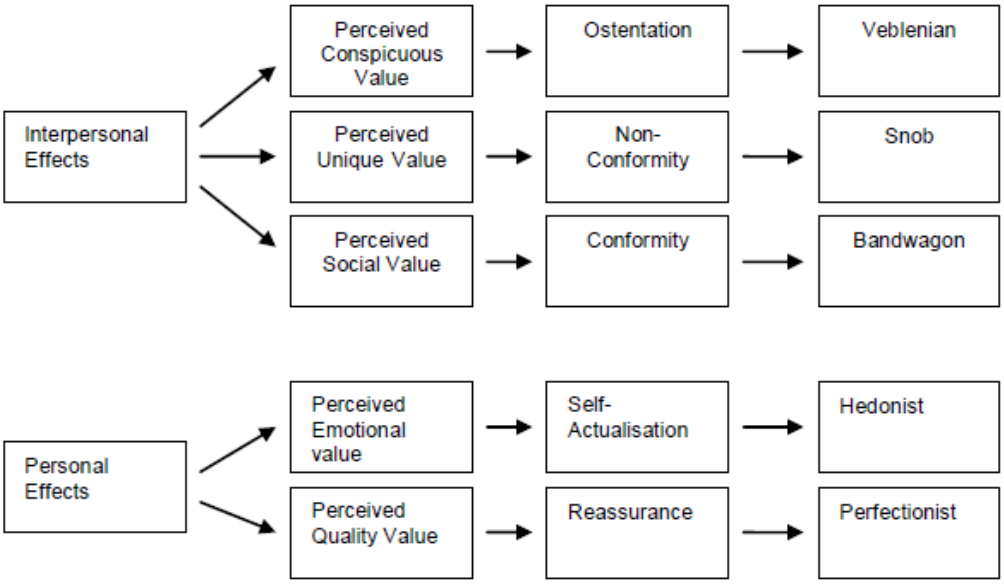


Figure 3.1: Interpersonal and personal effects of luxury consumption

Source: Adapted from Vigneron and Johnson (1999)

Tsai (2005) conducted a further study on personal effects. On the original basis, Tsai (2005) added types of behaviours and demands on the personal effects of luxury consumption. They are the self-pleasing needs, internal consistency and pursuit of quality. Table 3.1 summarises some existing studies on luxury consumptions.

Table 3.1: Literature that identifies motivations for luxury consumption

| Scholars | Interpersonal effects | | | Personal effects | |
|---|---|---|---|---|---|
| Veblen (1899) | Conspicuous | | | | |
| Leibenstein (1948) | Conspicuous | Unique | Bandwagon | | |
| Mason (1984) | Social status | | | | |
| Dubois and Duquesne (1993) | Conspicuous | Unique | Bandwagon | Perfectionism | Hedonism |
| Vigneron (1999) | Conspicuous | Unique | Bandwagon | Perfectionism | Hedonism |
| Tsai (2005) | | | | Self-pleasing<br>Self-gift<br>Internal consistency<br>Quality pursuit | |

Source: Adapted from Tsai (2005)

### 3.2.2 Modern literature on motivations for luxury consumption

The motivations for luxury consumption can be divided into performance, social differentiation, exclusivity, self-expression, and the formation of identity.

The first motivation is performance. According to Tsai (2005), the inherent characteristics of luxury goods are uniqueness, scarcity and exoticness. Because of their inherent characteristics, luxury goods have remarkable performance. Moreover, because of the inherent characteristics, luxury goods are not for the general public. The reason is the price. There is a consensus among scholars that luxury goods are non-necessity goods (Miller, 1991; Klein, 1997). In other words, the non-necessity goods attract the attention of the public. According to Rokeach's (1973) idea, luxury goods must have the precious attribute to attract the public attention. So, the first key factor of luxury consumption is performance, which makes consumers willing to spend higher prices to buy luxury goods because their inherent characteristics guarantee better performance.

The second motivation is social differentiation. O'Cass and McEwen (2004) mentioned that social differentiation is inherent to human nature. From De Botton's (2004) research, wealth and power are objective conditions achieved through social differentiation and combined with the inherent characteristics of luxury goods. To own luxury goods, the owner needs to spend considerable capital. By paying a high price for goods, the customer will deliver the information to the public (Thomas, 2007) – in short, he or she will show wealth to others. Whenever the different level of capital is synonymous of belonging to different social groups, the luxury goods are the standard of differentiation. In this context, the evaluation criterion is

affordable or unaffordable. Social differentiation is one of the most important motivations of luxury consumption because it is significantly impacting the motivation of exclusivity. According to Thomas (2007), luxury goods have become the standard of social differentiation. Dubois and Duquesne (1993) said that to own or not to own luxury goods depends on people's wealth.

Festinger (1954) mentioned that exclusivity always has the dual function of distinguishing the owner of luxury goods from others and helping the owner find other people that belong to the same group. Due to the inherent characteristics of luxury goods, the owner delivers two types of signals to society (Moav & Neeman, 2010). Firstly, the luxury owner delivers the signal to the general public, as wealth indicates exclusivity. Secondly, luxury delivers the signal to the wealthy group. It can be said that luxury goods will help the owner to form self-expression and identity.

Identity is formed based on some conditions. Luxury goods have become the condition to help the owner to form an identity. Here, identity is based on the status demand and is a characteristic of human nature (Maslow, 1943; Festinger, 1954). The identity helps the owner enter a specific group; it is also the opportunity to express oneself. Richins (1994) said that, in human society, specific groups have idiosyncratic features. For example, different groups have different consumption behaviours and preferences. In the wealthy group, the wealthy people's consumption of luxury goods is not simply motivated by self-expression. It is also due to identity formation (Anderson & Kliduff, 2009).

### 3.2.3 The cultural motivations of luxury consumption

The motivations for luxury consumption can be divided into active and passive motivations (Tsai, 2005). The luxury consumption behaviours which concentrate on performance falls into the category of active behaviours, and it is conspicuous consumption. The motivation of the social differentiation is deemed as passive behaviours, but there are some different opinions on this. Festinger (1954) believes the social differentiation is active behaviour based on the social comparison theory he put forward. According to him, the social differentiation behaviours are the participant's active behaviour. There are some different opinions according to subsequent scholars (Bearden & Etzel, 1982; O'Cass & McEwen, 2003; Amaldoss & Jain, 2005) because they believe as the comparison has the benchmark, the subsequent participants have to follow the previous behaviours. In other words, it is the imitative behaviour people make themselves to fit in a group. There are scholars (Ram, 1994; Husic & Cicic, 2009) who notice the different

points from the social differentiation; they deem the motivation active but the behaviour passive. In this thesis, Tsai's view is chosen, which means conspicuous consumption is the active behaviour, while social differentiation is the passive behaviour.

Based on the characteristics of luxury goods, luxury consumption delivers a strong signal to the public. The luxury goods become symbols to show the owner's wealth and social status (Griskevicius et al., 2007). Based on the strong signal, irrational consumption behaviour is produced. The emerging wealthy people are eager to form their identities and fit into the target groups (Griffiths, 2014). The demand drives the consumption behaviours ostentatious.

Wicklund and Gollwitzer (1981) said conspicuous consumption is a form of expression, but it is not applicable to all luxury consumers. There are luxury consumers who pay attention to personal factors such as consumption experiences (Dubois & Duquesne, 1993; Vigneron & Johnson, 1999). Perfectionism and hedonism are other factors driving luxury consumption, and the key motivation is to improve the quality of life. With reference to Tsai's (2005) research result, self-pleasing and self-gift have become the key driving forces of modern luxury consumption.

The research on luxury consumption has shifted from interpersonal effects to personal effects. And the consumption behaviours have changed from conspicuous consumption to hedonism, but it does not mean the latter would substitute the former. Unique, bandwagon behaviours as well as perfectionism and hedonism motivations are coexistent. The ostentation demand and social differentiation demand are considerable, but the current luxury consumptions are showing a self-centred trend.

## 3.3 Luxury consumption in China

From time immemorial, luxury consumption is not a fangled thing to the Chinese people. The demand for luxury is ever-present. Though the desired brands and goods may differ, the demand for luxury consumption has never changed. The studies on Chinese luxury consumption have been conducted by Western scholars and Chinese scholars who believe that the influence of culture is the entry point to understand Chinese luxury consumption (Cao, 2006).

Panos (2014) mentioned that once the cultural impact is taken as the entry point to understand the Chinese luxury consumption, the factors need to consider would be enormous. From Panos' idea, the traditional Chinese culture is highly inclusive, which means a single culture or habit cannot provide a full interpretation of luxury consumption in China (Cao, 2006). Panos (2014) emphasized that the cultural factors that influence luxury consumption in China

are diversified. Chinese consumers are not only influenced by Confucian culture. Under the collectivist culture, the relationships between individuals and groups have created the behavioural constraint for Chinese luxury consumers.

From another perspective, Chinese scholars have applied different cultural perspectives to explain luxury consumption in China (Zhu, 2006； Cao, 2006; Zhan & He, 2012; Zhang, 2011; Zheng et al., 2014).

Because of the different cultural backgrounds of Eastern and Western consumers, their motivations for luxury consumption are different: Chinese consumers are more interested in luxury for face, status and class symbols; if in the West, luxury consumption is "I want", then in China it is often "I have to want" (Zhu, 2006).

Zhu (2006) classifies Chinese luxury consumption into three categories from the perspective of Confucian cultural values:

1. the influence of the independent self and the self dependent on others;
2. the pressure to follow the crowd;
3. the consumption of gifts.

Cao's (2006) research highlights the idea that luxury has two meanings for the Chinese people. These two meanings have explained why the Chinese luxury consumption is driven by dual factors, commodities and experiences:

1. Luxury is a strong symbol to display the status and power of its owners.
2. Luxury is the tool to improve the quality of life and experience.

These two meanings can explain why Chinese luxury consumption is driven by two factors, goods and experiences.

Xu (2010) investigated the influence of traditional culture on Chinese luxury consumption. She argued that in general the Chinese society worships collectivism, large power distance, strong uncertainty avoidance, and feminist values. All these characteristics have their shares of influence on luxury consumption in China. Specifically, collectivism drives *mianzi* (face) consumption; large power distance entails the need to bridge power distance by gift consumption; strong uncertainty avoidance drives people of the same class to behave in conformity to avoid exclusion, and people from lower classes may feel obliged to purchase luxury products for membership in higher classes; and feminist values may motivate people to pursue higher quality of life by consuming luxury products. These views echo Hofstede's (2011) views except the part about feminist values. But as mentioned above, China does embrace feminist values though masculine values have an equal, if not bigger, role to play.

Zhan and He (2012) explored Confucian culture to explain how Chinese luxury consumers

build up the self-concept and connections with the group through luxury consumption. He pointed out four influencing factors:

1. The self-concept based on interpersonal interdependence.
2. Pursuit of a balance between the individual and group.
3. The recognition of social hierarchy.
4. Compliance with organisational constraints and norms.

Based on the previous studies, Zhen (2014) formed the perspective from social hierarchy evaluation criteria and divided Chinese luxury consumer's consumption motivations into social consumption motivation and individual consumption motivation. Based on these two types of consumption motivations, Zhen (2014) classified Chinese luxury consumers into two categories, the new-orientation category and the old-orientation category.

According to Panos' (2014) idea and the research done by Chinese scholars (Cao, 2011; Gao, 2009; Luo, 2014; Xu, 2010; Zhang, 2011; Zhen & Han, 2007; Zheng et al., 2014), a single cultural factor cannot provide a full interpretation of luxury consumption in China, and the relations between those cultures are simultaneous and symbiotic.

Table 3.2 below summarises and concludes the influences and constraints of collectivist and Confucian culture on Chinese luxury consumers by different scholars at different stages.

Table 3.2: The influences and constraints of collectivist and Confucian culture on Chinese luxury consumers

| Collectivist culture | | Confucian culture | |
|---|---|---|---|
| Zhu (2006) | The influence of the independent self and the self-dependent on others;<br>The pressure to follow the crowd<br>The consumption of gifts | | |
| Xu (2010) | Collectivism | Zhan and He (2012) | The self-concept based on interpersonal interdependence |
| | Wide power distance | | Pursuit of a balance between the individual and group |
| | Strong uncertainty avoidance | | The recognition of social hierarchy. |
| | Female culture | | Compliance with organisational constraints and norms |

In fact, different cultural characteristics are symbiotic and simultaneously influence customers motivations and actions.

### 3.3.1 The meaning of luxury for Chinese people

Since ancient times, due to their characteristics of scarcity and high value, luxury goods have been exclusively for wealthy people and influential officials (Zhu, 2006). Initially, in the Chinese society, luxury goods were beyond the reach of the ordinary Chinese people. As time goes by, the society gets more and more developed and Chinese people are getting richer and richer. At the same time, the purchasing power of Chinese people is getting bigger and bigger. More and more Chinese people are capable of affording luxury goods. Nowadays, the purpose of luxury consumption may be different from that in the old days, but the meaning of luxury goods for Chinese people has never changed.

The following two concepts have been widely accepted (Cao, 2006, Zhu, 2006):

1. Luxury is a strong symbol to display the status and power of its owners.
2. Luxury is the tool to improve the quality of life and experience.

Based on these two concepts, for instances, Cao (2006) regards luxury goods as the tool with its value composed of instrumental value, symbolic value and hedonic value. For the generation of those values, Cao (2006) stated that *mianzi* consumption is the internal driver for Chinese luxury consumers. Generally, Chinese luxury consumers pay attention to their inner selves or outer selves. For example, when a customer looks for a better experience, he or she highlights the instrumental value, and the ultimate goal is to achieve hedonic value. In this type of luxury consumption, Chinese luxury consumers are in the pursuit of the inner selves. When a customer aims to display wealth and, in turn, acquire social status, he or she emphasises symbolic value. In this type of luxury consumption, Chinese luxury consumers are in the pursuit of the outer selves.

Zhu's (2006) research shows that the meaning ascribed to Chinese luxury consumption is symbolic. The symbolisation of commodities means that commodities acquire symbolic meanings beyond their original attributes, depending on the weight given to use value and exchange value of the luxury commodities. In the case of luxury goods, the attributes of scarcity and high value have given the commodities more exchange value, and the exchange value is based on the symbolic exchange value. The symbolic exchange value is not the fundamental attribute of the commodity but occurs in the process of symbolic exchange of the commodity.

It has been observed that to pursuit the symbolic value of the luxury commodity, Chinese luxury consumption tend to be irrational. In the traditional Chinese culture, it is emphasised the relations – the relationships between individuals and between individual and group. However, the relationships are based on personal positioning; and personal positioning is influenced by

self-image. To have a certain self-image, one needs to consider the image of the reference group, and the reference group means the personal belonging for the individual (Zheng et al., 2014). For example, under the Chinese collectivist culture, individuals try to define their personal positions by matching themselves with the target group. The level of consumption is an important reference to clarify individuals' positioning in society and groups.

Tian and Feng's (2016) point out that the meaning of Chinese luxury consumption has been summarized as symbol. The request for respect as the internal driver to force the Chinese luxury consumption trended to the irrational consumption.

Tian and Feng (2016) explained the meaning of luxury to the Chinese people from the perspective of symbolization of commodities. The attention point is the weight between use value and exchange value of the luxury commodities, symbolization of commodities means that commodities acquire symbolic meanings beyond their original attributes in a certain cultural environment. From the perspective of the essential attributes of commodities, the use value and exchange value of commodities acquire new symbolic meaning.

Given the characteristics of luxury goods, the attributes of scarcity and high value have given the commodities more exchange value, and the exchange value is based on the symbolic exchange value (Tian and Feng, 2016). The symbolic exchange value is not the fundamental attribute of the commodity, but it is occurring in the process of symbolic exchange of the commodity.

It is observed that the pursuit of the symbolic value of luxury goods as an important driver has led to the irrational trend of luxury consumption in China. The Confucian culture is an important cause of this phenomenon. Zhen (2007) points out that the Chinese collectivist culture is another form of Confucian culture. In the traditional Chinese cultural, relations are emphasized, including the relations between individuals as well as the relations between individuals and groups.

Chinese scholars (Cao, 2006; Zheng et al., 2014) have explained it from two perspectives. For Chinese luxury consumers, the meaning of luxury is symbol function and mental compensation. The cause of the situation is the polarised market. In other words, the current Chinese luxury market has two types of consumers. They are the experienced consumers and the incongruous consumers, but for Chinese people, the meaning of luxury is unchanged. There is an old saying in China, "scarce goods should be expensive", which explains the reason why luxury goods have been popular.

Veblen (1899) said that wealth or power is not enough to obtain or keep honour. It is necessary to provide proof of the wealthy or powerful with reference substance. So, luxury is

an important proof of the individual's wealth and power in exchange for obtaining social glory. This effectiveness is not only in the Western culture. Zhu (2006) has mentioned that, for Chinese people, it is also the way to obtain social status and respect. Because the Chinese society is a collectivistic society, the division and composition of groups need the reference substance, and the luxury meets this need (Griffiths, 2014). In other words, most of the Chinese luxury consumption is the consumption of the symbol. Griffiths (2014) also mentioned that whether the experienced Chinese luxury consumers may pay attention to the meaning of the symbol of the luxury goods, luxury goods indeed deliver the signal of wealth and power to the public. So, for the Chinese society, the meaning of luxury is status and symbol.

After understanding the meaning ascribed for luxury by Chinese people, considerations about another relevant phenomenon in today's China – the emergency of consumer culture, will be developed.

### 3.3.2 The emergence of consumer culture in China

Western scholars and Chinese scholars have tried to understand how some cultural values have influenced Chinese consumption. For instance, Radha and Paul (2006) used the word emergence culture to describe consumer culture in China. In this section, some comparisons will be made regarding the results of studies conducted by Western scholars and Chinese scholars to make this study more objective and diversified.

Radha and Paul (2006) used the word "crazy" to describe the Chinese luxury consumer's behaviours. In 2005, the Chinese luxury market was inundated with logo purchase, ostentation consumption and overcapacity consumption behaviours. Thomas' (2007) study confirms that the luxury brands can easily satisfy the Chinese luxury consumers with their striking logos, and the Chinese luxury consumers are always enjoying it.

Besides, Radha and Paul (2006) also analysed the reason behind consumer behaviours. As time changes, traditional Chinese hierarchy evaluation criteria has disappeared. According to the traditional Chinese culture, a person's identity is evaluated by his/her family name, blood relationship and occupation, but those evaluation criteria could no longer be applied to the modern Chinese society. Prendergast and Wong (2003) have mentioned the current evaluation criteria in Chinese society are wealth and power, and it is gradually accepted by the masses. However, the traditional culture continues to play a crucial role. Based on the traditional cultural values, the recognition of the hierarchy concept has still forced the Chinese people to build up the self-image and identify themselves – but now, through luxury consumption.

Rovai (2010) attributes the emerging luxury consumption in China to China's rapid economic growth, arguing that China's identity has shifted from "the factory of the world" to one of the world's largest consumer markets. Indeed, the Chinese society experienced the planned economy during World War II and the Liberation War for nearly 30 years. In 1978, the Chinese government adopted the Reform and Opening Up policy, prompting the Chinese market to shift to the market economy with Chinese characteristics. Wars and changes in the social system significantly changed the Chinese society. Therefore, the traditional criteria were not as effective as they used to be in evaluating people's hierarchy. However, the concept of hierarchy is still rooted in the traditional Chinese culture. As noted by Lin and Wang (2010), Chinese people excel at striking a balance between contradictory values. As a result, Chinese people are upholding traditional values on the one hand while searching for new evaluation criteria to replace the old ones on the one hand (Sun et al., 2014).

Along with Reform and Opening Up policy and economic development, the Chinese people gradually realised that they could use wealth and power as the new evaluation criteria to replace the old ones consisting of the family name, blood relationship and occupation. In this context, wealth and power became the new criteria to evaluate the individual's hierarchy.

Wealth and power are important measurements of personal achievement, but they are not the only criteria (Wang & Lin, 2009). A harmonious family and contribution to the related people are other criteria to evaluate the individual achievement. In a more specific way, people can judge whether personal wealth and power have improved the family's quality of life and helped the related people to evaluate a person's success.

The author relates this point of view to the Chinese luxury car market to explain how the traditional Chinese culture has influenced the consumers of luxury cars in China. There is a strange phenomenon in the Chinese luxury car market that usually the axle of sedans needs to be extended to provide more spacious room for passengers at the back seats (Hoogewerf, 2016) because Chinese car owners pay more attention to the experience of passengers, rather than the self-driving experience. Even sport utility vehicle (SUV) models need the extension at the cost of compromising off-road performance to assure the space and comfort of the backseat. For Chinese luxury car consumers, the passenger's experience is closely related to the *mianzi* of the driver. If the Chinese luxury car owners only care about their own experience, they will be regarded as selfish.

In addition, based on China's collectivist culture and recognition of hierarchy, the Chinese society has been divided into different small circles. If the wealthy and influential officials want to enter or stay in a certain circle, they need pieces of evidence to prove that they belong to that

circle. Radha and Paul (2006) already presented that the traditional evaluation criteria are in a state of failure. The current evaluation criteria in Chinese society are to measure an individual's wealth and power (Prendergast & Wong, 2003). In this context, a special luxury consumption culture is born.

The wealthy people and influential officials in China establish their personal image through luxury consumption because these two groups of people in China have a common characteristic: they are rich (Cao, 2006). Luxury consumption brings status symbols for them, thus helping them build up their personal image.

Zheng et al. (2014) have a different opinion that wealth and power are the invisible factors, and people who own them need some means to display them. Veblen (1899) points out that the behaviours to display are ostentatious behaviours, and ostentatious consumption is one of the most direct ways to present wealth and power. Through ostentatious consumption, people show their wealth and power, which helps the owners obtain the corresponding attributes of the luxury goods, such as scarcity and preciousness. This is the reason for the high prices of luxury goods. Luxury brands use logos to deliver the information. Compared with the evaluations of products, the brand's logo is more convincing. In a word, Western scholars have realised the disappearing traditional Chinese culture, and the evaluation criteria are undergoing changes. The following section will discuss some Chinese scholars' opinions which show the influence of the Confucian culture.

Zheng et al. (2014) made conclusions from the following four points on how the Confucian culture impacts the Chinese luxury consumers:

1. The self-concept based on interpersonal interdependence.
2. The need to strike a balance between the individual and the group.
3. Recognition of social hierarchy.
4. Compliance with organisational constraints and norms.

The first point is the self-concept based on interpersonal interdependence. The self-concept of Chinese people relies on interpersonal interdependence, and the self-concept is structured by exterior recognition, which means that Chinese people pay attention to how others view them. This is different from the self-concept of western consumers because western luxury consumers pay more attention to self-demand (Markus & Kitayama, 1991).

This description of social relations in China is similar to the findings of Belk (1994) who believed that dependence on interpersonal relationships and the pursuit of social status are the main reasons explaining logo buyers, conspicuous consumption and excessive consumption behaviour of Chinese luxury consumers because they are worried about not being valued by

other members of the group. Purchasing luxury goods can meet the needs of these consumers to enter the upper social class, and luxury goods can also help buyers gain recognition from group members, which is in line with the second point proposed by Zhen (2007).

The Confucian culture emphasises the unity of individuals and groups, and individual behaviour needs to serve the interests of the group. If personal desires and group goals are contradictory with each other, the usual result is to sacrifice personal interests to achieve organisational benefits. Zhu (2006) offered an example: if a person owns luxury goods, that person will be seen as a model of fulfilling personal responsibilities and achieving family success. Under the cultural background of Chinese collective consciousness, some of the luxury consumption behaviours are passive. Personal success is very important for the family to win the honour. So, Chinese luxury consumption is sometimes not a personal behaviour but the need of the family and the group.

The third point is the recognition of social hierarchy. The study of Markus and Kitayama (1991) explained that strong social hierarchy is an important characteristic of collectivist culture. The results of research by Wheeler et al. (1989) also proved this point. Although the concept of hierarchy exists in Western society, the concept of social hierarchy is questioned and considered unreasonable, especially when personal needs are not met. Westerners identify a person's social class, mainly by looking at the person's income because personal income can reflect the person's professional skills. However, under the Confucian culture of Chinese society, the social hierarchy is widely accepted. For example, social rank means not only achievement but also the status of a person, his family, his relatives, and even his clan in China (Xu, 2010).

According to Hsu's (1981) research, in the context of the Confucian culture, Chinese people's consumption behaviour is highly hierarchical, and many luxury products are endowed with the symbol of privilege and status. Therefore, Chinese luxury consumers focus on the producers of luxury goods, namely the brands and origins of the luxury goods. In other words, Chinese luxury consumption focuses on interpersonal effects since the purpose of people's consumption behaviours is to impress others. Many scholars (Berry & Berry, 1994; Corneo & Jeanne, 1997; Vigneron & Johnson, 2004) agreed that Chinese luxury consumption aims to pursue social status to obtain others' respect and social identity.

This is the reason why the preference of Chinese consumers for luxury goods is often seen as a sign of materialism and status consumption. It also explains that China's consumption of luxury goods has surged recently because the demand of being recognised rises with the development of China's economy. Eisenhardt (1991) pointed out that materialistic and status consumption is caused by the hierarchical concept. Therefore, the motivation of entering a

higher class is the driving force of Chinese consumers to purchase luxury goods.

The last point is compliance with organisational constraints and norms. As the Confucian culture highly emphasises interpersonal interdependence, people tend to use group standards to evaluate individuals in Chinese society, and the person's behaviour is always determined according to group criterion. Bourdieu's (1984) explained this behaviour that conforming to the group standards helps the individuals integrate into the group. Hsu (1981) proposed that Chinese consumers buy luxury goods to blend into the groups, and their hope of being settled and accepted into a group is one of the most important driving forces for the Chinese luxury consumption behaviours.

From another perspective, the evaluation criteria of traditional Chinese hierarchy are disappearing, but the traditional Confucian culture still constrained the Chinese luxury consumer's behaviours. It can explain why Chinese luxury consumers are polarised. Zheng et al. (2014) concluded the motivations of Chinese luxury consumers and divided the Chinese luxury consumers' motivations into social consumption motivation and individual consumption motivation.

To understand the social consumption motivation and individual consumption motivation of the Chinese luxury consumer, the collectivist culture and Confucius culture need to be considered, and the two motivations are intertwined (Zheng et al., 2014). The consideration of the relationship runs through and influences the Chinese culture.

Zheng et al.'s (2014) held that the motivation of Chinese luxury consumers can be divided into social consumption motivation and individual consumption motivation. For example, people who buy luxury cars tend to be motivated socially because luxury cars are strong evidence to represent individuals' financial strength, thus helping car owners build up strong personal images. Furthermore, Chinese luxury car consumers pay more attention to the backseat's comfort and passenger experience (Hoogewerf, 2016), and the experience of sitting in the rear seat is an important factor for Chinese consumers to make the decision of buying a luxury car.

Zheng et al. (2014) expressed the opinion that when consuming the luxury car, Chinese consumers are affected by social consumption motivation and individual consumption motivation. Owning a luxury car can showcase the success of the car owner to the public, and the consideration for the passenger's experience can build up the personal image. This idea is in line with the opinion of the Marriott Hotels & Resorts (2016). Normally, the Chinese people consume luxury hotel with their family members. If Chinese people just need to live in a hotel by themselves, they are more likely to choose hotels with higher cost performance.

It is generally recognised that the consumption of luxury hotel is a symbol of status. It means that this person has the financial strength to consume a product at a high price. However, Chinese luxury hotel consumers prefer the excellent experience of living in a luxury hotel together with their family members and obtaining recognition from them, rather than enjoying it by themselves. It seems that luxury hotel consumption is driven by social consumption motivation for Chinese consumers, but individual consumption motivation also affects their behaviour.

According to Zheng et al. (2014), an important reason for this phenomenon is the interaction of Confucian culture and collectivist culture. In collectivist culture, the collective code of conduct is the standard that restricts individual behaviour. At the same time, in Confucian culture, the individual's self-concept is based on interdependence. In other words, individual interests need to be balanced or rely on collective interests. At the same time, individuals also need to abide by organizational norms and standards.

Zheng et al. (2014) thought that from the perspective of individual consumption motivation, Chinese luxury consumers are influenced by the self-concept based on interpersonal interdependence. For example, the self-concept based on interpersonal interdependence has determined that Chinese luxury consumers pay more attention to the social consumption motivation through consuming the specific luxury to distinguish themselves from others or settle into a specific group, so the individual consumption motivation is relatively weakening. Entering a specific group or distinguishing oneself from others is relatively complicated in the context of the Chinese culture. From the perspective of collectivist culture, owning or consuming luxury goods implies that a consumer is a rich person or an influential official. Influenced by the collectivist culture, Chinese luxury consumers need to consider their family and related people.

Obviously, Chinese luxury consumers are not satisfied with the image of rich people, influential officials or successful people. According to the results of research carried out by Hoogewerf (2016) and Marriott Hotels & Resorts (2016), the Chinese luxury consumer has paid more attention to their family's life quality and experience.

Zheng et al. (2014) explained that the Chinese culture acts as an invisible constraint, constraining the Chinese luxury consumer's behaviour. The Chinese culture is like hidden rules. In the context of the Confucian culture, once rules are established, participants must follow them. So, the Confucian culture has forced the Chinese luxury consumer to follow the rules. Individual pursues a balance between the group, and the self-image is shaped by the group recognition.

### 3.3.3 Cultural dimensions

It can be seen from the previous sections that culture has a prominent influence on the ways people think, the values people uphold, and the behaviors people engage in. According to Hofstede (2011), "Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others". It is a collective phenomenon that can be connected to different contexts, including societies, nations, organizations, occupations, genders, generations, and social classes.

There is a consensus among scholars that culture has dimensions. But different scholars have different views as to how many and what dimensions culture is composed of. Early scholars upheld the one-dimensional ordering of societies based on people's degree of economic evolution or modernity. But it overlooked the dimensions of culture unrelated to economic evolution (Hofstede, 2001). U.S. anthropologist Edward T. Hall (1976) divided cultures into high-context (dominated by implicit information) and low-context cultures (dominated by explicit information). But this distinction was thought to have overlapped with the traditional versus modern distinction (Hofstede, 2011). U.S. sociologists Talcott Parsons and Edward Shils (1951) identified five pairs of alternatives to be determinants of all human actions. They are *affectivity* versus affective neutrality, self-orientation versus *collectivity-orientation*, *universalism* versus *particularism*, *ascription* versus *achievement*, and *specificity* versus *diffuseness.* But their way of identification was thought to have failed to consider the operation of different variables at different aggregation levels. Another five dimensional perspective was raised by Kluckhohn and Strodbeck (1961), who believed that the cultures of different communities can be distinguished from five value orientations: an evaluation of human nature (evil – mixed -good), the relationship of man to the surrounding natural environment (subjugation – harmony – mastery), the orientation in time (toward past – present -future), the orientation toward activity (being – being in becoming – doing), and relationships among people (linearity – collaterality). But this distinction lacked empirical evidence on the one hand and failed to consider the influence of levels of aggregation on the other hand. A notable two-dimensional perspective of culture was raised by Mary Douglas (1973), who classified culture into two categories, "group" or inclusion (the claim of groups over members) and "grid" or classification (the degree to which interaction is subject to rules). All the above scholars had made attempts to approach culture from a dimensional perspective. But the dimensions they put forward either showed some overlap or lacked empirical evidence or lacked in-depth analysis of mixed levels of aggregation. A ground-breaking attempt at cultural

dimensions was made by Inkeles and Levinson (1969), who distilled three standard analytic issues, which are equivalent to dimensions, to be:

(1) relation to authority;

(2) conception of self, including the individual's concepts of masculinity and femininity; and

(3) primary dilemmas or conflicts and ways of dealing with them.

The most widely recognized cultural dimension theory was put forward by Hofstede (2001). His theory recognizes the differences between culture at the national level and culture at the individual level, which was a major improvement on the research conducted by his predecessors. Hofstede (1980) first noticed the differences between societal culture level and individual culture level through an analysis of more than 100,000 questionnaires on values and related sentiments of the employees of IBM in over 50 countries. Later, he further validated the existence of differences in *national* value systems through a survey of the same questions among 400 management trainees from 30 countries in another program unrelated to IBM. Through this empirical study, Hofstede (1980) formed the four basic dimensions of culture:

(1) dependence on superiors, which relates to Inkeles and Levinson's (1969) first *standard analytical issue*: relation to authority;

(2) need for rules and predictability, which relates to Inkeles and Levinson's (1969) third *standard analytical issue*: primary dilemmas or conflicts and ways of dealing with them;

(3) the balance between individual goals and dependence on the company, which relates to concepts of masculinity and femininity classified under Inkeles and Levinson's (1969) second *standard analytical issue*; and

(4) the balance between ego values and social values.

In the 1980s, Hofstede and Bond (1988) added a fifth dimension: Long Term versus *Short Term Orientation*. Later, Hofstede et al. (2010) assimilated the results of research conducted by Minkov (2007) and added the sixth dimension: *Indulgence* versus *Restraint*. So, the well-known Hofstede's cultural dimension model consists of the following six dimensions: *Power Distance*, Uncertainty Avoidance, *Individualism* versus *Collectivism*, *Masculinity* versus *Femininity*, *Long Term* versus *Short Term Orientation*, and *Indulgence* versus *Restraint*. As the latter two dimensions were added later on and are less relevant to the present study, the author will only review and elaborate on the initial four dimensions of the Hofstede model.

1. Small Power Distance vs. Large Power Distance

Hofstede (2011) claimed that power and inequality are extremely fundamental facts of any society. He even borrowed the statement from George Orwell (1945) by saying that "All

societies are unequal, but some are more unequal than others." According to the Power Distance Indices for 76 countries listed by Hofstede et al. (2010), China, which is an Asian country, is believed to have large power distance. A society with large power distance emphasizes authority, obedience, respect for the old, and hierarchy. In fact, China is still a society with large power distance where people accept the hierarchy, and everyone has a specific position in the hierarchy.

Under the traditional Chinese cultural background, luxury consumption has been hierarchically institutionalised, symbolised and exclusive (Hennings et al., 2012; Wu et al., 2015). The premium prices and the associated symbolic meanings of luxury items function as an effective social label (Batra et al., 2000; Steenkamp et al., 2003), which communicates prestige and social status (Pino et al., 2019; Zhan & He, 2012). It explains why Chinese luxury consumers prefer well-known products, products with visible brand logos and imported products from another perspective.

4. Weak Uncertainty Avoidance vs. Strong Uncertainty Avoidance

Uncertainty avoidance functions as a society's tolerance for ambiguity, indicating to what extent members of a given society would feel either comfortable or uncomfortable in unstructured circumstances (Hofstede, 2011). According to the Uncertainty Avoidance Indices for 76 countries listed by Hofstede et al. (2010), China, which is an East country, is an uncertainty avoiding country. And a country with strong uncertainty avoidance is characterized by higher stress and anxiety, lower levels of subjective health and well-being, intolerance of deviant persons and ideas, need for rules and clarity, and the need to conform (Hofstede, 2011). The study carried out by Ogden and Cheng (2011) who compared Canada and China across cultural dimensions also suggests that Chinese consumers outscore their Canadian peers in terms of uncertainty avoidance.

Living in an uncertainty avoiding country, Chinese People are rigid in their beliefs and behaviours. In this cultural context, people cannot tolerate abnormal people and thoughts. Accidents can be minimised through strict codes of conduct. To avoid feeling threatened by uncertainty and ambiguity in society, the Chinese people have created an institution to provide security and reduce risk (Hofstede, 2011). They have no tolerance for abnormal thoughts and behaviours, but the people in the same hierarchy tend to be consistent.

As pointed out by Ogden and Cheng (2011), material possessions can help people accomplish uncertainty avoidance. In a culture with strong uncertainty avoidance, luxury consumption is regarded as an expression of evidence. Coupled with the high prices of luxury goods, luxury consumption is seen as exclusive to rich people and influential officials (Cui et al., 2019). Combined with the symbolic meaning of luxury goods, luxury goods have become

an identifying label that avoids the uncertainty between different hierarchies (Jung & Shen, 2011).

4. Individualism vs Collectivism

Individualism vs Collectivism is defined as the degree to which members of a society are integrated into groups. A society dominated by individualism emphasises the "I" consciousness, privacy, self-expression, equality, and tasks over relationships, whereas a collectivist society stresses the "We" consciousness, belonging, harmony, group over individuals, and relationships over tasks (Hofstede, 2011). According to the Individualism Index scores for 76 countries listed by Hofstede et al. (2010), collectivism prevails in Eastern countries, and China is no exception.

Chinese culture pays more attention to the high degree of interdependence between groups and individuals in society, which is characterised by a tightly integrated social structure. In this structure, everyone wants to be part of the group or core group. This group protects the interests of its members. At the same time, this group receives the absolute loyalty and support of its members.

Under the Chinese collectivist culture, consuming similar products is a means to be involved in a specific group because it shows that one has equal purchasing power as other members of the group (Ting-Toomey, 1988). This motivation has led to Asian consumer's strong appetites for luxury products (Li & Su, 2017).

4. Masculinity vs. Femininity

Masculinity versus Femininity, which refers to the distribution of values between genders, is an underlying issue for any society (Hofstede et al., 1998). Hofstede (2011) pointed out that a country dominated by a feminine culture is often characterized by gender equality, emphasis on modesty, care for others, work-family balance, and sympathy for the weak, whereas a masculinity-dominated country values work more than family, admires the strong, advocates ambition and assertiveness, and supports men's role in decision making. According to the Masculinity versus Femininity Index scores for 76 countries listed by Hofstede et al. (2010), masculinity is moderately low in some Asian countries.

Though the empirical research by Hofstede et al. (2010) suggested moderately low masculinity in some Asian countries, and China is an Asian country, masculinity is by no means low in China. In fact, Xu (2010) argues that the Chinese society is orientated toward a feminine culture, represented by its emphasis on *guanxi* (relationships), modesty, care for the weak, and quality of life. She believed that Chinese culture emphasises the quality of life featuring relationships and sensitivity to the well-being of others instead of placing undue emphasis on the pursuit of material and wealth. This view is but one side of the coin. As is known to all, in

ancient China, the society was dominated by men, who served as officials in the imperial court whereas women were expected to be good wives and mothers. It was even legitimate for men to marry several wives. So, the ancient Chinese society was predominantly masculine. This reality changed with the founding of the New China. In particular, since the Reform and Opening Up, China's economy has been developing very fast. The dual impacts of a more developed economy and influences from the West have promoted more and more women to pursue careers rather than being good housewives. This trend has inevitably weakened the degree of masculinity in the Chinese society. Given the coexistence of moderately high masculinity and increasingly high femininity, the author holds that the term "soft masculinity" introduced by Jung (2009) is the best choice to summarise the societal reality in China as it gives due emphasis on the underlying masculinity while recognizing the influence of femininity by adding a "soft" touch.

Given the "soft masculinity", the feminine values that attach importance to the quality of life and interpersonal relationships motivate people to consume luxury products as a way to enhance their own life experience and blend in (Ge, 2020; Louie, 2014; Peng, 2010; Zhang, 2018). Meanwhile, the masculine values may also drive people to buy luxury goods as a means to display their strength (Bharti et al., 2021; Wu et al., 2017).

In summary, the traditional culture of Chinese society generally advocates collectivism, large power distance, strong uncertainty avoidance and soft masculinity. And all these cultural characteristics have their shares of influence on luxury consumption in the Chinese society.

### 3.3.4 The new and old orientations of Chinese luxury consumption

The rise of self-concept in Chinese luxury consumption has been recognised in recent research. Luxury consumption is not only for identification and symbolism but also for self-image. The customised product and niche brand are increasingly favoured by experienced Chinese luxury consumers. The Chinese luxury consumers are maturing quickly, and their tastes and demands are different from the behaviour of immature consumers. In essence, mature consumers are shifting from being product-oriented to being process-oriented, so service quality and process experience have received more attention from experienced Chinese luxury consumers.

In the scope of the existing research, the influence of the Confucian culture has explained the formation of the Chinese consumption culture. Based on the characteristics of Chinese traditional culture, Xu (2010) presented the two orientations of Chinese luxury consumption. The present study will focus on these two different orientations later.

Previous studies and discussions have clarified how China's luxury consumption has experienced a watershed. Initially, academia (Ram, 1994) and business (McKinsey Insights China, 2010) believed that luxury consumption was product-driven. In the earliest days, reports about Chinese luxury goods consumption always contained ostentatious, exaggerated and superficial words. Chinese luxury goods consumers were also ironically summarised as stupid and wealthy.

Under the special historical background, Chinese luxury goods consumer's behaviour has developed in two directions. On the one hand, Radha and Paul (2006) proposed that social factors that separate from the traditional culture disappear. On the other hand, the first batch of Chinese luxury consumers lack standards, and there are numbers of Chinese luxury consumers changing from product-driven consumers to quality-driven ones.

Compared with the evolution of Western luxury consumption, Chinese luxury goods consumption demonstrates a similar trend. Griffiths (2014) mentioned that when luxury consumption and conspicuous consumption are proposed and studied, the scholars defined it as product-driven. Western luxury consumer has gone through a change process and then gradually shifted into the consumption-driven consumers. With the growth of consumption experience and the influence of self-concept, Western luxury consumption shifted from product-driven to quality-driven.

From the 1980s to 1990s, Chinese luxury consumption focused on the interpersonal effects, and the consumption motivations were conspicuous, unique and bandwagon behaviours. At that time, the luxury brands could easily satisfy the Chinese luxury consumers with a marked logo. However, from 2000 to 2010, research institutes (Glenn et al., 2012) noticed the evolution of Chinese luxury consumption in the first place, and Chinese luxury consumption was described as a consumption upgrade. An important manifestation of this change is that some of the Chinese luxury consumers were no longer attracted by brands. Instead, they were attracted by the quality of the products and the experience of the service (Griffiths, 2014).

From 2010 to 2017, there were some key words to summarise the luxury business (Jennifer et al., 2010; Glenn et al., 2012; Bain & Company, 2013; Benjamin et al., 2017), such as the rising market, new era, continuous upgrading, and trillion yuan markets. They described the evolution of Chinese luxury consumption from another point of view.

1. Old orientation

Traditionally, the luxury consumption of Chinese people is product-driven. Yao (2010) pointed out that the old orientation of Chinese luxury consumption is rooted in the consumption desire, which means that the attention of luxury goods consumers is not focused on the actual

requirements and functional attributes of the product, but the symbolic value of the consumption, such as the identification, social benefits and glorifying.

From the perspective of the product category, Xu (2010) mentioned that traditional Chinese luxury consumption pays attention to the extrinsic attribute of luxury goods. The consumption categories are concentrated in watches, clothes and perfume, and these products are the typical products with extrinsic attributes. This type of consumption values the symbolic meaning of the product more than its quality and functions. Consumers are eager to show that they are among the top consumers by buying and displaying their luxury possessions. Besides, they may also integrate the symbolic meanings of luxury items into their own identity as a way to develop and support their self-identity (Wiedmann et al., 2009).

As to the old orientation of Chinese luxury consumption, Cao (2011) classified it as symbolic consumption. Chinese luxury goods consumers demonstrate their identity and status through symbolic consumption, the purpose of which is to gain social recognition and improve social status. They regard luxury consumption as a sign of social status and identity in the hope of defining their social status through luxury consumption. Behind this claim to status, it is the demand for social distinction, which is to seek common identity with people in the same hierarchy and distinguish from people in other hierarchies. Therefore, they always have a special preference for symbolic consumption, and symbolic consumption is their strategy to realise the social distinction.

2. New orientation

a. The rising market

Jennifer et al. (2010) conducted a study on luxury stores from 2005 to 2010, and the results showed that the number of Louis Vuitton stores increased from ten to 36 in China, and the number of Gucci and Hermes stores increased from six to 39, and from five to 20 respectively in China. The excellent performance of the Chinese luxury market is the most important factor that drives the rapid expansion of luxury stores. During this period of time, the luxury market in many countries and regions were stagnated or shrank, but the demand for luxury goods consumption was booming in China. From 2005 to 2010, in spite of the global economic recession, the Chinese luxury market bucked the trend and maintained a growing momentum. This is the reason why the international luxury brands cast their attention on the Chinese luxury market and increased their stores in China. Furthermore, due to the market share in the Chinese market, luxury brands are more dependent on China now.

b. New era.

Glenn et al. (2012) mentioned that the demand of the Chinese luxury consumers is

multivariate, which means the demand of Chinese luxury consumers is from different segmentations of the luxury market. For example, the emphasis on consumption experience and the request for personalised customisation become obvious, especially for the mature and experienced luxury goods consumers in China, which have contributed to the continued growth of niche brands. According to Griffiths (2014), the demands of Chinese luxury consumers start to polarise, and their demands can be divided into two types: demand for the functional attribute and demand for the emotional attribute. Consumers who pay attention to the quality, materials and design of products are identified as consumers with the demand for the functional attribute, and consumers who pay more attention to the personal image and the self-taste with the product are defined as consumers with the demand for the emotional attribute. Panos (2014) said that the higher price is not enough to represent the luxe for the Chinese consumers, and the luxury brands should demonstrate their excellent craftsmanship and high-end experience to prove that they can stand up to its luxurious status.

c. Continuous upgrading

Data from Bain Company (2014) show that the Chinese luxury market accounted for 30% of the global luxury market in 2013, becoming the largest luxury market in the world. Moreover, data from Minsheng Bank and McKinsey Company (2012) said that the Chinese middle class contributed 22% of the total luxury consumption in the world. In China, a family with an annual income from EUR 15 thousand to EUR 30 thousand can be considered as the middle class. The average contribution of the middle class is low, but the size of the Chinese middle class is large, as there are 76 million middle-class families in China. Meanwhile, Griffiths (2014) noticed the obvious polarisation in the Chinese luxury consumption market.

The wealthy and super-wealthy classes pay more attention to the experience and the quality of products and enhancement of the quality of life. Compared to the products themselves, the wealthy and super-wealthy classes are concerned with what improvement will be brought by the product, such as quality improvement and experience improvement. Therefore, the customised product and exclusive service gain more favour by wealthy and super-wealthy Chinese people.

In comparison to the wealthy and super-wealthy of Chinese people, the Chinese middle class cares more about the symbol function of luxury products because their consumption frequency and quantity of consumption are lower than that of wealthy Chinese people, and they hope the social attributes of the luxury goods can bring them more benefits. At the same time, experienced luxury consumers become even cautious. Luxury goods have become a solid but discreet symbol for them. They favour niche brands of luxury goods and unique products

because experienced Chinese luxury consumers avoid being labelled as flaunting wealth.

d. Trillion yuan market

Benjamin et al.'s (2017) research showed that the Chinese luxury market reached RMB one trillion, which was equal to EUR 16 billion. In addition to the strong growth, Chinese luxury consumers become increasingly mature (REF). At the same time, polarised purchase behaviours are becoming increasingly prominent. Emerging consumers still pay attention to the symbol function of luxury products, but the concentration of experienced Chinese luxury consumers is changing. As summarised by Griffiths (2014), the experienced consumers are interested in brand history, low profile and simplicity. Chinese style, perfectionism, and the mix of tradition and modern have become the focus of these experienced luxury consumers. In addition to those differences, research results from Benjamin et al. (2017) demonstrated that there is a new consumption trend emerging in the Chinese luxury consumption market, which is characterised by the quick decision-making process of luxury consumers. More than a quarter of the luxury goods have been sold with the decision made less than one day, and the word-of-mouth effect has influenced 30% of the luxury consumption in the Chinese luxury market.

Griffiths (2014) concluded the new and old orientation of Chinese luxury consumption, arguing that the new and old orientation coexist in the Chinese luxury market. Compared to Western luxury consumption, Chinese luxury consumption has not completed the transition from interpersonal effects to personal effects. Under China's collectivist culture and Confucian culture, some Chinese luxury consumers still pay attention to the social attributes of luxury goods, and the situation may not change in the near future. It is a common phenomenon in an emerging luxury market, but experienced Chinese luxury consumers have shown different tastes. They have shifted to consider the personal effects of the luxury goods. Because of this, the highly customised and niche brands have been more popular for them.

According to the views of Chinese and Western scholars (Cao, 2006; Griffiths, 2014), the interpersonal effects and social attributes are still the focal points of the Chinese luxury consumers. This type of luxury consumption is generally referred to as the *mianzi* consumption (Cao, 2006; Zhou & Zhang, 2017), and it is widely believed that the *mianzi* consumption is the major factor that differentiates Chinese luxury consumption from Western luxury consumption.

### 3.3.5 Chinese *mianzi* vs. Western face

As mentioned in the previous sections, *mianzi* is a prominent motivation for luxury consumption in China (Cao, 2006). The concept of *mianzi*, which has its origin in the Confucian

culture, is literally translated into face. Yet it is not exactly the same as "face" in the Western culture. As pointed out by Qi (2011), *mianzi* is a highly cultural-loaded concept that is indicative of characteristically indigenous Chinese socio-cultural phenomena as it uniquely derives from the Chinese historical experience. In fact, some scholars (Lin, 1935; Lu, 1934) regard *mianzi* an abstract and intangible concept that is impossible to define though subsequent scholars have attempted to give their own definitions. In the same fashion, the Western concept of face has its own cultural and social connotations instead of being a concept borrowed from the Chinese culture (Song, 2018).

Hu (1944) first introduced *mianzi* to the field of sociology. She regarded *mianzi* a cross-cultural phenomenon particularly obvious in Confucian society and defined it as a representation of the kind of prestige or a reputation achieved through success and ostentation. Bond and Hwang (1986) echoed this view by saying that *mianzi* represents the prestige and honour brought to a person because his or her successes and possibly ostentatious behaviours before others. Further, they added that *mianzi* is not a matter of course, but requires one to make an effort to obtain the "admiration" of others by making others aware of their successes or abilities. Earley (1997) shed a new light upon *mianzi* by saying that *mianzi* "refers to the interactive combination of personal and external referents' social judgments concerning a target person". Cheng (2006) proposed that *mianzi* refers to a person's self-image endowed with social or interpersonal meaning. He categorized *mianzi* into subjective *mianzi* and objective *mianzi*, with the former centring around the individual need for self-identity and the latter focusing on social recognition. Zhai (2011) also emphasized the social-interactive nature of *mianzi* by defining *mianzi* as a person's engagement in impression management to be accepted and identified as a member of a given social group.

Although there are indications that the term "face" has its origin in the Greek period (Lohse, 1968), it is widely believed that studies on face in the West began in the 1950s with Goffman (1955) as the pioneer. In his classical article entitled "On Face-Work", Goffman (1955) defined face as "the positive social value a person effectively claims for himself by the line others assume he has taken during a particular contact". Goffman (1955) considers face a social image attached to people's emotions and feelings and subsequently influences people to behave in a certain way. Ho (1976) defined face from an interactive perspective by linking face to a number of sociological concepts, such as status, authority, prestige, and standards of behaviour. Hallahan et al. (1997) considered face the image that people strive to maintain before others in pursuit of recognition and inclusion. Later, Brown and Levinson (1987) redefined face as "the public self-image that everyone wants to claim for himself."

As can be seen above, *mianzi* in the Chinese context and face in the Western context share some similarities: (1) Both Chinese *mianzi* and Western face have to do with one's desire to be recognized and admired by others; (2) both concepts exist in social interactions (Song, 2018); (3) both Chinese *mianzi* and Western face are subject to the rules of group or social norms (Song, 2018); and (4) both *mianzi* and face influence individuals' psychological state of being. Regardless of the similarities, the two concepts have some subtle differences. As pointed out by Ho (1976) as well as Ting-Toomey and Kurogi (1998), face is considered differently by Chinese consumers than is by American consumers. Specifically, *mianzi* and face have the following two distinctions: (1) *Mianzi* is seen as a component of face in Chinese society. According to Hu (1944), *mianzi* and *lian* together constitute what is known as face in the East, in which *lian* refers to "the confidence of society in the integrity of ego's moral character, loss of which makes it impossible for him to function properly within the community". In other words, *mianzi* has to do with a reputable image ascribed to someone by members of his community whereas *lian* mainly has to with one's moral reputation (Mao, 1994). Similarly, Li and Su (2007) regarded face as a multi-dimensional construct, on which basis they classified face consumption into three sub-dimensions: conformity face consumption, distinctive face consumption, and other-oriented face consumption; (2) *mianzi* in China connotes a group orientation whereas face in the west is more an individual concept. It is believed that when an individual achieves success and wealth, he/she gains face not only for himself/herself, but for the whole family or group (Braxton, 1999). In comparison, countries in the west, such as the United States, worship an individualist culture where individuals are encouraged and expected to make their own decisions. As a result, Western face is primarily individual-face rather than group-face (Reykowski, 1994; Joy, 2001).

Given the above distinctions, the present study predominantly uses *mianzi* to refer to face as the scope of research is within the Chinese context and all participants are Chinese consumers. Nevertheless, to facilitate understanding, the term "face" is also used interchangeably with "*mianzi*", particularly in the empirical part of the thesis.

### *3.3.6 Mianzi* and luxury consumption

It can be seen from the previous section that *mianzi* can be gained through ostentatious behaviours in addition to personal qualities and successes. This is where luxury consumption comes into play as luxury products are a symbol of wealth, by displaying which individuals can gain *mianzi* (Ho, 1976).

A significant number of studies have evidenced the role of *mianzi* in promoting luxury consumption. For example, Zhou and Belk (2004) found in their study on how Chinese consumers perceive global and local advertising appeals that Chinese consumers are largely driven by the desire for global cosmopolitanism and status good for the sake of *mianzi*. The study conducted by Li and Su (2006) revealed a segment of consumers who buy luxuries as gifts to enhance "face", which echoes the phenomenon that Chinese consumers consider more expensive gifts to bring them more recognition and more *mianzi* (Ahlstrom, 2009). Sun et al. (2011) found that *mianzi* (face) positively influences individuals' desire to buy luxury products through the mediation of materialism. Their finding was further validated in a study conducted among student trainees of a business course in Shanghai, East China, and their family members, which highlighted that face motivates luxury consumption through materialism (Sun et al., 2014). Zufacchi (2019) also points out that most Chinese consumers consider luxury consumption a means to enhance their *mianzi* due to the symbols of status, wealth and success carried by luxury products. Zhang and Wang (2019) investigated whether consumers' face consciousness, divided into desire to gain face and fear of losing face, affects their own luxury consumption behavior and found that both dimensions of face consciousness positively influence Chinese consumer's luxury purchase motivation. Hung et al. (2020) regard *mianzi*, manifested as the presentation of social status, as a key element of conspicuous consumption among Chinese consumers of luxury products and identify *mianzi* as one of the four motivations for luxury consumption in the Chinese society.

Overall, there is a consensus among scholars that *mianzi* (face) positively influences consumers' luxury consumption and can thus be considered a motivation for luxury consumption.

### 3.3.7 *Mianzi* consumption vs. Western concepts

Previous studies argued that *mianzi* consumption is the major difference between Chinese and Western concepts of luxury consumption. To understand the difference between *mianzi* consumption and Western concepts of luxury consumption, the traditional culture can provide some insights.

There is a consensus on luxury consumption reached between the Western academia and the Chinese academia (Hus, 1981; Oliver, 1994; Radha & Paul, 2006; Cao, 2006). Western luxury goods consumers attach great importance to individualism, while Chinese luxury goods consumers are more concerned about collectivism. In this section, the collectivist cultural

background of the Chinese society will be introduced to have a better understanding of the motivations behind the luxury consumption of Chinese consumers.

Berry and Berry (1994) conducted research in the luxury market and argued that an important motivation influencing consumers' behaviours is to gain social status and social reputation via luxury consumption. Conspicuous consumption is an important aspect of luxury consumption which is often seen as a way to raise the owner's reputation in society by displaying personal wealth to the public. According to Cao's (2006) research, by consuming equally expensive or more expensive commodities, consuming the same or greater quantities of commodities is an act of demonstrating personal consumption power and personal wealth to a specific group, and it is also a way of entering a specific group and gaining acceptance. When the consumption reflects people's reputation and identity, luxury consumption can represent personal values and other people's evaluations. In other words, luxury consumption in China is one of the important standards to maintain relationships and obtain social status. Cao (2006) concluded that under the background of collectivistic culture, the Chinese luxury consumers tend to be socially oriented when they are consuming, thus forming unique consumption psychology. What are the factors that create the unique Chinese consumption psychology? Is the *mianzi* culture a significant factor?

Some Chinese scholars (Zhu, 2006) explained from the perspective of culture, and they coined conspicuous consumption in China as *mianzi* consumption. In Chinese society, *mianzi* refers to individual success, represents a reputation, and *mianzi* depends on the person's social achievements. The conspicuous behaviour can display the achievements to obtain respect, pride and dignity. Zheng et al. (2014) mentioned that *mianzi* depends on self-construction in Chinese culture. *Mianzi* emphasises the social role and public perception and takes them as the core of personal identity. Under the collectivist culture, people consider their social reputation in the process of consumption, which makes luxury consumption a behaviour that maintains *guanxi* and improves *mianzi*.

Zheng et al. (2014) thought that it is evident that Chinese consumers' luxury consumption is similar to Veblen's conspicuous consumption (REF). It is a common phenomenon that the *mianzi* culture serves as the driving force that makes the Chinese luxury market the largest luxury market in the world (Benjamin et al., 2017). Meanwhile, the Chinese luxury consumption psychology can be explained from the perspective of *mianzi*. Cao (2006) divided Chinese luxury consumers into two types. The one is the capable purchasers, and the other is the incongruous purchasers. Table 3.2 summarises the different characteristics of the two types of Chinese luxury consumers.

Table 3.3: Types of Chinese luxury consumers

| Type of consumers | Characteristics | Motivations |
|---|---|---|
| Capable purchasers | Goods-driven consumption | Instrumental value<br>Symbolic value<br>Hedonic |
| | Experience-driven consumption | Perfectionism<br>Self-pleasing<br>Self-gift |
| Incongruous purchasers | Need to have | Hedonic<br>Social demand<br>Group standard |
| | Must have | Ostentation<br>Conspicuous<br>Vanity |

Source: Adapted from Cao (2006)

According to Cao's (2006) idea, there are two types of Chinese luxury consumers: capable purchasers and incongruous purchasers. Each type has two characteristics, which means there are two types of Chinese luxury consumers with four different characteristics, and each characteristic has its motivation.

1. Capable purchasers with goods-driven consumption characteristic.

The proportion of capable purchasers with goods-driven consumption characteristic is higher than that of capable purchasers with experience-driven consumption characteristic (Cao, 2006). Buckley et al. (2006) believe that the capable purchasers are the old-oriented consumers whose purchase desire and consumption behaviour are influenced by *mianzi*. They prefer luxury products with prestigious brands and brand positioning, and the luxury products for them are tools to display their strength and power.

The consumption motivation for them is from the pursuit of the instrumental value and symbolic value of the luxury product, and part of their motivation is to satisfy their consumption desire for hedonistic pleasure (Cao, 2006). For this type of Chinese luxury consumers, the luxury goods are tools to fulfil their consumption desire and symbolic value, so brand reputation and brand positioning are the focal points to attract their concern.

With well-known brand reputation and brand positioning, luxury products become a symbol to show the owners' financial strength and social status. The products with a high price and well-known fame are the points to satisfy their consumption desire.

Zhu (2006) conducted an empirical study on the motivations for Chinese consumers to engage in luxury consumption and validated four out of the five theoretical motivations for luxury consumption put forward by Vigneron and Johnson (1999), and the four motivations are: snob, bandwagon, hedonist, and perfectionist. The study also validated three out of the four motivations for luxury consumption identified by Tsai (2005): self-pleasing needs, internal

consistency, and pursuit of quality. However, Zhu's (2006) study revealed neither the motivation to lead nor the motivation to express the inner self. Instead, he identified a prominent motivation to be status symbol, which echoes the view of Xu (2010), who believed that Chinese luxury consumers care more about the extrinsic attributes of luxury goods than about their practicability.

Cao (2006) summarised the cause of the motivation; the goods-driven consumer is characterised by self-aggrandisement and a strong desire for recognition. Financial strength and social power are the sources of confidence for them. Through luxury consumption, to obtain social status and satisfy the self-desire is their ultimate goal. And those causes are socially orientation demand.

2. Capable purchasers with the characteristic of experience-driven consumption

Cao (2006) mentioned that this type of Chinese luxury consumers is the least in the Chinese luxury consumers' group. They are experienced Chinese luxury consumers, so their consumption preference is different from that of the goods-driven consumers.

Experience-driven consumers pay more attention to the improvement of their quality of life and life experience. Cao (2006) proposed that the motivations behind the experience-driven consumers are perfectionism, self-pleasing need, desire for gifts, and hedonic pursuits. From another perspective, experience-driven consumers pay more attention to the individual orientation demand, their own experience and quality of their own life.

Xu (2010) argued that experience-driven consumers are new orientation consumers. Exclusive services and customised goods are more attractive to them. For the experienced Chinese luxury consumers, personal image is an important factor that motivates luxury consumption, and such customers are more cautious in choosing products (Griffiths, 2014). Luxury products are powerful symbols, so experience-driven consumers are prudent in selecting a brand to symbolise them. This is also why experience-driven consumers prefer niche brands and exclusive service.

From Cao's (2006) opinion, considering luxury consumption as self-pleasing and choices for gifts are the surface of the consumption motivation. To have the goods that match the owner's identity and improving the experience and life quality are the ultimate goals that motivate luxury consumption. Therefore, perfectionism and hedonism are key motivations for experience-driven consumers.

3. Incongruous purchasers who have the characteristic of "need to have"

For the incongruous purchasers with a "need to have" characteristic, Cao (2006) mentioned that the luxury consumption of incongruous purchasers is passive behaviour. In Cao's opinion,

the influence of traditional Chinese culture is an important reason for this phenomenon. Zheng et al. (2014) believed that culture impacts self-concept based on interpersonal interdependence, and individuals should strike a balance between them and the group. There is recognition for social hierarchy, and individuals should ensure compliance with organisational constraints and norms. It is explained why incongruous purchasers with the "need to have" characteristic exhibit passive behaviours from the cultural perspective. This type of luxury consumers takes group recognition into consideration in the hope of being accepted by and settling into the targeted group.

Cao (2006) explained from another perspective that collectivist culture and peer pressure are the key drivers for incongruous purchasers with the "need to have" characteristic. When this type of people consumes luxury products, what they want is to gain recognition from the group, and gaining recognition helps them integrate into the group. Luxury items, which refer to high-priced branded items, carry symbolic meanings for Chinese consumers (Hung et al., 2020). The functional needs of consumers are typically diminished compared to the psychological needs (Sheth et al., 1991) as the functional attribute of the luxury product is not important to them The actual demand of this type of luxury consumers is to build up the identity through luxury consumption, and this identification helps them integrate and settle into the target group. Cao (2006) summarised the root cause behind the motivation. Under the traditional cultural impacts, this type of luxury consumers has passively consumed the luxury products. Luxury products are a social tool to build up their personal image to help them integrate into the target group. Because each group has its evaluation standards, like financial strength and social power, if individuals try to get into a specific group, they should match the evaluation standards of this group. In other words, this type of luxury consumers is driven by social demand.

4. Incongruous purchasers who have the characteristic of "must-have"

Cao (2006) believed that the incongruous purchasers who have the characteristic of "must-have" are the microcosm of Chinese luxury consumption. Many researchers adopt this type of consumption behaviour as the research topic. The popularity of this behaviour builds up the stereotype of Chinese luxury consumers. The cause of "must-have" comes from two aspects: active behaviour and *mianzi* consumption.

For the Chinese people, the traditional Chinese culture is the guideline to restraint people's behaviour in China (Xu, 2010). Under the cultural impacts, the recognition from others and the self-image are common goals shared by all the Chinese people. With this cultural background, Chinese luxury consumption has presented a different orientation from luxury consumption in other cultural backgrounds (Griffiths, 2014).

Based on the traditional Chinese cultural background, the consumers show an intense desire for *mianzi*. Showing the purchasing power to others through purchasing luxury products is always a way to obtain recognition. Compared to the incongruous purchasers who have the characteristic of "need to have", this type of consumer does not have the demand of gaining recognition from a specific target group. Since the whole Chinese society has the demand for recognition, this type of luxury consumption is dominant in China (Cao, 2006). Even when luxury consumption is beyond one's financial capacity, one is still keen on luxury consumption. From another perspective, the demand for social recognition and a good self-image are the critical drivers for incongruous purchasers (Xu, 2010). They hope to be recognised and accepted through luxury consumption. Zheng et al. (2014) explained from a psychological perspective that psychological compensation contributes to the incongruous consumption behaviour conducted by this type of Chinese luxury consumer.

From Zheng et al.'s (2014) opinion, the incongruous purchasers intend to establish an imaginary personal image through the consumption of luxury goods. For example, the personal image with good taste, high-quality life and successful career. However, shaping an ideal personal image is generally because people do not possess high-quality life or a successful career in their real life. Luxury consumption conducted by his type of consumer has presented the incongruous feature.

Xu (2010) proposed that the incongruous purchasers usually consume easily identifiable goods. For example, the watch, clothes and bags. The reason is that they want to obtain recognition from the group and integrate into the group. Therefore, they need to conduct behaviour that can be easily recognised by the group. Zheng et al.'s (2014) also said that once the evaluation criterion in a group is formed, the individual should observe them.

In addition to this, Cao (2006) mentioned that the need for recognition creates *mianzi* consumption. In order to obtain social recognition faster, this type of Chinese luxury consumers is constantly ostentatious and showing off, and this type of luxury consumption becomes conspicuous consumption eventually. Conspicuous consumption is a way to satisfy the vanity of this type of consumers. Cao summarised the motivations for this type of Chinese luxury consumers into social motivation and active consumption.

Cao's (2006) research results show that capable purchasers and incongruous purchasers have similarities and differences with Western luxury consumers. The capable purchasers with goods-driven characteristic are similar to the Western luxury consumer, and they are interested in the personal experience and quality of life.

Under the cultural impact, the other three types of Chinese luxury consumers are totally

different from Western luxury consumers. Primarily *mianzi* consumption that is based on the social recognition demand is influenced by the traditional Chinese culture, and the consumers are presented with both active and passive behaviours (Cao, 2006). In this section, how the Chinese *mianzi* culture impacts the Chinese luxury consumers are discussed, and the following section will explore cultural impacts to understand the luxury consumption and social conventions in China.

### 3.3.8 Consumption and social conventions in China

For Chinese luxury consumers, products usually have tangible value and symbolic value (Cao, 2006). Based on Xu's (2010) view, Chinese luxury consumers have preference for luxury watches, clothes, perfume, and other products that are tangible, visible and symbolic. A comparison of product functionality shows that Chinese luxury consumers pay more attention to the brands of products because of the high visibility of the brands. Furthermore, brand reputation and brand positioning have directly impacted the symbolic value of products. For some Chinese luxury consumers, the level of the symbolic value has impacted their decision making. Because the symbolic value of luxury products is the reference information. It can influence the public evaluation of the owner.

Zheng et al. (2014) argue that products are not the focal point for the Chinese luxury consumer. In comparison with the products, the symbolic value of the products has more attraction for Chinese luxury consumers. Based on this view, the level of the symbolic value as the social capital has influenced the Chinese people's social recognition. The weight of the social capital has become an important consideration for Chinese luxury consumers, like brand reputation and brand positioning. It imposes impacts on the importance of the social capital directly and the consumption behaviour simultaneously.

Cao (2006) thought that there is an important motivation for Chinese luxury consumption, and it is the motivation to obtain social status and social reputation through luxury consumption or luxury products. Generally, luxury consumption is a means for Chinese luxury consumers to display their wealth and convey the information to others. This information directly connects with the brand and price, and the indirect connection is the consumer's purchasing power. The purchasing power is the reference to evaluate the individual's wealth and social status. In other words, when the consumer's self-image is constituted by luxury consumption, the luxury product's brand and the price are essential factors that impose impacts on Chinese luxury consumers. Thus, when comparing luxury consumption to the general consumption of Chinese

people, interpersonal influence and social status are the important considerations that cause differences between these two consumptions.

Because of the different sensitivity to interpersonal influence from various individuals, Chinese luxury consumers have presented different consumption behaviours. In addition to interpersonal consumption, including conspicuous consumption and symbolic consumption, there is personal consumption which takes hedonism and perfectionism as the ultimate goal. In comparison with interpersonal consumption, personal consumption is individual-oriented behaviour, and consumers in this regard care more about their self-experience. Interpersonal consumption is social-oriented behaviour, and consumers' attention in this regard lies in the external image of themselves. Under the Chinese collectivist culture, Chinese luxury consumption tends to be social-oriented (Gao, 2009), and the social orientation of luxury consumption covers all Chinese luxury consumer groups, including the incongruous consumers and capable consumers in China.

From the perspective of purchasing power and consumption category, Chinese luxury consumers can be categorized into two types: capable consumers and incongruous consumers. There are similarities and differences between the two types of consumers. The similarity is that both of these two types of consumers engage in socially-oriented consumption behaviour. The difference between these two types of Chinese luxury consumers is that some of the capable consumers engage in individual-oriented consumption behaviour. In other words, incongruous Chinese luxury consumers pursue the extrinsic attributes of luxury products, such as brand reputation and brand position, with which they can build up their self-image and show off to the public. In contrast, capable Chinese luxury consumers pursue the extrinsic attributes of luxury products. At the same time, they also enjoy the quality and experience brought by luxury goods.

From the perspective of motivations, Chinese luxury consumers can be classified into two types: goods-driven consumers and experience-driven consumers. Goods-driven consumers usually purchase clothes, jewellery, beauty products, and cars, which have both tangible value and symbolic value. Experience-driven consumers mostly spend on travel, foods and customised services, and those products and services are more intangible and private. In comparison with capable Chinese luxury consumers, the motivation of incongruous Chinese luxury consumers is relatively single. Hopper's said that incongruous Chinese luxury consumers are goods-driven, so the luxury products themselves are the focal point of their attention. The consumption category of incongruous Chinese luxury consumers tends to concentrate on watches, clothes, bags, and products with visible characteristic and both tangible

value and symbolic value. To understand the preference of capable Chinese luxury consumers, their demand for luxury consumption is a breakthrough point.

According to Vigneron and Johnson's (1999) research results, the value of luxury products and services are basically divided into three categories: instrumental value, symbolic value and hedonic value. Based on the research of Vigneron and Kapferer (2012), each product or service can offer a combination of values to consumers, but the degree of the value varies. Cao (2006) said that the hedonic value is to satisfy the demand of an inner self. Therefore, it has an independent self-concept and tends to be individual-oriented. The symbolic value is to satisfy the demand of an individual's external self, so the self-concept is not independent and collective-oriented in comparison with the demand of the inner self. Meeting the demand of the external image emphasises the external evaluation in comparison with meeting the demand of the inner self, and it helps the individual to obtain social recognition and build up self-image. Cao (2006) pointed out that the instrumental value has influenced the symbolic value and hedonic value. The instrumental value is the means, and symbolic value and hedonic value are the purposes. Cao (2006) also said that the nature of a luxury product is the product, which means the luxury product has practicality value and functional value. Satisfying the symbolic and hedonic value is based on different characteristics of products. For example, the characteristics of brand reputation and brand positioning are the instrumental value of the product, which helps the luxury consumer achieve the symbolic value. In addition, the characteristics of high quality and craftsmanship can help luxury consumers achieve hedonic value.

Chinese luxury consumers play down the dependence of individual concept on social relations. In other words, this type of Chinese luxury consumer tends to highlight self-demand while playing down the demand for social recognition and self-image. It is similar to Western luxury consumers' behaviour. They tend to engage in consumption to satisfy the inner-self and realise the private meaning of consumption. The behaviours are concentrated on the capable and experienced Chinese luxury consumers. Zhen and Han (2007) summarised that this type of Chinese luxury consumers is experience-driven. Specifically, they pay much attention to the quality, design, materials, and service, which means that they are more concerned about whether the product and the service can improve their experience.

Another type of consumers is the goods-driven consumers. According to Zheng et al. (2014), this type of Chinese luxury consumers emphasises public perception. It is the combination of the traditional Chinese luxury consumers' behaviours and social dependence. The goods-driven consumers purchase tangible and symbolic luxury goods to attract public attention and

consequently obtain social recognition. Some scholars (Hus, 1981; Zheng et al., 2014) also pointed out Chinese *mianzi* consumption is an important factor. Under the cultural impacts, the demand for individual reputation and social status directly drives Chinese luxury consumers to value brand positioning and brand reputation. The brand positioning and brand reputation are the external attributes, and these external attributes become a symbol by demonstrating the owners' financial strength to obtain the personal reputation and social status. On the other hand, *mianzi* can be illustrated by the symbolic luxury goods, which means the consumers of luxury goods focus on the symbolic implication of brand and public. Cao (2006) compared hedonic value with symbolic value. The findings showed that goods-driven consumers tend to buy products with both tangible value and symbolic implication. Therefore, the product with tangible attributes and symbolic significance in public is extremely attractive for goods-driven consumers. Cao (2006) indicated that capable Chinese luxury consumers also have active and passive consumption motivations. For example, under the cultural impact, luxury consumption is a product of social connection. Based on the characteristics of luxury products, Chinese luxury consumers send messages to specific groups to obtain recognition and blend in these groups. Oriented by social connection, the active and passive consumption motivations coexist.

According to Cao (2006), Chinese luxury consumers actively demonstrate personal strength through luxury consumption. This consumption behaviour is driven by the cultural impact. On the one hand, luxury products act as a solid symbol to represent the owners' financial strength and social status. It helps individuals blend into specific groups. On the other hand, individuals already in specific groups need to keep purchasing luxury products to maintain the current status and the self-reputation. Cao (2006) explained from another perspective that whether for active or passive luxury consumers, self-reputation is an important consideration for them. Combined with traditional Chinese culture, self-reputation is an expression of *mianzi*. For Chinese people, to build up their self-image and obtain self-reputation is to have *mianzi*. Under the cultural impacts, the desire for *mianzi* is classless, which is an important cause of *mianzi* consumption (Cao, 2006).

Therefore, we classified capable Chinese luxury consumers into groups with active and passive consumption motivations (see Table 3.4 below).

Table 3.4 The active and passive's capable Chinese luxury consumers

| Active motivations | Types | Capable Chinese luxury | Types | Passive motivations |
|---|---|---|---|---|

| | | | |
|---|---|---|---|
| | consumers | | |
| Perfectionism<br>Self-pleasing<br>Self-gift<br>Hedonic | Must have<br>Experience-driven | Need to have<br>Goods-driven | Instrumental<br>Symbolic<br>Hedonic |

Source: Adapted from Cao (2006)

According to the review of existing studies and literature, traditional culture has a remarkable impact on capable Chinese luxury consumers' consumption behaviour. However, it is found that there are some capable Chinese luxury consumers who are no longer influenced by the traditional culture. In other words, capable consumers are showing two distinct patterns of consumption. Cao (2006) used "need to have" and "must-have" to describe these two patterns. For example, the attitude of experience-driven consumers is "need to have". They pursue the quality and experience of the luxury goods, and purchasing luxury goods is the way to improve the quality and experience of life. Luxury goods are gifts and amusements for them to achieve perfectionism and satisfy the desire for pleasure. Cao (2006) mentioned that this type of Chinese luxury consumers are experience-driven consumers, and their motivation is personal motivation.

On the other hand, the attitude of goods-driven consumers is "need to have". Based on the symbolic value of luxury products, luxury products for them are the tools to build up self-image and to get social recognition. Luxury consumers of this type attach great importance to brand factors and pursue brand recognition and brand positioning. They are goods-driven consumers, and their motivation is social motivation. Cao (2006) mentioned that compared with goods-driven consumption, experience-driven consumption is active. This type of consumption starts from the individual perspective, and consumer products start from personal preferences. Goods-driven consumption is different, and this type of luxury consumption is passive because it is based on the collectivist perspective, and the consumer products are based on brand recognition and reputation. The phenomenon of different consumption drivers is not only for capable consumers. It can also be observed among incongruous luxury consumers.

According to Bain Company (2014), the incongruous Chinese luxury consumers are normally working-class people whose average annual income is between EUR 13 thousand and EUR 20 thousand and their average ages are between 20 to 40. Obviously, these people should not become potential consumers of luxury goods based on their consumption power. Scholars (Hooper, 1997; Tsai, 2005) explained that traditional Chinese culture, especially the *mianzi* culture, is the key force to drive these people to consume luxury goods.

Zheng et al. (2014) said that the Chinese purchase products over their financial capability and social status because they are influenced by the pressure of *mianzi* culture. The pressure is

from the expectations of others and the pursuit of a better image of themselves. The incongruous Chinese luxury consumers usually pay attention to others' evaluation. In the context of *mianzi* culture, the incongruous Chinese luxury consumers are forced to buy luxury goods to build up their external selves. *Mianzi* culture emphasises the outer self, and those who are more conscious of *mianzi* tend to adjust their behaviours to fit the social environment. They will choose the right products to conform with the reference image and get the status they want. Based on the view of Cao (2006), incongruous Chinese luxury consumers are passive because they need to adapt to the external environment.

Cao (2006) pointed out other incongruous actions from Chinese luxury consumers. For them, luxury goods are essential, and even it is beyond their financial capability to purchase these goods. These types of luxury consumers are ostentatious, conspicuous and full of vanity. They prefer products with noticeable logos. They pay more attention to others' thoughts and comments, and even the inner self is different from the external self. Zheng (2014) explained this type of consumer behaviour as these consumers expect to use the symbol of luxury to brand themselves. There are passive and active consumption behaviours among the incongruous Chinese luxury consumers. Cao (2006) explained the difference between the two attitudes of passive and active incongruous Chinese luxury consumers. The main difference is whether they try to obtain social status and social recognition or try to maintain their social status and social recognition through luxury consumption. For the active incongruous Chinese luxury consumers, luxury consumption is the way to obtain their social status and social recognition. It is a way of ostentation. By purchasing luxury goods, on the one hand, they can satisfy their vanity. On the other hand, they can gain social recognition and obtain social status. For the passive incongruous Chinese luxury consumers, luxury consumption is the tool to maintain their current social status and social recognition.

Table 3.5 below shows the differences, and the motivations are divided into passive motivations and active motivations.

Table 3.5 The active and passive motivations of incongruous Chinese luxury consumers

| Active motivations | Types | Incongruous Chinese luxury consumers | Types | Passive motivations |
|---|---|---|---|---|
| Ostentation<br>Conspicuous<br>Vanity<br>Social status | Active | | Passive | Social demand<br>Group standard |

Source: Adapted from Cao (2006)

In terms of incongruous Chinese luxury consumers and capable Chinese luxury consumers,

scholars explained their different characteristics, types and motivations. There are types of consumers who have similar consumption behaviours and concepts with the western consumers, and they are concentrated in the groups of experienced and capable Chinese luxury consumers. For whether capable Chinese luxury consumers or incongruous Chinese luxury consumers, the traditional culture has more or less influence on their consumption behaviour. Some of them try to break it, while more choose to follow and maintain. For luxury consumption in China, the cultural impacts cannot be ignored. It is the code of consumption behaviours. It constrains and guides Chinese luxury consumers. Besides, the cultural effects are the principal factor that causes the difference between Chinese luxury consumers and Western luxury consumers.

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# Chapter 4: Methodology

## 4.1 Research strategy

### 4.1.1 Quantitative research and qualitative research

Quantitative research and qualitative research are commonly used approaches to conduct research in social science. The quantitative research primarily focuses on the use of numbers to describe a particular phenomenon (Eisenhardt, 1989). The essence of quantitative research is to use the statistical methods to test a causal relationship between independent variables and the dependent variable (Larsson, 1993).

Qualitative research is the analysis of the qualitative aspects of things under investigation. Weiss (1995) suggests that the qualitative research is often exploratory, which allows researchers to discover and understand problems in the real world. Qualitative research is mainly focused on studying “what” and “why” of a particular phenomenon. Glesne (1992) also mentioned that the qualitative research focuses on the use of language to describe and explore events.

Meredith (1998) explained that qualitative research is carried out mainly by the following methods: structured observation, participant observation, interviews, or document analysis. The author also highlighted the idea that the use of raw data, such as narratives, photos or other physical artefacts, allow the researcher to describe and explain things, and to achieve the research purpose.

Comparing quantitative research and qualitative research, the two research approaches have advantages and limitations. They are two different but possible approaches to conduct research in the field of management.

Table 4.1: Basic information of quantitative research and qualitative research

| | Quantitative Research | Qualitative Research |
|---|---|---|
| Purpose | The analysis of the number of things | The analysis of the nature of things |
| Features | Predictability, accuracy of data processing, exploratory factor analysis and confirmatory factor analysis | Descriptive, interpretative, inductive, and holistic |
| Advantages | Predictability, objectivity, rigor, universality, verifiability | Authenticity, comprehensiveness, flexibility, and depth |
| Limitation | The research results are one-sidedness, but there are many non-quantifiable factors in reality; the unreliability of statistics (due to technical and measurement tools such as imperfections and other reasons) will lead to differences in the conclusions of the study | Inaccuracy of the results of the study (because in qualitative research, the researcher is the research tool; during the study, the process of gathering and analysing is inevitably disturbed by various subjective factors). |

Source: Meredith (1998)

Table 4.2: Comparative of quantitative research and qualitative research

| Quantitative Research | Qualitative Research |
|---|---|
| Show the development and change of things through quantitative change. | Find and solve the problem, and ultimately explain why it happened |
| Only provide a rough explanation. | Provide a more in-depth explanation of the problem and the phenomenon. |
| The results can be inferred to the overall. | The results cannot be inferred to the overall. |
| The conclusion is often deductive | The conclusion is often inductive |
| Data can be used for statistical analysis | Information is not suitable for statistical analysis |
| Study the activities<br>Summary | Study the motivations<br>Exploratory |
| Provide information to verify the assumptions. | Help to build the hypothesis |

Source: Meredith (1998)

From the above two tables, quantitative research and qualitative research have unique characteristics, advantages and limitations. They are not opposed to each other; to some extent, they are interrelated or even complementary.

### 4.1.2 Case study method

The case study, experiment and survey are some well-known strategies to conduct an academic study. The basic principle of the experimental strategy is to control the environmental conditions, by causing changes in the independent variable to observe changes in the dependent variable, thus establishing the relationship between variables. The survey includes a limited number of questions to be answered by the respondents. The survey requires a large number of

respondents and the quantification of responses to be treated by statistical software (Larsson, 1993). As the aim of a survey study is to generalize the results for the whole population, it is important to have a sample which is representative of the population.

Case study is an in-depth and comprehensive field study of a complex and concrete phenomenon in reality. In a case study, if the background of the phenomenon is not controlled, it may interfere with the process of change. In addition, the case study illustrates the problem by selecting one or more cases, and analyses the logical relationship between events using the data collected. Thus, the conclusions drawn by the case study do not depend on the sampling principle.

According to Yin (1994), case studies are suitable for answering the questions of "what" and "why". In case studies, the researchers are concentrated on interpreting the raw data to get knowledge about the phenomenon studied, so that the results of the study largely depend on the ability of the researchers themselves. According to the purpose of the study, case studies can be divided into descriptive, evaluative and exploratory studies. Descriptive case studies often describe the profile of people, events or scenarios. The purpose is to summarize the findings of the phenomenon and draw conclusion. Descriptive case studies are also suitable for examining issues of relevance or causality. In the evaluative case study, the researchers put forward their own ideas and views and use them to interpret the collected materials. Exploratory case studies try to find new insights into things or try to evaluate them with new ideas.

Case studies use analytical generalizations rather than statistical generalizations (Johnston, 1999). The effectiveness of case studies relies on the analysis of the data under the guidance of theory. Larsson's (1993) insights suggest that the theory is the purpose of the study, while also guiding the analysis of case materials. In a case study, it is also possible to test a theory, or the conclusion obtained in a previous case analysis.

Case studies can be a single case or multiple cases (Eisenhardt, 1991). A single case study can be used to develop or challenge a theory; it can refer to a typical, unique or extreme case. The multi case study includes two analysis stages: within case analysis and cross case analysis. The former is a comprehensive analysis of each case as an independent case; the second stage consists of the analysis of all the cases in a unified abstraction and induction to come to a more brilliant description and more powerful explanation.

A single case can usually explain a problem, but the framework used to build a knowledge structure is far from enough. Multi case studies can make case studies more comprehensive and persuasive, which in turn improves the effectiveness of case studies. In other words, multiple cases can point to the same evidence (one single finding) at the same time or support several

findings that may (or may not) complement each other. The multi case studies can also increase the universality of research results.

Yin (1994) has further divided individual cases and multiple cases into comprehensive cases and embedded cases, resulting in a 2x2 combination of case studies. The comprehensive study has only one major research unit, and an embedded case study includes several subunits in addition to a major research unit. For example, in an organization, the organization can be seen as a major research unit and each department can be seen as a subunit.

Meredith (1998) believes that single case studies can ensure the depth of case studies and provide a better understanding of the context of the case. However, Eisenhardt (1989) argued that multi case studies could reach more comprehensive conclusions, because the study is repeated in other settings. She argues that the depth of the case study and the degree of understanding of the case context are not determined by the number of cases, but by the method(s) used to conduct the research. In addition, she believes that multi case studies can fully understand and reflect the different aspects of the phenomenon studied, thus forming a more comprehensive theory.

Due to the exploratory and descriptive nature of the actual study, the case study strategy was adopted to understand the motivations that lead someone to buy a Porsche car.

## 4.2 Means-end chain theory and laddering technique

The research follows the Means-End Chain approach (Gutman, 1982). This theory assumes that consumers make choices to satisfy their personal values. Consumers buy a product or service based on its attributes, believing that these attributes will influence their experiences with the product or service, and, in turn, their experience will help them to achieve inner values. In other words, people do not use products or consume services for the sake of the products/services. Instead, they believe that the consumption of products/services bring the required experiences (positive consequences) to fulfil their personal values. Thus, the means-end approach focuses on the cognitive linkages between the attributes of products or services (the “means”), the consequences of these attributes represent consumers, and the desired values or beliefs (the “ends”) that the consequences can help consumers fulfil.

Attributes are the characteristics of a product or service. According with Olson and Reynolds (2001), there are concrete attributes and abstract attributes. Concrete attributes are tangible characteristics of a product/service that are observed by eye and directly measured, such as the package, colour and price of a product. Abstract attributes are intangible proprieties

of a product/service that are determined subjectively by those who perceive the product/service, such as brand reputation or sales service quality.

Consequences refer to the benefits and risks with product usage or service consumption at the physiological or psychological level. They link product attributes to desired values. Olson and Reynolds (2001) distinguished functional consequences from psychosocial consequences. Functional consequences are the immediate and tangible benefits achieved from consuming the product/service, such as quenching the thirst or saving money. Psychosocial consequences refer to the psychological feelings or social considerations achieved from consuming the product/service. For example, one may feel trendy (psychological effect) and/or feel admiration and respect (social effect) by driving a sport car.

In the means-end theory, values are the desired end-states of consumers (Gutman, 1982), being cognitive representations of consumers' ultimate goals and needs. Values can be characterized as instrumental values and terminal values (Olson & Reynolds, 2001). Instrumental values refer to customs or preferred modes of behaviour (such as being loyal and being polite), while terminal values are defined as preferred end states that form consumers' "self" and reflect central needs (e.g., security, self-actualization, fun, and enjoyment of life).

The means-end chain model assumes a hierarchical structure as it links the consumer's end-state values to the basic attributes of products/services through consequences. As illustrated in Figure 4.1, Walker and Olson (1991) draw the links between attributes, consequences and values according to the level of abstraction in terms of its relationships to personal values and differentiated aspects of product/service knowledge from aspects of consumer self-knowledge. The former consists of concrete and abstract product attributes, leading to functional consequences. Self-knowledge further consists of psychosocial consequences, leading to instrumental and terminal values. Scholars, however, emphasized that not all connections are presented in every buying decision (Olson & Reynolds, 2001) as consumers may not be able to possess the knowledge about these network linkages or abstract meanings of consumption.

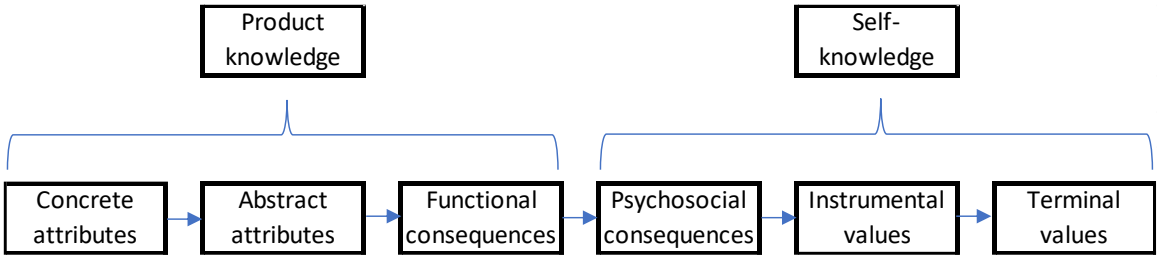


Figure 4.1: Broadened structure of the means-end chain model in six layers

Source: Gutman (1982)

The laddering technique, which is associated with means-end chain approach, is a method

to gather data (Reynolds & Gutman, 1988). It is an interviewing technique used to encourage respondents to describe in their own words why consuming a product/service is important to them. It commences by asking the respondent to identify the operational attributes of the product/service. Subsequently, these attributes serve as a starting point for eliciting him or her to critically think about higher level benefits and personal values. The eliciting procedure is explored by probing into "why" questions that take the informant to link relatively concrete meanings at the attribute level to more abstract meanings at the consequence or value levels. For example, if a respondent expresses a preference for driving a sport car instead of a SUV, a response to "why do you prefer a sport car?" tends to produce a list of concrete and abstract attributes. Then, a sequence of directed probes typified by the question "why is this important to you?" are used to explore the preceding answer. Gradually the respondent reveals his or her ultimate motivations for choosing a sport car over a SUV and, in turn, determine the attribute-consequence-value chains (i.e., ladders) in relation to the choice made. Thus, it is suggested that laddering is a technique that allows the researcher to produce a relatively structured knowledge about "how consumers translate the attributes of products into meaningful associations with respect to self" (Reynolds & Gutman, 1988).

The two most frequently used laddering approaches are soft laddering and hard laddering. The soft laddering usually refers to one-on-one, semi-structured and in-depth interviews (Pai & Arnott, 2013). Under soft laddering, the interviewer follows the informant's natural flow of speech. Consequently, the interviewee is free to express himself or herself with almost no restrictions (Zanoli & Naspetti, 2002). Hard laddering employs structured interviews (Walker and Olson, 1991) or questionnaires with multiple choices and open-ended questions but with a predefined structure (Henneberg et al., 2009).

This approach forces informants to provide one answer on each ladder's stage and gradually answers tend to have higher levels of abstract in the "climb the ladder" process (Henneberg et al., 2009). Soft laddering interview is beneficial in exploratory studies but requires great skills on behalf of the researcher. It also takes more time to collect and analyse data than hard laddering. Hard laddering technique is most suitable when the object of investigation is reasonably well understood. In this research, the author used the soft laddering technique, because up to now there are limited studies about the motivations that lead consumers to buy a luxury car in China.

## 4.3 Institutional details

This study is conducted in the Jin Ming Shi (JMS) Auto Group. JMS Auto Group is the second largest auto dealer in Sichuan Province and an authorized dealership with Volkswagen Group China, GM China, Citroen China, Fiat China, and Mercedes-Benz China. The company management brands include Volkswagen, Skoda, Chevrolet, Buick, Cadillac, Mercedes-Benz, Citroen, Porsche, and Maserati.

JMS Auto Group is responsible for the southwest region of Chinese automobile industry and the major business is located in Sichuan Province. The JMS Auto Group provides the sales and after sales service for customers; it also assists the car insurance business for customers. Because the automobile business in China has strict regional control (a policy defined and agreed by car dealers in China to avoid fierce price competition), the sales activity can only be performed for citizens of the Sichuan Province. The after sales services and car insurance business can be offered for everyone (citizens of the whole Chinese Mainland).

In 2020, the JMS Auto Group employs more than 1,650 workers and delivers over 11,000 cars for the Chinese families. The CEO Yang has received the Outstanding Entrepreneur in Sichuan Province Reward in 2013, 2014, 2015, 2016, 2017, 2019, and 2020.

In 2020, the total sales of JMS Auto Group reached €2.7 billion (€3.1 billion in 2019) and the Porsche brand reached €21 million (€29 million in 2019). For the brand Porsche, JMS Auto Group delivered 1,389 cars to its customers between January 2014 and June 2020. The average sales price is over €100,000; the age range of the customers is from 18 to 55 years old (average age of 37 years old); and 86% are male. The performance of this business unit reached the eighth position in the dealerships of Porsche China.

## 4.4 Gaining access to the field

As the sales director of brand Porsche in JMS Auto Group, the author is responsible for the selling activities, marketing matters and customer relations. This business unit has 47 employees and includes the sales, marketing and customer relation departments.

Regarding this study, the author had the invaluable opportunity of observing and experiencing what the sales process involves, interacting with colleagues and customers, and access sales information, which provided key and meaningful insights for conducting this research.

## 4.5 Data generation

Commonly, the data collection methods include self-administered questionnaires, structured interviews, non-standardized interviews, structured observation, participant observation, and document analysis.

Based on Yin's (1994) view, there are three principles to collect data. The first principle is to use multiple sources of evidence. Gathering information from multiple sources improves the effectiveness of the research; and the case study offers more opportunities for integrating different evidence sources than experiments or surveys. Case studies can include interviews with key people, observation and document analysis of particular processes, and even allows people to answer a self-administered questionnaire. The use of multiple sources of evidence allows the researcher to apply multi-disciplinary and multi-theoretical perspectives. Furthermore, because the case study refers to a direct study of events in a realistic scenario, the data collection process is more flexible and diverse here than in experiments and surveys, which is a strength of the case study.

The second principle is to create a case study database, which includes organizing and documenting the data collected. The case study database should include, for example, the notes of the researcher, transcriptions of interviews, notes of the observations, and official documents, i.e., the collected documents related to the case studies.

The third principle is to establish and maintain a chain of evidence. It means that reports should make sufficient citations to relevant situations and reveal actual evidence and circumstances; the adopted procedures should be consistent with the protocol. When it exists, an external observer should be able to trace the steps in either direction.

In this study, the emphasis was placed on the archive sources, which include (1) the JMS Auto Group sales records related to the brand Porsche, (2) the accounts and notes taken during the negotiation process up to the sale, and (3) the transcription of the follow-up talks with the customer, performed and recorded during the first year after the sale. The salespeople and customer relations were responsible for the information collection and arrangement. The records were analysed and interpreted by me.

## 4.6 Sampling

Previous studies, which adopted the means-end chain approach, have recommended to search between 30 up to 50 respondents (Gutman, 1997). However, to improve the validity and

credibility of the study, 50 participants were selected in this research. The sample includes seven records in 2014, 12 records in 2015, 11 records in 2016, 12 records in 2017, five records in 2018, and three records in 2019 (see Table 4.3). The author selected more records in 2016 and 2017 than in the previous two years, because the number of Porsche cars sold was slightly higher in 2016-2017. As the author worked with only the sales records of the first semester of 2019, the analysis will include only three records in 2019. In each year, the selected records refer to sales that occurred throughout the year.

Knowing that, in the luxury car sales, there are many optional features to equip the automobiles, a sold car is always tailored based on the customer's tastes and preferences. Knowing that some features are not available year after year, the selected records are from different years and different time periods within each year. In adopting this procedure, a more diverse sample is selected.

Table 4.3: Selected records

| Year | Participant number |
|---|---|
| 2014 | 19, 67, 72, 81, 94, 100, 207 |
| 2015 | 253, 269, 289, 293, 297, 317, 359, 363, 447, 452, 457, 463 |
| 2016 | 493, 513, 524, 557, 603, 611, 681, 687, 729, 733, 744 |
| 2017 | 773, 782, 833, 846, 883, 886, 891, 901, 903, 929, 941, 985 |
| 2018 | 997, 1004, 1044, 1046, 1067 |
| 2019 | 1303, 1311, 1376 |

The simple random sampling procedure was adopted with few adjustments. That is, some after sales records were incomplete or missed, because the customer did not answer at least one after sales visit phone call. Whenever it happened, the selected record was deleted from the analysis and a new record was selected. The new selected record was the customer that follows in the sampling frame. If this customer did not answer one aftersales phone call, such record was also deleted and the customer that followed was selected. This procedure finished when a complete record was selected. Then, a new record was selected using simple random sampling procedure again.

Table 4.4 provides a characterization of the informants, which includes the age, gender, industry where he or she works, and the Porsche model purchased.

Table 4.4: Characterization of the informants

| Category | | Number | Percentage |
|---|---|---|---|
| Age group | 18-29 | 9 | 18% |
| | 30-39 | 32 | 64% |
| | 40-49 | 7 | 14% |
| | 50-53 | 2 | 4% |
| Gender | Male | 45 | 90% |
| | Female | 5 | 10% |
| Model | Carrera (sports car) | 3 | 6% |
| | Cayenne (SUV) | 17 | 34% |
| | Panamera (Saloon) | 16 | 32% |
| | Macan (SUV) | 13 | 26% |
| | 718 (sports car) | 1 | 2% |
| Industry | Manufacturing industry | 11 | 22% |
| | FMCG | 7 | 14% |
| | IT industry | 3 | 6% |
| | Construction industry | 13 | 26% |
| | Mining industry | 9 | 18% |
| | Energy industry | 4 | 8% |
| | Aquaculture industry | 3 | 6% |
| Average sales price (2021's exchange rate) | 970,000 CNY | | Equal to 125,271 Euro |
| Registration | company account is 57% | | personal account 43% |
| proportion of loans used 28% | | lump sum payment 72% | |

## 4.7 The nature of the archive sources

As mentioned above, the data came from archive documents produced between 2014 and June 2019 for the Porsche car sales. These documents are called "yellow cards". A yellow card includes two sections: (1) a summary of the interactions with the customer over the negotiation process and official information about the sales (hard copy) and (2) an audio file with the conversations carried out with the customer during the first year after the purchase. The salespeople were responsible for filling in the first section of the yellow card; the customer relations staff were responsible for calling the customer few times after the purchase, and so responsible for recording the phone call conversations with customers. The calls to customers focus on the motivations to purchase a Porsche car, customer's satisfaction, and suggestions and advice for improvements. The marketing department compiled the information gathered in both sections and summed up the consumer purchase behaviours, which include consumption habits, propensity to consume, consumption preferences, alternative brands or products, motivations and drivers to purchase a luxury car.

On average, a yellow card took 15 months to be filled in. The process was initiated with

the first contact made by the customer, through a face-to-face visit or a phone call. The first section of the yellow card included the notes regarding the negotiation process and was completed upon car delivery. The second section of the yellow car included four phone calls made to the customer over one year after the purchase. The first call was made one day after the car delivery. It took about 10 minutes, and the raised questions revolved around problems, performance-expectation fit, satisfaction with the vehicle, and the sales process. The second call was made 15 days after the car delivery. The raised questions focused on understanding the influencing factors that affect the consumer decision-making. Over 20 minutes, the customer relations staff questioned the customers about their choices, motivations and drivers to acquire such model, their levels of satisfaction, as well as suggestions and advice. The third phone call was made about six months after the car delivery. It took about ten minutes and coincided with the first after sales services. Here, the questions mainly concentrated on the car issues: experience with the car and problems. They also included information about satisfaction with the after sales services. The last contact was made one year after the car delivery. It took, on average, 30 minutes and the content of the conversation included matters related to the overall assessment of the purchased car, the effect of this acquisition on customer life, the impact of the purchase on others, future purchases, and loyalty to the Porsche brand. Annex A, B and C show the outline used by the salesforce and the customer relations staff to gather information from customers.

It is important to mention that the yellow card was not created with the purpose of conducting this study. It is an asset of JMS Auto Group, created in 1999, and improved throughout the years. Most of the information used to perform the empirical part of this study came from the audio file, mainly from the second and fourth conversations with the customer after the sales. The second chat began with general questions regarding the purchase of a luxury car, like “Why did you choose to purchase a Porsche?” and “Why did you choose the [insert car model]?”. Once the customer was at ease, the interviewer tried to identify the product features that the customer likes or dislikes the most (e.g., “What do you like/dislike about [insert car model]?’). At this stage, the response often allowed to identify the product attributes that the customer highlighted in the purchased car. The response given was then used to deeply understand whether the customer was satisfied with the purchased car (“Has the performance of [insert the product feature] matched your expectation?” and “Why is [insert the product feature] important to you?”), and insights were provided about the personal experiences with the purchased car. In the fourth chat, after few ice breaking questions, the interviewer asked in-depth questions to stimulate the customer’s thinking, such as “What is so special about buying

[insert car model]?", "How has it affected you?" or "How do other people think about your purchase?". At this stage, the responses often reveal the motivations and values behind consumer perceptions of the product (Reynolds & Gutman, 1988). Thus, to large extent, the questions raised over the several talks with the customer after the sales were structured in a progressive manner that reflect the laddering technique. It means that the author was able to understand and identify the decision process established by customers in their minds, from product attributes to consequences to values. Besides, by doing so, the author was able to reveal the motivations that lead customers to buy a Porsche car.

## 4.8 Data analysis and interpretation

Initially the audio files of the yellow cards were fully transcribed into Chinese. Later, the content of the transcriptions was translated to English. After that, the data were organized following the means-end chain approach (Gutman, 1982).

The author adopted Reynolds and Gutman's (1988) procedure to analyse the laddering data and generate thematic codes, an implication matrix and a hierarchical value map (HVM). The thematic codes identify meaningful constructs (attributes, consequences and values) as well as their relationships from the participants' narratives (Braun & Clarke, 2006). The implication matrix converts qualitative data into quantitative units by summarizing the number of times each construct leads to the other construct for the participants (Deeter-Schmelz et al., 2008). The HVM is constructed based on the implication matrix and illustrates the relationships between constructs by showing the chains of relevant attributes, consequences and values.

### 4.8.1 Thematic codes

Following Braun and Clarke's (2006) suggestion, open coding was used to code key words or sentences into three layers: attributes, consequences and values. Initially, ideas with similar meaning were combined under a common theme. Through a process of refinement and improvement, themes with close connection were combined under a common code (construct) and become an analysis unit. Whenever a construct had a "to" link, it was classified into the attributes layer. Whenever it had both a "from" link and a "to" link, it was classified into the consequences layer. Whenever a construct had only a "from" link, it was classified into the values layer. If the participant's narrative disclosed a link between constructs, a connection "from" construct "A" and "to" construct "B" was also created. A total of 42 units were elicited: 20 attributes, 15 consequences and 7 values (see Annex E-G for the definition of each attribute,

consequence and value).

Tables 4.5-4.7 list the verbatim examples that characterize each construct of meaning. The attributes part is divided into Concrete Attributes (A1 to A13) and Abstract Attributes (A14 to A20). The consequences part includes Functional Consequences (C21 to C28) and Psychosocial Consequences (C29 to C35). The values part is split into Self-Directed Symbolic Value (V36 to V40) and Other-Directed Symbolic Values (V41 and V42).

Based on Table 4.5, different attributes have different frequencies. The higher the frequency, the more times the construct was mentioned, and the frequency indicates the importance of the unit (Appleton, 1995). According to the frequency, from high to low:

a. A15 “Premium luxury vehicle” belongs to Abstract attributes. It refers to brand image and highlights the idea of having a luxury car, which includes the powerful engine integrated in sport cars.

b. A13 “High priced” belongs to Concrete attributes. It refers to buying an expensive car.

c. A7 “SUV (sport utility vehicle)” belongs to Concrete attributes. This attribute refers to the vehicle type – a car that combines elements of road-going passenger cars with features from off-road vehicles.

d. A2 “Roomy Interiors” belongs to Concrete attributes. It refers to the interior space, like front seat space, back seat space, or trunk space.

e. A10 “Comfort improvement” belongs to Concrete attributes. This construct refers to an optional kit that customers choose when they buy a Porsche car. Comfortable package includes seat heating and ventilation, rear window shade, rear entertainment and electric door absorption, electric pedal, and double deck glass.

f. A17 “German engineering” belongs to Abstract attributes. It refers to a car made in Germany, which involves high quality and high safety. Perceived quality and safety are intangible features.

Table 4.5: Overview list of all attributes

| Attribute | N | Example Verbatim |
|---|---|---|
| A1: High-quality materials | 17 | "The metal materials are made of real metal rather than in the form of chrome." |
| A2: Roomy Interiors | 25 | “A larger trunk is very useful.” |
| A3: Lighting and assistance system | 3 | “The automatic parking system is really helpful.” |
| A4: High-performance systems | 8 | “The four-wheel drive system makes everything under control.” |
| A5: Two-door sports car | 5 | “The real sports car is what I like.” |
| A6: Full-size luxury car | 16 | “The saloon model is suitable for the business activities.” |
| A7: SUV (sport utility vehicle) | 26 | “My plan is to have a SUV model.” |
| A8: Convertible car | 2 | “What I am most satisfied with is the convertible function.” |
| A9: Personal design options | 5 | “Interested in a custom colour, the Miami blue” |
| A10: Comfort improvement | 20 | “The comfortable package is the great option I had selected.” |
| A11: Performance improvement | 10 | “I added the performance package.” |
| A12: Technology improvement | 15 | “Interested in the technology package.” |
| A13: High priced | 40 | “Porsche is a million-class car.” |
| A14: Purity | 6 | “The 911 is the soul of the Porsche.” |
| A15: Premium luxury vehicle | 41 | “This is a Porsche; this is a super luxury brand car.” |
| A16: Premium sports car | 14 | “Mercedes has given you the great luxury atmosphere, but Panamera has added the detail to the luxury atmosphere.” |
| A17: German engineering | 20 | “In my mind, the Germany car represents quality.” |
| A18: Racing heritage | 5 | “Porsche has a legendary history in the racing world” |
| A19: Beautifully designed | 12 | “It is a beautiful car.” |
| A20: Highly sporty | 2 | “Overall lines and shapes look very young and fashionable.” |

Note: Numbers (N) refer to frequency with which constructs were mentioned by informants.

The consequences have a clear goal orientation for consumers when they buy and use products (Cao, 2006). Gutman (1982) believes that consumers’ experience and perception of products or services after use are both consequences. Olson and Reynolds (2001) distinguished the resulting consequences into functional consequences and psychosocial consequences. Functional consequences are more specific or direct experiences for consumers, while psychological consequences are relatively unspecific and are consumers’ psychological perceptions.

Table 4.6: Overview list of all consequences

| Consequences | N | Example Verbatim |
|---|---|---|
| C21: Conspicuous consumption | 39 | "Having a Porsche is a worthwhile thing to show off." |
| C22: Self-gift giving | 12 | "Now I have the ability to consume the 911. It is kind self-rewarding to me." |
| C23: Everyday vehicle | 21 | "It is very useful for daily use." |
| C24: Acceleration and Power | 19 | "This car is really fast." |
| C25: Driving stability (handling and braking) | 15 | "The handling of this car is very precise and flexible. I have a strong sense of support when turning" |
| C26: Comfort | 27 | "The seat massage really makes me very relaxed in the long journey." |
| C27: Supercar | 5 | "This car or this brand build up the picture in your mind, like the stimulus scenario, the sports car noise and the speed." |
| C28: Passenger ride experience | 23 | "It is quiet and smooth, and give the great riding experience to my business partners." |
| C29: Personal identification (Personal ID) | 28 | "Driving a luxury car is an effective way to show others my personal strength" |
| C30: (Gain) Social acceptance in non-family contexts | 28 | "This car has earned me the respect of my business partners." |
| C31: (Gain) Social acceptance in family contexts | 21 | "My friends around me started to buy luxury cars. If I don't change to a luxury brand, I will be looked down upon by everyone." |
| C32: (Have) Smooth commuting experience | 16 | "We have travelled a lot and I have not encountered any problems during the trips." |
| C33: (Provide) Driving pleasure | 15 | "The 718 is less powerful than the 911, but the fun of the driving doesn't fall behind." |
| C34: (Have) Relax/nice time | 9 | "I think it is a good family car. It is bringing lots of happy time for us." |
| C35: (Feel) Free from restrictions | 7 | "It is like the self-challenge, I can keep pushing to the limit with control." |

Note: Numbers (N) refer to frequency with which constructs were mentioned by Informants.

In this study, psychological consequences are divided into social effects and psychological effects. In terms of social effects, people purchase a car to satisfy their outer self rather than their private self. For example, people believe that the luxury car they purchase influences the impressions formed of themselves by others. As to psychological effects, people purchase a car to satisfy their private self rather than their outer self.

Based on Table 4.6, seven consequences have a high frequency. From high to low:

a. C21 "Conspicuous consumption" belongs to functional consequences. The purpose is to own publicly visible luxury goods. Here, it's highlighted the conspicuous social aspect of luxury consumption.

b. C29 "Personal identification (Personal ID)" belongs to psychosocial consequences. This construct is a social effect. For respondents, owning a Porsche car allows someone to communicate who he or she is and his or her status by means of their visible or publicly demonstrated possessions.

c. C30 "(Gain) Social acceptance in non-family contexts" belongs to psychosocial

consequences. This construct is also a social effect. For informants, owning a luxury car allows someone to feel important and valuable in the eyes of business partners, government officials, employees, or customers.

d. C26 "Comfort" belongs to functional consequences. Here, the emphasis is on comfort (e.g., seating in comfortable seats) and passenger space (e.g., having good legroom) over performance (i.e., acceleration, handling, and braking).

e. C28 "Passenger ride experience" belongs to functional consequences. Passengers here include customers or business partners, and the emphasis is on offering a new experience to passengers which goes beyond comfort.

f. C23 "Everyday vehicle" belongs to functional consequences. Respondents often associated a Porsche car with a vehicle for everyday use.

g. C31 "(Gain) Social acceptance in family contexts" belongs to psychosocial consequences. Again, it refers to social effect. But now, it is associated with getting the acceptance from relatives, extended family or close friends. The social connectedness is within the family circle.

After clarifying the consequences layer, the author will focus on the values layer.

Table 4.7: Overview list of all values

| Values | N | Example Verbatim |
|---|---|---|
| V36: Hedonism | 15 | "great product, the experience of the car is full of passion. I'm driven it all the time, I'm really enjoying this car" |
| V37: Excitement | 4 | "driving the Porsche has created an imaginary space to me. It is like freedom, self-enjoyment and another life experience" |
| V38: Family life | 13 | "my wife and I plan to have a child, so the inner space will be a priority" |
| V39: Freedom | 4 | "self-driving tour is more independent than the tour group, we can go where we want to go" |
| V40: (Improving) Life quality | 2 | "Those technology functions are very helpful, it is double insurance for the safety. It is not only for me, it is also for my family. I think it is taking responsibility for my family" |
| V41: Sense of "expanding personal networks" (*Guanxi*) | 11 | "this is a luxury car, also a business card, a ticket to a high-level circle" |
| V42: Sense of "preserving face" (*mianzi*) | 26 | "I can regain the face and recognition" |

Note: Numbers (N) refer to frequency with which constructs were mentioned by Informants.

Studying values in the Chinese context involves drawing some considerations about the influence of Confucian culture on Chinese consumers, especially collectivist culture. The influence of Confucian culture is mainly concentrated in the following aspects: the interdependence of self-concepts, the balance of interests and needs of individuals and groups,

a high degree of recognition of the social hierarchy, and individuals abiding by organizational constraints and norms (Zheng et al., 2014). After the Reform and Opening Up policy, Western values were brought to China, but the traditional values do not totally disappear. In this study, it was important to understand whether traditional or Western values influence the consumption attitudes and behaviours Therefore, the values layer includes values on an individual level and values on a social level.

Table 4.7 lists the four values with high frequency sorted from high to low:

a. V42 "sense of "preserving face (*mianzi*)" belongs to values on a social level. It is a unique value based on the influence of Chinese Confucian culture. *Mianzi* means dignity and social status. Therefore, consumption affected by the sense of preserving face (*mianzi*) is obviously characterized by symbolic consumption.

b. V36 "hedonism" belongs to values on an individual level. Hedonism is not promoted in traditional Chinese culture, because Confucian culture advocates diligence and thrift. Therefore, hedonism is influenced by Western culture. Hedonism value primarily gratifies the internal self – i.e., the state of seeking personal pleasure through acquiring and consuming a luxury car.

c. V38 "family life" belongs to values on an individual level. It refers to the state of experiencing family enjoyment.

d. V41 "sense of 'expanding personal networks' (*guanxi*)" belongs to values on a social level. Like *mianzi*, *Guanxi* is also based on special values under the influence of Chinese Confucian culture. Here, the author adopted the definition given by Lin et al. (2013), who stated that *guanxi* refers to "personal networks of informal favourable social bonds".

Under the combined influence of Chinese Confucian culture and Western culture, the motivations for purchasing Porsche cars presents a complex composition. Figure 4.2 provides an overview of the codebook.

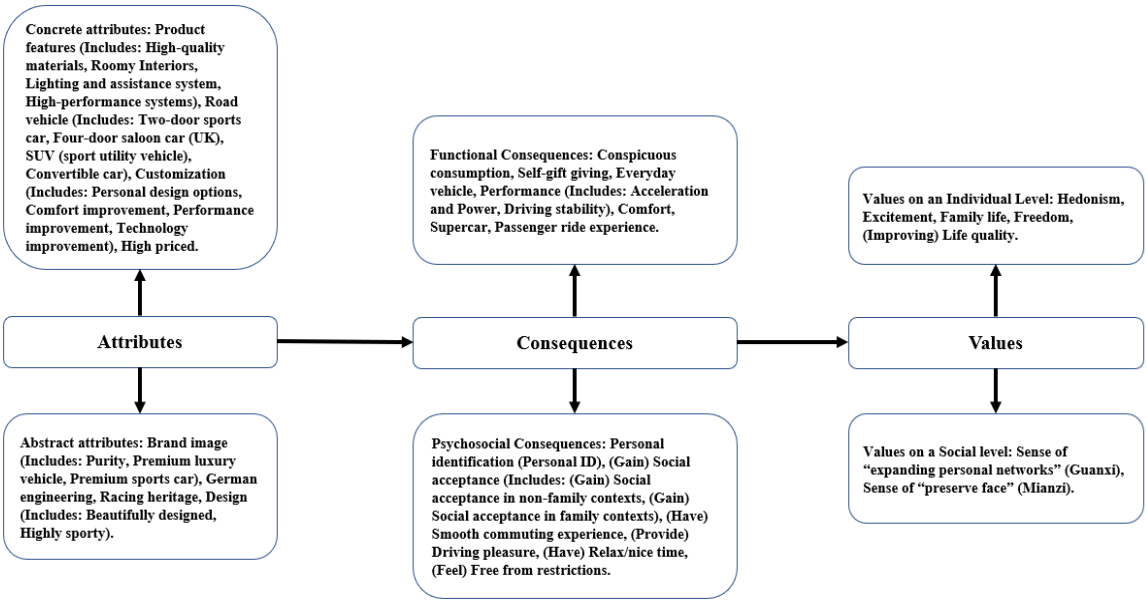


Figure 4.2: Overall picture of codebook

### 4.8.2 Implication matrix

After coding, an implication matrix was created to summarize all relationships between constructs on different layers (attributes, consequences and values) and the number of individuals who mentioned the relationships (Reynolds & Gutman, 1988). It reveals two kinds of link: direct and indirect. Direct links are associations that occur between two constructs in the same ladder without an intermediary unit. Indirect links refer to associations between two constructs in the same ladder but separately by, at least, an intermediary unit. For example, a ladder of A–B–C–D units has a direct link between A–B, B–C and C–D and an indirect link between A–C, B–D and A–D. In an implication matrix, with rows representing the links "from", while columns corresponding to links "to".

The implication matrix can be read by first skimming along the attribute rows until a score is found. In the intersection of the row and the column for that score, a direct link between A–B is identified. Second, skimming along the B unit's line until a new score is found. In the intersection of the row and the column for this new score, a direct link between B–C is identified. Then, this process should be repeated until the end of the ladder is reached. More details on sample description regarding how the implication matrix was generated for this study are provided in Section 5.2, Chapter 5.

### 4.8.3 Hierarchical value map

A hierarchical value map (HVM) was then constructed to illustrate the cognitive structure of informants' answers in a tree-like network diagram. It was gradually built up by linking all the chains, based on the information contained in the implication matrix. The HVM contains three different layers relating to the means-end chain: attributes, consequences and values. The HVM is made up of interconnected nodes and lines. The nodes represent the constructs; the lines describe the direct links between these constructs (Reynolds & Gutman, 1988). In an HVM, an A–B–C–D chain does not need to reflect a single individual with an A–B–C–D ladder. Instead, an A–B–C–D chain is formed by analysing direct links (A–B, B–C, C–D) across the 50 cases.

Usually, the laddering process identifies many relationships, resulting in multiple crossing lines (i.e., overlapping ladders). To create a map that provides a simple, clear and meaningful structure of constructs, a cut-off value is often established to limit the number of constructs and links to be depicted in the HVM. There is no strict methodological criterion for setting the cut-off value (Grunert & Grunert, 1995). Generally, the decision is the result of a trade-off between data reduction and retention (Gengler et al., 1995) and between detail and interpretability (Christensen & Olson, 2002). Reynolds and Gutman (1988) suggest using a cut-off value between three and five for 50 – 60 participants. In this study, a cut-off value of five was established, meaning that a certain direct link appears in the HVM if it was mentioned at least once by at least six participants.

## 4.9 Goodness and trustworthiness

Assessing research usually involves running some widely accepted quantitative criteria – e.g., internal validity, the external validity and reliability (Gill & Johnson, 2002). Regarding the internal validity, the author assumes that the information available in the yellow card is credible and authentic. In doing so, the author believes that this study preserves the internal validity.

Concerning the external validity, the author will not use the research findings to extrapolate to larger populations, as the main goal of this study is to understand the motivations that lead people to buy a Porsche car at JMS Auto Group, which is placed in Sichuan Province. However, when matching the profiles of the informants with the profiles of those who bought a Porsche car in China, a few parallels can be drawn.

The actual sample consists of 90% males and 10% females. These figures are slightly different from the official sales records of Porsche Cars. According to Porsche's official data

(Porsche China, 2021), in the period between 2014 and 2020, the gender proportion is 78% for male and 22% for female, in China. When it comes to the ages of the consumers, the informants' ages were between 18 and 57 years old, with an average age of 37 years old. The official statistics show that the Porsche consumers were between 18 and 59 years old with an average age of 39 years old, for the period between 2014 and 2020 (Porsche China, 2021). Regarding the age range, 66% of the informants belong to the 30-39 age range, followed by 19% of the participants in the 18-29 age range. This picture matches Porsche China's record – 53% of the Porsche consumers belong to the 30-39 age range, followed by 19% of the participants in the 18-29 age range in the period concerned (Porsche China, 2021). A percentage of 29% informants bought saloons, 63% SUVs and 8% sport cars. The Porsche market performance in China was slightly similar. In the period between 2014 and 2020, SUV models accounted for 67% of the total sales of Porsche China, saloon models 22%, and sport cars 11% (Porsche China, 2021).

Finally, the reliability criterion are not applicable in this study. In a qualitative research, data collection and analysis cannot be a value-free process (Alvesson & Deetz, 2000). The researcher always brings with him or her values, predispositions and skills that influence the interview process (such as his or her ability to listen to the interviewees or to create a friendly environment in the interview), as well as the interpretation of data (e.g., what issues should be explored or discarded). Hence, if this study was conducted by other researchers, there is the confidence that findings and conclusions would be slightly different.

As a matter of fact, as this study is qualitatively oriented, the above criteria cannot be extensively applied. However, as Amankwaa (2016: 121) suggested, "all research must have truth value, applicability, consistency, and neutrality, in order to be considered worthwhile". Hence, in following this view, in this research, the author adopted some criteria that ensure the trustworthiness, rigor and transparency of the actual study: credibility, dependability and confirmability (Lincoln, 1995).

### 4.9.1 Credibility

To evaluate the credibility of the study, the author adopted the following procedures: prolonged engagement, persistent observation, peer debriefing, and triangulation. Regarding prolonged engagement, De Botton (2004) mentioned that the involvement of the researcher on the field effectively increases the objectivity and universality of the study. As the sales director of the brand Porsche in JMS Auto Group, the author was able to develop a good environment inside

of the department and guide the employees to promote a friendly and sincere relationship with customers. This special circumstance helped to win the interviewees' cooperation and an in-depth understanding of the motivations to purchase a Porsche car.

In terms of persistent observation, Lincoln (1995) mentioned that the long-term contact with persistent observation increases the credibility of the research. The empirical data are the sales and aftersales records from the JMS Auto Group from 2014 to 2018. The author analysed three to 12 cases per year and, in doing so, the author was able to get insights from customers for a period of six years, which allowed the author to achieve a plausible interpretation of the personal motivations to acquire a Porsche car.

Peer debriefing gives the researcher an opportunity to get useful feedback and a full range of perspectives to achieve objective and comprehensive research results (Cho, 2006). In this study, the brand Porsche's marketing manager and sales manager of JMS Auto Group helped the author organize the archive sources and provide insights for interpreting the transcribed interviews. The author's supervisors also offered him guidance throughout the research process.

Triangulation refers to the combination of multiple perspectives, different sources of information, theories or methods, to overcome the bias that a single-method, single-data source or single perspective may introduce in the research (Glesne & Peshkin, 1992). In this study, the research resources are constructed by the sales and aftersales departments. The two departments used different approaches to gather information: the salespeople conducted face-to-face conversations with the consumers; the aftersales people interacted with the consumers through phone calls. The sales records depict the consumers' behaviour in the consumption process. The aftersales records describe the consumers' evaluation and satisfaction some time after the purchase. By using these two sources of information, it was possible to decrease the ambiguities and increase the richness and comprehensiveness of the research results.

### 4.9.2 Dependability

Dependability refers to the likelihood of replication of the research results. According to Lincoln (1995), to ensure replication of the results, it is important to provide a detailed account of the methods and procedures adopted in the phases of gathering, analysing and interpreting data – usually labelled as audit trial. In this study, the author described in detail the research process, which includes information about data gathering, as well data analysis and interpretation. The author also provided rich details about the interactive process that occurred in the data analysis phase. Interviews were conducted in compliance with the interview

guidelines and the data analysis was performed following the principles of means-end theory. The findings were also clearly presented through tables and pictures, and the conclusions were interwoven with existing literature to provide accuracy, integration and congruence for the emerged findings.

### 4.9.3 Conformability

Conformability consists of "the degree to which the conclusions drawn from a study were accurately interpreted from the data" (Odom and Shuster, 1986: 73). To ensure that the outcomes of the actual study are not a product of the author's mind, the author believes that the adopted procedures, triangulation and audit trial provide evidence for validating this criterion. The use of the sales records and the aftersales records were crucial to uncover the personal motivations that lead the customers to acquire a luxury car, such as a Porsche. The detailed description of the research steps will help other researchers to examine the accuracy, authenticity and congruence of the gathered data, as well as the dependability and consistency of findings and conclusions.

# Chapter 5: Results

## 5.1 Analysis of key units for attributes layer, consequences layer and values layer

A total of 42 constructs were identified from 50 customer interviews who purchased Porsche cars in the period between 2014 and 2019 at JMS Auto Group. These units were organized into three layers: attributes, consequences and values. Table 5.1 shows the share of each unit in the layer to which it belongs and the frequency with which constructs were mentioned by individuals.

Table 5.1: Shares of customer purchase units

| Layer | Units | Share (%) | Times |
|---|---|---|---|
| Attributes | A1: High-quality materials | 5.82% | 17 |
| | A2: Roomy Interiors | 8.56% | 25 |
| | A3: Lighting and assistance system | 1.03% | 3 |
| | A4: High-performance systems | 2.74% | 8 |
| | A5: Two-door sports car | 1.71% | 5 |
| | A6: Four-door saloon car (UK) / Full-size luxury car (USA) | 5.48% | 16 |
| | A7: SUV (sport utility vehicle) | 8.90% | 26 |
| | A8: Convertible car | 0.68% | 2 |
| | A9: Personal design options | 1.71% | 5 |
| | A10: Comfort improvement | 6.85% | 20 |
| | A11: Performance improvement | 3.42% | 10 |
| | A12: Technology improvement | 5.14% | 15 |
| | A13: High priced | 13.70% | 40 |
| | A14: Purity | 2.05% | 6 |
| | A15: Premium luxury vehicle | 14.04% | 41 |
| | A16: Premium sports car | 4.79% | 14 |
| | A17: German engineering | 6.85% | 20 |
| | A18: Racing heritage | 1.71% | 5 |
| | A19: Beautifully designed | 4.11% | 12 |
| | A20: Highly sporty | 0.68% | 2 |
| Consequences | C21: Conspicuous consumption | 13.68% | 39 |
| | C22: Self-gift giving | 4.21% | 12 |
| | C23: Everyday vehicle | 7.37% | 21 |
| | C24: Acceleration and Power | 6.67% | 19 |
| | C25: Driving stability (handling and braking) | 5.26% | 15 |
| | C26: Comfort | 9.47% | 27 |
| | C27: Supercar | 1.75% | 5 |
| | C28: Passenger ride experience | 8.07% | 23 |
| | C29: Personal identification (Personal ID) | 9.82% | 28 |
| | C30: (Gain) Social acceptance in non-family contexts | 9.82% | 28 |

| | | | |
|---|---|---|---|
| | C31: (Gain) Social acceptance in family contexts | 7.37% | 21 |
| | C32: (Have) Smooth commuting experience | 5.61% | 16 |
| | C33: (Provide) Driving pleasure | 5.26% | 15 |
| | C34: (Have) Relaxed/nice time | 3.16% | 9 |
| | C35: (Feel) Freedom from restrictions | 2.46% | 7 |
| Values | V36: Hedonism | 20.00% | 15 |
| | V37: Excitement | 5.33% | 4 |
| | V38: Family life | 17.33% | 13 |
| | V39: Freedom | 5.33% | 4 |
| | V40: (Improving) Life quality | 2.67% | 2 |
| | V41: Sense of "expanding personal networks" (*guanxi*) | 14.67% | 11 |
| | V42: Sense of "preserving face" (*mianzi*) | 34.67% | 26 |

### 5.1.1Analysis of key units for the attributes layer

In the attribute-related layer, A15 "premium luxury vehicle" was mentioned the most (41 times) and accounted for the largest proportion (14.04%). In the follow-up talks, customers reported having purchased a luxury car that includes the powerful engine integrated in sport cars – something that they believe to be unique in the luxury car segment, in China. The second highest share is associated with A13 "high priced". It was mentioned 40 times and accounted for 13.70% of the tier. When customers were asked to characterize Porsche products or Porsche brand, they described it as a very expensive car, a million yuan-class car.

The third and fourth most salient attributes were A7 "SUV (sport utility vehicle)" and A2 "roomy interiors". They account for 8.90% and 8.56%, having been referred to 26 and 25 times, respectively. These findings indicate that customers also give importance to the functionality of the car, which includes a vehicle that copes with road conditions and offers large inner space. Other important constructs are A10 "Comfort improvement" and A17 "German engineering", having been referred to 20 times each. This finding indicates that customers are willing to upgrade the vehicle with comfortable package and give attention to the country-of-origin (made in Germany).

To sum up, participants identified tangible and intangible characteristics to describe their purchased vehicle. By choosing the constructs A15 and A13, respondents clearly stress the high spending power associated with their purchase decision. Less salient but still important are A7, A2, A10 and A17, which belong to either concrete or abstract attributes. These choices refer to concerns over comfort, car safety and quality.

### 5.1.2 Analysis of key units for the consequences layer

In the Consequences layer, C21 "Conspicuous consumption" was mentioned the most (39 times)

and accounted for the largest proportion (13.68%). Respondents noted that they drive a Porsche car for the act of showing off, because the Porsche brand catches everyone's attention. C29 "Personal identification (Personal ID)" and C30 "(Gain) Social acceptance in non-family contexts" received the second highest share. Each one was mentioned 28 times and accounted to 9.82% of the tier. Respondents believe that purchasing a Porsche car can help them to state or prove who they are. It is like buying a ticket to navigate into certain business circles. In addition, informants also think that owning a luxury car allows someone to become more visible and admirable to others, in general, and in business circles, in particular.

The third most salient consequence was C26 "comfort", which accounted for 9.47% and was referred 27 times by respondents. This functional consequence indicates that respondents also acknowledge the importance of having a comfortable driving experience. Other important constructs were C28 "passenger ride experience" and C23 "everyday vehicle". They accounted for 8.07% and 7.37%, and were referred to 23 and 21 times, respectively. Whenever respondents talked about passenger ride experience, they placed the emphasis on offering a new experience to passengers which goes beyond comfort. Regarding the construct "everyday vehicle", participants seem to highlight the need to have a vehicle for everyday driving.

Thus, respondents identified functional and psychosocial consequences to describe the benefits associated with having and driving a Porsche car. Having a Porsche car to show off highlights the conspicuous social aspect of luxury consumption. Salient consequences, like C29 and C30, also reveal the benefit of producing some impact on others. However, some psychological effects, such as C26, C28 and C23, revealed that some respondents aim to satisfy the private self.

### 5.1.3 Analysis of key units for the values layer

In the value layer, the construct V42 "sense of 'preserving face' (*mianzi*)" received the highest layer proportion (34.67%) and was mentioned 26 times. For those who referred to V42, the emphasis is on externalized luxury (Jane, 1994). A Porsche car is a physical artefact that provides the owner an opportunity to maintain, gain and regain face. V36 "hedonism" received the second highest tier proportion (20.0%) and was mentioned 15 times. This construct emphasizes the internal and private self. It means that the owner/driver looks for a hedonic experience, which includes pleasure, gratification and happiness.

The third and fourth most salient values were V38 "family life" and V41 "sense of expanding personal networks (*guanxi*)". They account for 17.33% and 14.67%, having been

referred to 13 and 11 times, respectively. The construct V38 also highlights the internalized luxury. However, informants are focused on family enjoyment rather than their self-enjoyment. For example, the construct V42, sense of expanding personal networks, refers to traditional Chinese values (*guanxi*). However, in V41, it seems that respondents are more business-oriented.

Thus, these salient values indicate that respondents attach importance to both the other-directed symbolic value and the self-directed symbolic value.

## 5.2 Implication matrix

The implication matrix provides a ladder foundation for the subsequent Hierarchical value map (HVM). It sums up the direct and indirect links between units. The rows and columns of the implicit matrix are composed of units of the codebook, which belong to the attributes layer, consequences layer, and values layer.

The implication matrix can be read by first skimming along the attribute rows until a direct link score, which matches the cut-off value of five, is found. A unit number of the column, which is intersected by the attribute row, is identified. Then, the reading of the table continues by skimming along the row with the same number. This process should be repeated until the end of the ladder is reached. To illustrate the reading process, in Table 5.2, attribute A6 “four-door saloon car” shows eight direct links to attribute A15 “premium luxury vehicle”, which, in turn, has 27 direct links to consequence C21 “conspicuous consumption”, which then has 25 direct links to consequence C29 “personal identification”, which, in turn, has seven direct links to value V41 “sense of expanding personal networks (*guanxi*)”.

The result is a means-end chain of A6–A15–C21–C29–V41, from the initial attribute of four-door saloon car to the terminal value of *guanxi*. In a different chain, the same attribute, A6 “four-door saloon car”, also leads to the terminal values of V42 “sense of preserving face (*mianzi*)”. All identified Chains are listed in Section 5.3.1, from which the HVM (Figure 5.10) can be drawn.

## 5.3 Hierarchical value map

Based on the Implication matrix, 18 means-ends chains emerged consisting of five attributes, nine consequences and four values. In the first part of this section, the author will describe the means-ends chains; then, the HVM will be presented.

### 5.3.1 Partial chains by relationships

The implication matrix is the basis of the hierarchical value map (HVM). As the HVM only provides a display of the overall situation, multiple crossing lines are plotted, and some ambiguity may emerge. Hence, in this section, the author will analyse the partial chains by relationships to avoid confusion and ambiguity. In this study, a cut-off value of five was established and the author will only consider constructs with at least two direct links in the HVM.

**(1) Four-door saloon car**

The structure of the four-door saloon car refer to a four-seat structure and allows car owners to benefit from a premium luxury vehicle. The idea of driving a premium luxury vehicle, which means to drive a luxury car with a powerful engine, leads to conspicuous consumption (Veblen, 1899) in such a way that the Porsche owners believe it to be able to achieve either personal identification or social acceptance in non-family contexts.

Both personal identification and social acceptance in non-family contexts lead to either the value of expanding personal networks (*guanxi*) or the value of sense of preserving face (*mianzi*). Table 5.3 illustrates path partial chains by relationships for four-door saloon car. The Figures 5.1 and 5.2 provide examples of the interviews.

Table 5.2: Implication matrix

| Implication Matrix - 50 cases | A13 | A14 | A15 | A16 | A17 | A18 | A19 | A20 | C21 | C22 | C23 | C24 | C25 | C26 | C27 | C28 | C29 | C30 | C31 | C32 | C33 | C34 | C35 | V36 | V37 | V38 | V39 | V40 | V41 | V42 | Sum | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | D.R./I. | Sum in line | |
| A1: High-quality materials | | | 1/ | | 2/ | | 1/ | | 1/2 | /1 | | | | 2/ | | 4/1 | /1 | /3 | /5 | /5 | 1/ | /1 | | /3 | | /4 | /1 | /1 | /1 | /4 | 13/34 | A1 |
| A2: Roomy Interiors | | | 1/ | | 4/ | | 1/ | | /2 | | 4/1 | | | 2/ | | 4/1 | /1 | /4 | /5 | 1/6 | /1 | /3 | | /3 | /1 | /7 | /1 | | /2 | /2 | 21/41 | A2 |
| A3: Lighting and assistance system | | | | | | | | | | | 1/ | 1/ | | | | | | | | /1 | | /1 | | | | /1 | | | | | 2/3 | A3 |
| A4: High-performance systems | | 2/ | | | | | | | | | | 1/ | 1/ | 1/ | /1 | | | | | | | /1 | /2 | /1 | | | /2 | | | | 5/7 | A4 |
| A5:Two-door sports car | | 1/ | 1/ | 1/ | | | 3/ | | /1 | 1/1 | | /2 | /1 | | /3 | | /1 | /1 | | | /3 | /3 | /1 | /3 | /1 | | | | | | 8/21 | A5 |
| A6: Four-door saloon car | 1/ | | **8/** | 3/ | 1/ | | | 1/ | 1/10 | /1 | | 4/1 | 1/1 | 1/ | | 5/2 | /9 | /10 | /2 | | 1/3 | /2 | /1 | /1 | | | /1 | | /7 | /10 | 30/61 | A6 |
| A7: SUV (sport utility vehicle) | | | **7/** | 3/ | **11/** | | 2/ | | /2 | 1/3 | **9/4** | /1 | 1/ | 1/ | /1 | 3/7 | /2 | | /9 | /12 | /5 | /3 | /1 | /6 | /2 | /11 | /1 | /2 | | /2 | 40/79 | A7 |
| A8: Convertible car | | | | 1/ | | | | | /1 | 1/ | | | | | | | | | /1 | | /1 | | | /1 | | | | | | /1 | 2/5 | A8 |
| A9: Personal design options | | 1/ | | 1/ | | | | | | | | /1 | | | 1/1 | | | | | | | /1 | /1 | | /1 | | | | | 3/5 | A9 |
| A10: Comfort improvement | | | | | 2/ | | | | 1/ | | 1/ | 1/ | | 1/ | | 2/2 | | /3 | /4 | /1 | | | | | | /3 | | | | /3 | 8/18 | A10 |
| A11: Performance improvement | | 1/ | | | 2/ | | | | | | 1/1 | 1/ | | | 1/1 | 2/2 | | | /2 | /1 | /1 | | | | /1 | /2 | | | | | 6/13 | A11 |
| A12: Technology improvement | | 2/ | | | | | | | | | /1 | | | | 1/1 | 1/ | | /1 | | | /1 | | | | /1 | | | | | /2 | 4/7 | A12 |
| A13: High priced | | 1/ | **21/** | 3/ | 3/ | | 1/ | | 4/25 | /3 | /1 | | | 1/ | /1 | /4 | /21 | /14 | /3 | /3 | /2 | | | /4 | /1 | | | /1 | /9 | /21 | 34/114 | A13 |
| A14: Purity | | | | | | | | | | 1/ | 1/ | | | | 3/ | | | 1/ | | | /2 | | 1/ | /3 | /1 | | | | | | 6/7 | A14 |
| A15: Premium luxury vehicle | | | | | | | | | **27/** | 3/ | 1/ | 1/ | | | | 5/ | 2/20 | 1/14 | /5 | /2 | /1 | /1 | /1 | /1 | /1 | /2 | | | /9 | /20 | 40/77 | A15 |
| A16: Premium sports car | | | | | | | | | 5/ | 3/ | | 1/ | | | 1/ | | /4 | /2 | /2 | /2 | /1 | | | /2 | /1 | /1 | | | /2 | /4 | 10/21 | A16 |
| A17: German engineering | | | | | | | | | | 1/ | **6/** | | | | 2/ | 5/ | | | /6 | 1/9 | /3 | | /1 | /4 | /2 | /7 | | /2 | | | 22/34 | A17 |
| A18: Racing heritage | | | | 1/ | | | | | /1 | | | 2/ | 2/ | | 2/ | | /1 | | | | | /1 | /2 | /1 | | /1 | /1 | | | /1 | 7/9 | A18 |
| A19: Beautifully designed | | | | | 1/ | | | | 5/1 | 1/ | 1/ | 1/ | 1/ | | 1/ | | /3 | /1 | /2 | /2 | /1 | 1/1 | | /4 | | | | /1 | /1 | /5 | 12/22 | A19 |
| A20: Highly sporty | | | | | | | | | 1/ | | | 1/ | 1/ | | | | | | | | /1 | | | /1 | /1 | | | | | | 3/3 | A20 |
| C21: Conspicuous consumption | | | | | | | | | | | | | | | | | **25/** | **16/1** | 4/ | | | | | 1/ | | | | | /11 | /26 | 46/38 | C21 |
| C22: Self-gift giving | | | | | | | | | | | | | | | | | | | | 5/ | 3/ | | | /5 | 1/1 | | | | | | 9/7 | C22 |
| C23: Everyday vehicle | | | | | | | | | | | | | | | | | 1/ | | 2/ | 5/ | 2/ | 1/ | | /1 | 1/1 | /5 | | /2 | | | 12/9 | C23 |
| C24: Acceleration and Power | | | | | | | | | | | 1/ | | | | | | | 1/ | | | **7/** | 4/ | 5/ | /3 | /2 | /2 | /3 | | | | 18/10 | C24 |
| C25: Driving stability | | | | | | | | | | | | | | | | | | | | | 3/ | 1/ | 3/ | /2 | | /1 | /2 | | | | 7/5 | C25 |
| C26: Comfort | | | | | | | | | | | | | | | | 1/ | | 4/ | **6/1** | 5/ | 2/ | 1/ | | 1/3 | | /6 | /1 | /1 | | /4 | 20/16 | C26 |
| C27: Supercar | | | | | | | | | | | | | | | | | | | | | 2/ | 1/ | 2/ | /3 | /2 | | | | /1 | | 5/6 | C27 |
| C28: Passenger ride experience | | | | | | | | | | | | | | | | | | **9/** | **11/** | 3/1 | 1/ | | | /2 | | /9 | | | /2 | /6 | 26/20 | C28 |
| C29: Personal identification (Personal ID) | | | | | | | | | | | | | | | | | | 1/ | | | | | | | | | | | **7/3** | **19/1** | 27/4 | C29 |
| C30: (Gain) Social acceptance in non-family contexts | | | | | | | | | | | | | | | | | | | | | | | | 1/ | | | | | **7/2** | **16/** | 24/2 | C30 |
| C31: (Gain) Social acceptance in family contexts | | | | | | | | | | | | | | | | | | | | | | | | | | **8/** | | | | 4/ | 12/0 | C31 |
| C32: (Have) Smooth commuting experience | | | | | | | | | | | | | | | | | | | | | | | | 5/ | 2/ | 5/ | | 2/ | | | 14/0 | C32 |
| C33: (Provide) Driving pleasure | | | | | | | | | | | | | | | | | | | | | | | | **6/1** | 1/ | 2/ | | | | | 10/1 | C33 |
| C34: (Have) Relax/nice time | | | | | | | | | | | | | | | | | | | | | | | | 3/ | 1/ | 2/ | 1/ | | | | 7/0 | C34 |
| C35: (Feel) Free from restrictions | | | | | | | | | | | | | | | | | | | | | | | | 1/ | 2/ | | 3/ | | | | 6/0 | C35 |
| V36: Hedonism | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V36 |
| V37: Excitement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V37 |
| V38: Family life | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V38 |
| V39: Freedom | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V39 |
| V40: (Improving) Life quality | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V40 |
| V41: Sense of "expanding personal networks" (*Guanxi*) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0/0 | V41 |
| V42: Sense of "preserve face" (*Mianzi*) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 1/ | | 1/0 | V42 |
| Total | 1/0 | 8/0 | 39/0 | 13/0 | 26/0 | 0/0 | 8/0 | 1/0 | 44/44 | 12/9 | 26/8 | 14/5 | 7/2 | 9/0 | 12/9 | 32/17 | 28/63 | 32/54 | 19/47 | 20/45 | 22/26 | 9/18 | 10/11 | 17/58 | 8/20 | 17/62 | 4/13 | 2/10 | 15/50 | 39/112 | 520/699 | |

Note: Direct links above the cut-off value of five have a yellow shadow.

Table 5.3: Partial chains by relationship for A6 SUV (Four-door saloon car)

| From/to | A15 | C21 | C29 | V41 | Total |
|---|---|---|---|---|---|
| A6: Four-door saloon car | 8/0 | 1/10 | 0/9 | 0/7 | 9/26 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/9 | 29/29 |
| C21: Conspicuous consumption | | | 25/0 | 0/11 | 25/11 |
| C29: Personal identification (Personal ID) | | | | 7/3 | 7/3 |
| Total | 8/0 | 28/10 | 27/29 | 7/30 | 70/69 |
| From/to | A15 | C21 | C29 | V42 | Total |
| A6: Four-door saloon car | 8/0 | 1/10 | 0/9 | 0/10 | 9/29 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/20 | 29/40 |
| C21: Conspicuous consumption | | | 25/0 | 0/26 | 25/26 |
| C29: Personal identification (Personal ID) | | | | 19/1 | 19/1 |
| Total | 8/0 | 28/10 | 27/29 | 19/57 | 82/96 |
| From/to | A15 | C21 | C30 | V41 | Total |
| A6: Four-door saloon car | 8/0 | 1/10 | 0/10 | 0/7 | 9/27 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/9 | 28/23 |
| C21: Conspicuous consumption | | | 16/1 | 0/11 | 16/12 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 7/2 | 7/2 |
| Total | 8/0 | 28/10 | 17/25 | 7/29 | 60/64 |
| From/to | A15 | C21 | C30 | V42 | Total |
| A6: Four-door saloon car | 8/0 | 1/10 | 0/10 | 0/10 | 9/30 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/20 | 28/34 |
| C21: Conspicuous consumption | | | 16/1 | 0/26 | 16/27 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 16/0 | 16/0 |
| Total | 8/0 | 28/10 | 17/25 | 16/56 | 69/91 |

| | |
|---|---|
| Attributes | This model has longer back seat space<br>(Four-door saloon car) |
| | Porsche brand positioning<br>is higher than the common luxury brand<br>(Premium luxury vehicle) |
| Consequences | The brand and price prove my purchasing power.<br>It also proved that I am rich<br>(Conspicuous consumption) |
| | The luxury car is the business card to me,<br>it shows the personal strength to others<br>(Personal identification) |
| Value | Owning a luxury car will help me enter the business circle<br>(Guanxi ) |

Figure 5.1: Case 457

| | |
|---|---|
| Attributes | In the business activities, the four-seat structure<br>gives the high-level reception to my business partners<br>(Four-door saloon car) |
| | The brand positioning of Porsche is higher than the BMW<br>(Premium luxury vehicle) |
| Consequences | Owning an expensive car means I'm rich.<br>(Conspicuous consumption) |
| | This car has become a topic in my social circle.<br>Everyone thinks I made the right choice<br>(Social acceptance in non-family contexts) |
| Value | I can resave the face<br>(Mianzi) |

Figure 5.2: Case 681

**(2) SUV (Sport utility vehicle)**

Purchasing a SUV model means acquiring a premium luxury vehicle or a car with German engineering. The idea of driving a premium luxury car provides conspicuous consumption (Veblen, 1899), which, in turn, may lead to either acquiring a unique identity or gaining social respect from business partners. These two psychosocial consequences help Porsche owners to achieve either the values sense of expanding personal networks (*guanxi*) or sense of preserving face (*mianzi*). In addition, the idea of having a car with German engineering allows the driver to use his or her vehicle for daily commute. The choice for a SUV model is also supported by the immediate desire to have a vehicle for everyday commute. Table 5.4 illustrates path partial chains by relationships for SUV (sport utility vehicle). Figures 5.3 and 5.4 provide examples of the interviews.

Table 5.4: Partial chains by relationship for A7 SUV (sport utility vehicle)

| From/to | A15 | C21 | C29 | V41 | Total |
|---|---|---|---|---|---|
| A7: SUV (sport utility vehicle) | 7/0 | 0/2 | 0/2 | 0/0 | 7/4 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/9 | 29/29 |
| C21: Conspicuous consumption | | | 25/0 | 0/11 | 25/11 |
| C29: Personal identification (Personal ID) | | | | 7/3 | 7/3 |
| Total | 7/0 | 27/2 | 27/22 | 7/23 | 68/47 |
| From/to | A15 | C21 | C29 | V42 | Total |
| A7: SUV (sport utility vehicle) | 7/0 | 0/2 | 0/2 | 0/2 | 7/6 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/20 | 29/40 |
| C21: Conspicuous consumption | | | 25/0 | 0/26 | 25/26 |
| C29: Personal identification (Personal ID) | | | | 19/1 | 19/1 |
| Total | 7/0 | 27/2 | 27/22 | 19/49 | 80/73 |
| From/to | A15 | C21 | C30 | V41 | Total |
| A7: SUV (sport utility vehicle) | 7/0 | 0/2 | 0/0 | 0/0 | 7/2 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/9 | 28/23 |
| C21: Conspicuous consumption | | | 16/1 | 0/11 | 16/12 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 7/2 | 7/2 |
| Total | 7/0 | 27/2 | 17/15 | 7/22 | 58/39 |
| From/to | A15 | C21 | C30 | V42 | Total |
| A7: SUV (sport utility vehicle) | 7/0 | 0/2 | 0/0 | 0/2 | 7/4 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/20 | 28/34 |
| C21: Conspicuous consumption | | | 16/1 | 0/26 | 16/27 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 16/0 | 16/0 |
| Total | 7/0 | 27/2 | 17/15 | 16/48 | 67/65 |
| From/to | A17 | C23 | Total | | |
| A7: SUV (sport utility vehicle) | 11/0 | 9/4 | 20/4 | | |
| A17: German engineering | | 6/0 | 6/0 | | |

| | | | |
|---|---|---|---|
| Total | 11/0 | 15/4 | 26/4 |

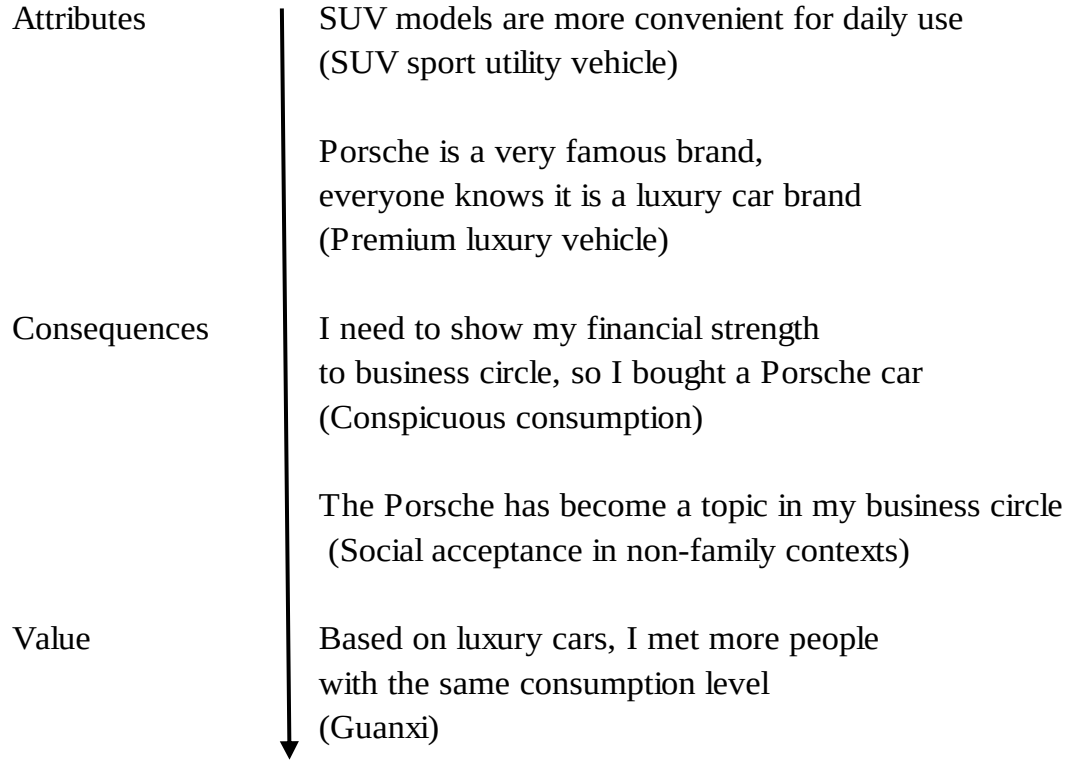


Figure 5.3: Case 1044

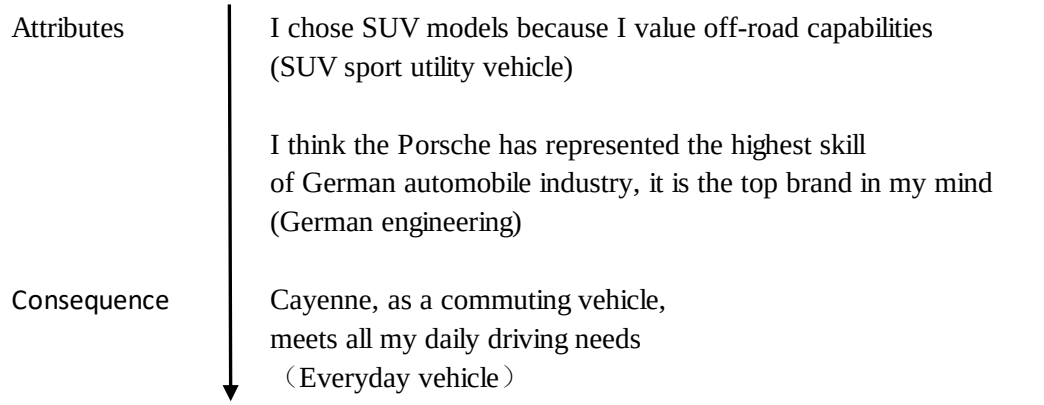


Figure 5.4: Case 463

**(3) High priced**

The high price is the basis of luxury and is directly associated with a premium luxury car, which, in turn, leads to conspicuous consumption (Veblen, 1899). As mentioned above, using a Porsche car to show off helps the driver to either define and enhance himself/herself or to gain social acceptance in non-family contexts. These two consequences provide car owners with the values

on a social level (either sense of expanding personal networks or sense of preserving face). Table 5.5 illustrates path partial chains by relationships for high priced. Figures 5.5 and 5.6 provide examples of the interviews.

Table 5.5: Partial chains by relationship for A13 high priced

| From/to | A15 | C21 | C29 | V41 | Total |
|---|---|---|---|---|---|
| A13: High priced | 21/0 | 4/25 | 0/21 | 0/9 | 25/55 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/9 | 29/29 |
| C21: Conspicuous consumption | | | 25/0 | 0/11 | 25/11 |
| C29: Personal identification (Personal ID) | | | | 7/3 | 7/3 |
| Total | 21/0 | 31/25 | 27/41 | 7/32 | 86/98 |
| From/to | A15 | C21 | C29 | V42 | Total |
| A13: High priced | 21/0 | 4/25 | 0/21 | 0/21 | 25/67 |
| A15: Premium luxury vehicle | | 27/0 | 2/20 | 0/20 | 29/40 |
| C21: Conspicuous consumption | | | 25/0 | 0/26 | 25/26 |
| C29: Personal identification (Personal ID) | | | | 19/1 | 19/1 |
| Total | 21/0 | 31/25 | 27/41 | 19/68 | 98/134 |
| From/to | A15 | C21 | C30 | V41 | Total |
| A13: High priced | 21/0 | 4/25 | 0/14 | 0/9 | 25/48 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/9 | 28/23 |
| C21: Conspicuous consumption | | | 16/1 | 0/11 | 16/12 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 7/2 | 7/2 |
| Total | 21/0 | 31/25 | 17/29 | 7/31 | 76/85 |
| From/to | A15 | C21 | C30 | V42 | Total |
| A13: High priced | 21/0 | 4/25 | 0/14 | 0/21 | 25/60 |
| A15: Premium luxury vehicle | | 27/0 | 1/14 | 0/20 | 28/34 |
| C21: Conspicuous consumption | | | 16/1 | 0/26 | 16/27 |
| C30: (Gain) Social acceptance in non-family contexts | | | | 16/0 | 16/0 |
| Total | 21/0 | 31/25 | 17/29 | 16/67 | 85/121 |

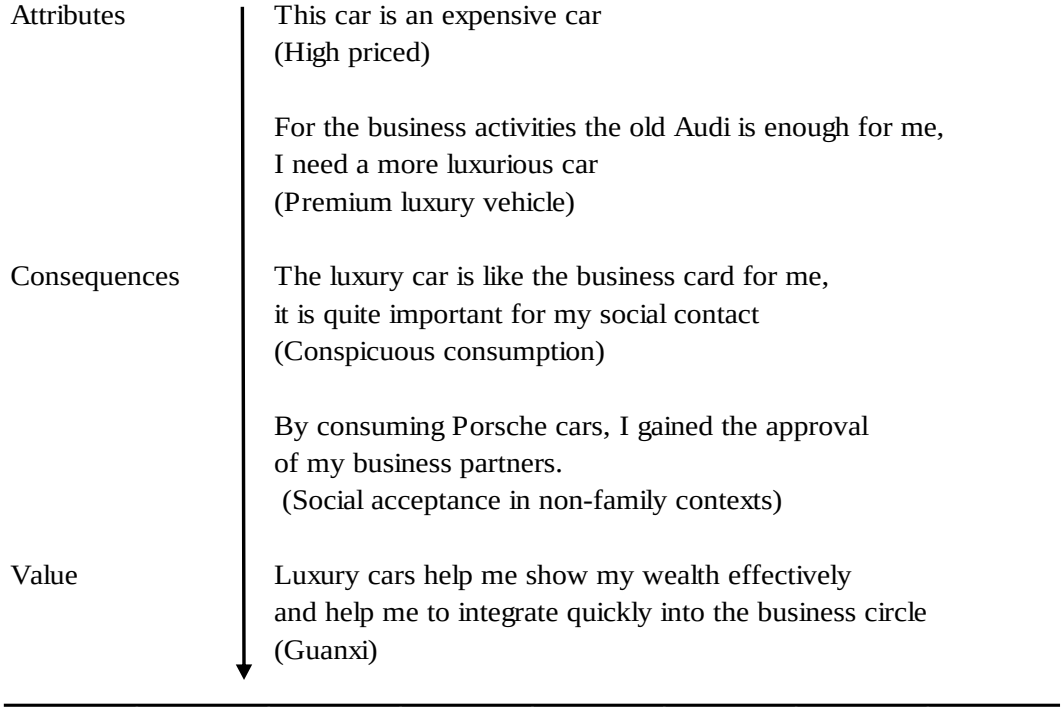


Figure 5.5: Case 72

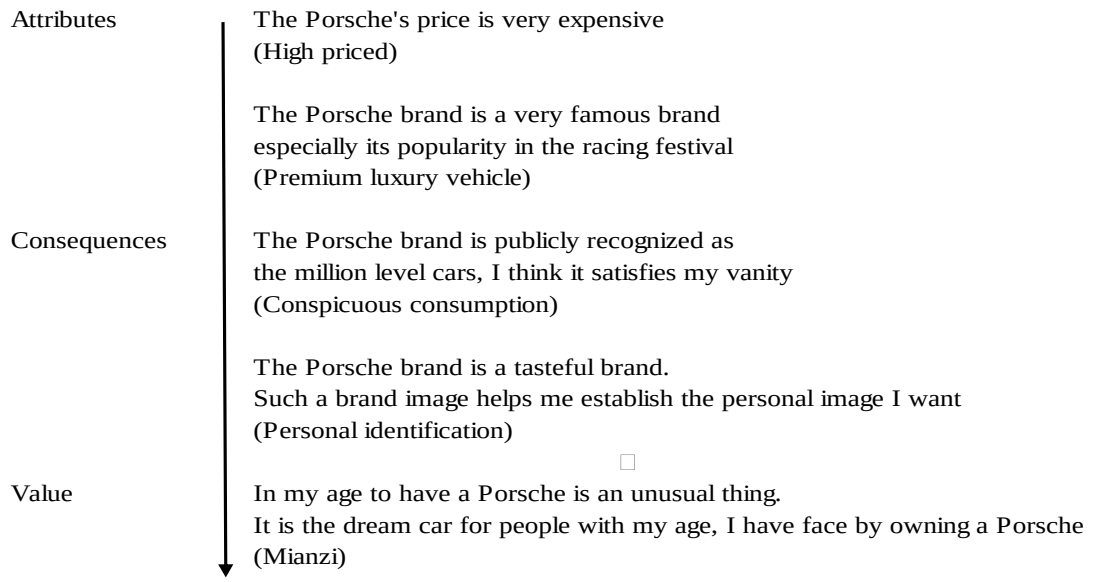


Figure 5.6: Case 611

**(4) Acceleration and power**

Some respondents appreciate the performance of a Porsche car, like acceleration and power, and establish a connection with some experiential benefits. The benefit for a cut-off of five is driving pleasure. It means that people care about pleasant driving experience. When they have this psychological effect, they can experience personal pleasure (i.e., hedonism). Table 5.6 illustrates path partial chains by relationships for acceleration and power. Figure 5.7 provides

an example of the interviews.

Table 5.6: Partial chain by relationship for C24 acceleration and power

| From/to | C33 | V36 | Total |
|---|---|---|---|
| C24: Acceleration and Power | 7/0 | 0/3 | 7/3 |
| C33: (Provide) Driving pleasure | | 6/1 | 6/1 |
| Total | 7/0 | 6/4 | 13/4 |

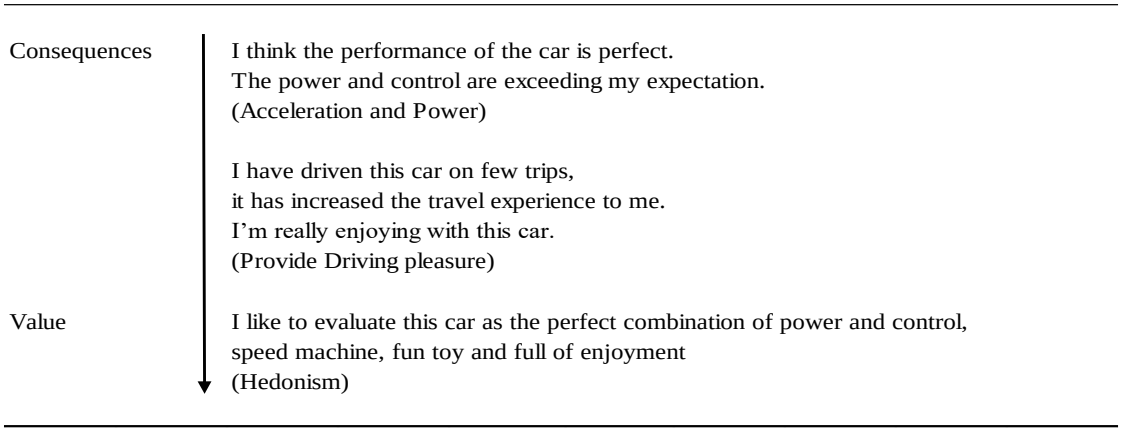


Figure 5.7: Case 94

### (5) Comfort

Many informants highlight the idea that a car should provide comfort to drivers and passengers (like family or friends). By experiencing comfort, drivers believe to achieve social acceptance in family contexts. This social effect helps, in turn, to promote family life. Table 5.7 illustrates path partial chains by relationships for acceleration and power. Figure 5.8 provides an example of the interviews.

Table 5.7: Partial chain by relationship for C26 comfort

| From/to | C31 | V38 | Total |
|---|---|---|---|
| C26: Comfort | 6/1 | 0/6 | 6/7 |
| C31: (Gain) Social acceptance in family contexts | | 8/0 | 8/0 |
| Total | 6/1 | 8/6 | 14/7 |

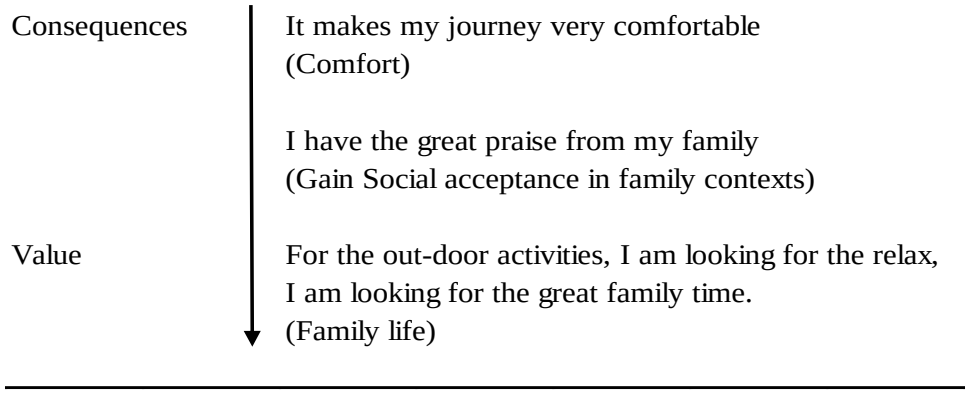


Figure 5.8: Case 463

**(6) Passenger ride experience**

Having an improved or new ride experience is very relevant to informants because it contributes to gaining acceptance in non-family or family contexts. In non-family contexts, the Porsche car owner can enhance values on social level (i.e., sense of expanding personal networks (*guanxi*) or sense of preserving face (*mianzi*). In family contexts, the owner is able to promote the value of family life. Table 5.8 illustrates path partial chains by relationships for passenger ride experience. Figure 5.9 provides an example of the interviews.

Table 5.8 Partial chains by relationship for C28 Passenger ride experience

| From/to | C30 | V41 | Total |
|---|---|---|---|
| C28: Passenger ride experience | 9/0 | 0/2 | 9/2 |
| C30: (Gain) Social acceptance in non-family contexts | | 7/2 | 7/2 |
| Total | 9/0 | 7/4 | 16/4 |
| From/to | C30 | V42 | Total |
| C28: Passenger ride experience | 9/0 | 0/6 | 9/6 |
| C30: (Gain) Social acceptance in non-family contexts | | 16/0 | 16/0 |
| Total | 9/0 | 16/6 | 25/6 |
| From/to | C31 | V38 | Total |
| C28: Passenger ride experience | 11/0 | 0/9 | 11/9 |
| C31: (Gain) Social acceptance in family contexts | | 8/0 | 8/0 |
| Total | 11/0 | 8/9 | 19/9 |

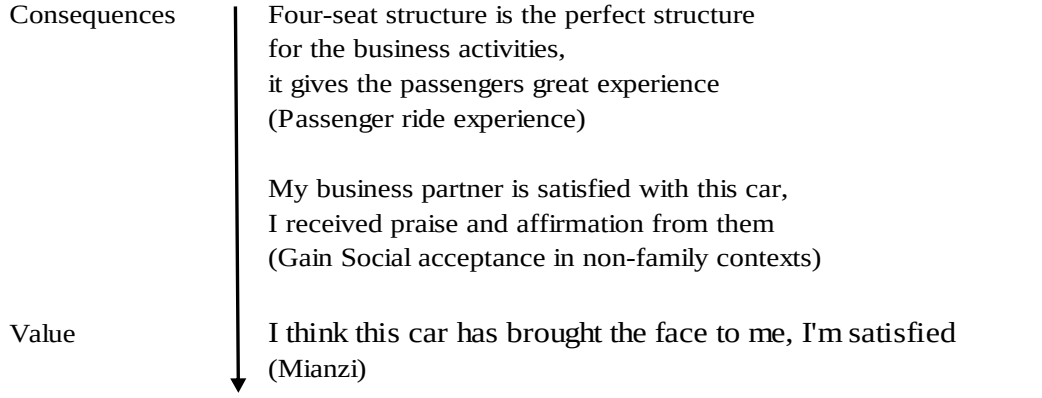


Figure 5.9: Case 729

In the next subsection the HVM will present the entire picture, which includes the overlapping relationships and associated paths among the various units.

### 5.3.2 Hierarchical value map (HVM)

An HVM is shown in Figure 5.10. It contains three different layers related to the means-end chain, namely attributes, consequences and values. The HVM is made up of interconnected nodes and lines. The nodes represent the constructs; the lines describe the direct links between these constructs (Reynolds & Gutman, 1988).

The attributes are on the lowest level of the HVM and have a pentagon draw. They include A6 “four-door saloon car”, A7 “SUV (sport utility vehicle)”, A13 “high priced”, A15 “premium luxury vehicle” and A17 “German engineering”. The intermediate level shows the consequences and are represented by hexagon. Consequences include C21 “conspicuous consumption”, C23 “everyday vehicle”, C24 “acceleration and power”, C26 “comfort”, C28 “passenger ride experience”, C29 “personal identification (Personal ID)”, C30 “(gain) social acceptance in non-family contexts”, C31 “(gain) social acceptance in family contexts”, and C33 “(provide) driving pleasure”. The highest level of the HVM illustrates the values and have oval shapes. Value include V36 “hedonism”, V38 “family life”, V4 “sense of ‘expanding personal networks’ (*guanxi*)”, and V42 “Sense of ‘preserving face’ (*mianzi*)”. The thickness of the shape depends on the number of times the construct was mentioned by informants. Direct links are drawn by a line, and its thickness represents the strength of the association. The thicker the line, the stronger the strength of association.

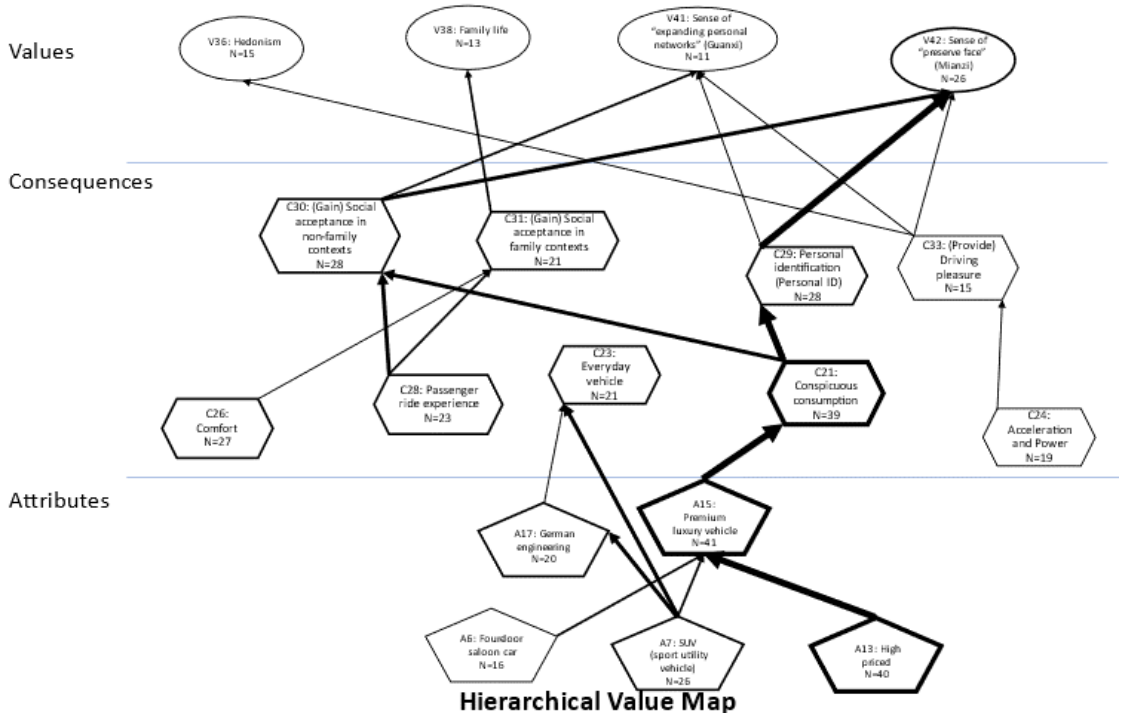


Figure 5.10: Hierarchical value map (HVM)

At the attribute layer, the most mentioned constructs are "premium luxury vehicle" (41 times), "high priced" (40 times) and "SUV model" (26 times). In the Consequences layer, the most mentioned units are "conspicuous consumption" (39 times), "personal identification" (28 times), and "(gain) social acceptance in non-family contexts" (28 times). In the value layer, the construct "sense of 'preserving face' (*mianzi*)" is in 26 cases, which represents more than 50% of the participants. In this study, the HVM shows that there are two dominating paths translated through A13–A15–C21–C29–V42 and A13–A15–C21–C30–V42. The association between C21-V42 can be done indirectly through C29 or C30, but in both chains the terminal value is the same: preserving face (*mianzi*). Other values, like sense of expanding personal networks (*guanxi*), family life and hedonism, also guide the choice for a Porsche car. However, for informants, they are less important than *mianzi*.

In the next chapter, the author will interpret some findings with the earlier academic studies, the Chinese culture, and the most recent developments of the Chinese society.

# Chapter 6: Discussion

Here the author will answer the research questions outlined in the Introduction chapter: (1) What key personal (cultural) values and motivations are behind actual luxury cars purchase decisions by Chinese owners of luxury cars? (2) Is the transformation in the Chinese society influencing consumers' intentions to purchase luxury cars?

However, at this stage, it is important to explain how Chinese people view their self-concept. According to Markus and Kitayama (1991), the so-called self-concept refers to how people view their inner self and their relationships with others. Under the influence of Confucianism, Chinese consumers pay attention to external social needs more than internal self-needs. It means that Chinese people are more likely to attach importance to dependence and the recognition of social connections when they purchase luxury goods, namely, what Zheng et al. (2014) referred to as the self-concept of dependence. For Chinese people, the self-concept comprises the interdependence between people, the pursuit of a balance of interests between individuals and organizations, a high degree of recognition of the social hierarchy, and compliance to organizational constraints and norms. In this study, most Porsche customers are concerned about the opinions and perceptions of them from their significant others, which obviously include the impact that having a Porsche may produce on their image, reputation and getting access to certain social circles. Hence, the influence of Chinese traditional values on Chinese luxury car consumers cannot be ignored.

## 6.1 What key personal (cultural) values and motivations are behind actual luxury cars purchase decisions by Chinese owners of luxury cars?

The HVM reveals four values: sense of preserving face (*mianzi*), sense of expanding personal networks (*guanxi*), hedonism, and family life. It means that Chinese luxury car consumers are not ingrained only in traditional Chinese culture (Confucianism). Western consumer values also play a significant role. Hence, under the joint influence of both Chinese and Western values, Chinese consumers present complex motivations to buy/drive a luxury car.

### 6.1.1 Sense of preserving face (*mianzi*)

The results presented on HVM show that *mianzi* is the most important consumption motivation of Chinese luxury car consumers. *Mianzi* literally translates as preserving face, but also refers to the human need for reputation, dignity and social status.

Studies on Chinese cultural values refer that *mianzi* is at the centre of one's life and profoundly affects the social relations at the private and business spheres. As Qi (2017) stated, face is "an unavoidable social value and face-work is self-consciously practiced as an activity in its own right. Then face becomes more than a dominant expression of social conformity. … It becomes instead an objective of primary concern to all members of a community. … Face becomes an explicit and conscious purpose of interaction rather than simply a convert and implicit means of facilitating interaction".

Under conditions of consuming in public, Chinese consumers seem to consume luxury goods to strategically preserve face (Lin et al., 2013; Zhang, 2017). According to Cao (2006), *mianzi* is a kind of reputation gained through personal success and showing off. It is established and maintained through a series of social skills. In this study, Porsche customers show their personal wealth (conspicuous consumption) to others by consuming luxury cars, thereby gaining recognition of others (social acceptance in non-family contexts) or obtaining a personal image (personal identification) to acquire or maintain *mianzi*.

This may explain why consumption affected by consciousness of *mianzi* is socially oriented. Others' opinions rather than personal preferences are determinant to restrict personal choices and decision-making. In this study, informants legitimize spending decisions based on the reaction and evaluation made by those in the same social group as them.

"The personal preference is not really important. Having the recognition from my business clients and partners are important. … Having the face and identity is the consumption purpose for me" (Case 297)

The essence of those who use *mianzi* as their motivation for consumption is the tangible and symbolic value of luxury goods (Zheng et al., 2014). In this study, it means that owning a Porsche car is a physical artifact that provides the owner with *mianzi* through public ostentatious consumption:

"For a business man, a luxury car is the perfect reference. It shows my strength and power … also brings me *mianzi*" (Case 524)

Thus, status enhancement (e.g., to feel important or to impress significant others) is a key motivation for Chinese consumers. Purchasing/driving a Porsche car is an objectified form of

prestige or reputation negotiated in social relations. It functions as a symbol to demonstrate a person's positional power in the hierarchy.

### 6.1.2 Sense of expanding personal networks (*guanxi*)

The results show that the *guanxi* value is also important to explain the consumption of luxury cars. *Guanxi* refers to "personal networks of informal favourable social bonds" (Lin et al., 2013: 538) in impersonal contexts (such as business contexts).

In a society influenced by Confucian culture, the orientation for *guanxi* lies in the desire to seek affiliation to an aspirational group (Zhang, 2017). This echoes Lin et al.'s (2013) suggestion that consuming luxury goods fosters social connectedness. The hope for joining or maintaining a position in a particular social group or business circle was mentioned by many respondents:

"The luxury car is the standard configuration of my social circle. … I meet more people with the same consumption level" (Case 1044)

*Guanxi* can be best understood and interpreted with reference to the consumption of "status goods". According to Zhan and He (2012), in todays' China, money and possession are essential in measuring personal success (and the success of others). It means that those who use *guanxi* as their motivation for consumption desire to communicate wealth by possession. The idea is to gain some position of status and to thereby be accepted as being part of desirable social groups by means of their visible or publicly demonstrated possessions. Hence, the desire for showing off is part of a successful status-seeking. In this study, respondents buy not only a road vehicle but also the signalling values (e.g., symbolic value and status) a luxury car represents and communicates:

"The luxury car for me is like the business card, it is quite important for my social contact" (Case 72).

*Mianzi* profoundly affects *guanxi*, because it can benefit interpersonal ties and business opportunities (Lin et al., 2013). However, when one consumes "status goods" to promote social connectedness, it can only be reached by preserving the *mianzi* of others (Buckley et al., 2006). This means that the wish to expand personal networks is rooted in the self-concept of dependence– that is, the desire to meet more the expectations of others than the one's own wishes. As one respondent said:

"In the business circle, there are lots of people looking for business opportunities. Finding the right person to do the right business is very important. However, people do not have time to

know who you are. They need a sign to have the quick confirmation … and the Porsche brand provides evidence to define yourself" (Case 297)

What the narratives confirm is the inherently power given to economic capital in the current Chinese society, as wealth seems to be the dominating topic to reach *mianzi* and *guanxi*. In this vein, there are strong similarities in path associations identified by *mianzi* and *guanxi*. The respondents' descriptions reveal the linkage between price/car model and brand image to promote the conspicuous social aspect of luxury consumption. In the means-end chain, conspicuous consumption leads to *mianzi* or *guanxi* through gaining recognition of others (social acceptance in non-family contexts) or obtaining a successful personal image.

### 6.1.3 Hedonism

The HVM shows that hedonism is another key value for understanding the consumption of luxury cars in China. Hedonistic values refer to the pursuit of personal pleasure, gratifying the internal and private self (Dubois & Duquesne, 1993).

According to McKinsey & Company (2017), in China, many young adults pay great attention to hedonic experience, which includes pleasure, gratification, happiness, and joy. For high-income consumers, the willingness for experiencing psychological satisfaction is often achieved though the consumption of high-end luxury goods. Regarding the luxury cars, one respondent describes the process as follows:

"Owning a sport car with convertible is a kind of lifestyle to me. I have seen many movies, the scenarios of people driving the convertible is stylish and entertaining. It is a kind of sense of freedom, I am really expecting to have that kind of life experience" (Case 359).

Informants seem to be very aware of their own needs. Their passion for driving puts the emphasis on sporty performance. They enjoy themselves on the road. Driving a Porsche car provides the owner with new experiences and heightens the sense of belonging to a unique group.

"GT2 model is the famous model in the Porsche's product line. To own a GT2 is like to be part of Porsche's history. It is like the topic for me, it makes me very special" (Case 447).

Hence, corroborating studies conducted in the Western academia, some respondents are typically oriented to satisfy their inner selves rather than their outer selves.

### 6.1.4 Family life

The findings presented on HVM show that the family life value is equally important for

understanding luxury car consumption in China.

Under the influence of Confucianism, the self is defined in relation to others (e.g., family members). It means that "one must think about how one's behaviour reflects one's family and other in-group members" (Wong & Ahuvia, 1998: 434) rather than how it will confer any benefit for the inner self. Hence, conferring glory to the family or improving the family life conditions may be important measures of self-realization. In other words, purchasing luxury goods in China may also be understood as an act of preserving harmony with family members and strengthening family ties – or, as Wong and Ahuvia (1998: 434) stated, it may be "an example of social virtues in fulfilling familial obligation".

In this study, respondents believe that owning a Porsche car is an act of fostering familial relationships. The orientation for family life lies in the desire to gain the social acceptance of relatives and close friends. The functional logical that allow one to gain social acceptance is to have a car that offers more comfort than other luxury vehicles, as well provides experiences that extend and reinforce communication, sharing, and sentiment. Here, the idea is to strengthen ties through family activities facilitated by a comfortable luxury car.

"SUV model is suitable for family activities; my wife and I plan to travel round the country" (Case 903).

## 6.2 Is the transformations in the Chinese society influencing consumers' intentions to purchase luxury cars?

Chinese consumers have strong materialism and status consumption tendencies in the motivations to purchase luxury cars. This is related to the long-term influence of Confucian culture and collectivist values in China. Sun et al. (2011) found in their study on the influences of two different traditional Chinese cultural values, face and harmony, on luxury consumption that materialism mediates the influence of face on people's desire toward luxury products. The consumption of luxury cars is no exception. When people buy luxury cars, they do not intend to satisfy their private (i.e., inner) selves. Instead, influenced by the self-concept of dependence, they try to satisfy their outer selves by being closer to a specific group, making their behaviour meets the standards of that group, and satisfying the needs of group interests. It means that, in China, consumption of luxury goods reflects the relative position people occupy in a particular group. Luxury products or services are interpreted as tools to navigate within a certain social class, to conform to other members of that class, and to distinguish themselves from individuals of other social classes. To sum up, based on the traditional Chinese culture values, luxury goods

are the preferred instrument to publicly show material wealth and personal achievement.

However, the pursuit of materialism and status consumption fails to capture the range of wealthy consumers, who are gradually looking for the fulfilment of personal values. This new wave of Chinese consumers is primarily interested in meeting personal needs for enjoyment and pleasure. They are seeking authentic experiences and rewarding themselves. In this study, they are those who use hedonism as their motivation for consumption:

"I like to evaluate this car, it is the perfect combination of power and control, speed machine, fun toy and full of enjoyment" (Case 94)

The rise of hedonism is closely related to two new trends in today's China, namely a younger generation of luxury consumers and faster maturation (McKinsey & Company, 2017). Having grown up in the "only child per family" era, young adults have experienced the weakness of the traditional values, which advocate diligence and thrift, through the improvement of material conditions. Many of them do not identify themselves with Confucian culture and strive to make changes, hoping to draw a clear line with the older generation of luxury consumers. For these young adults, independence and high-quality life, two key Western culture values, are regarded as the correct values.

Furthermore, due to growing income and increasingly abundant consumption choices, consumption of luxury goods has changed from first consumption to incremental consumption (McKinsey & Company, 2017). This situation is also reflected in this study. Many purchasers aim to replace original luxury cars or to pursue more sophisticated cars. For such customers, pursuing the symbolic value brought by luxury brands is not their motivation for consumption. Instead, consuming more advanced luxury cars is an instrument for enhancing personal experience and, in turn, individual pleasure and enjoyment.

It is worth noting that the younger generation of luxury consumers can access luxury goods earlier and more easily with the support of their parents. This situation allows them to have more assertive opinions in the choice of luxury goods. In this study, the customers aged between 30 and 39 years and between 18 and 29 years reached 64% and 18%, respectively. Some of these young customers (18-29 age group) got financial resources to purchase Porsche cars from their parents. According to McKinsey & Company (2017), it is predicted that, as this group becomes more focused on seeking authentic experiences and personal fulfilment, the Western value of hedonism would find more expression in the Chinese consumption context. Nevertheless, any interpretation of their values cannot be fully understood without reference to the cultural background where these young adults have been grown up. As a matter of fact, Western values have been brought to China, but the traditional values will not completely

disappear. As Zhang (2017) mentioned, “the value system of consumer in the Chinese Mainland is a melting pot since it comprises traditional Chinese values and Western values”.

Affected by two completely different cultures, Chinese luxury car consumers naturally present different consumption motivations. Under the influence of traditional culture values, customers with *guanxi*, *mianzi* and family life consumption motivations account for a larger proportion. Chinese luxury car consumers, who are influenced by Western culture values, use hedonism as their consumption motivation. Although its proportion is not high, it is worth noting that the new generation of luxury car consumers will have a longer customer life cycle. Besides, their value orientation and consumption motivations will affect subsequent luxury car consumers.

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# Chapter 7: Conclusion

The Chinese luxury goods market is of vital importance to the global luxury goods market. However, due to the differences between Chinese and Western cultures, Chinese consumers share similarities with and differences from Western consumers regarding behaviours and motivations for luxury consumption.

This study investigated the luxury car market in the Chinese context and aimed to understand the purchase motivations of 50 Chinese consumers, who had already purchased Porsche cars. Within that context, a qualitative study was conducted. The means-end chain model and the laddering technique were applied to gain insights into customers perceptions of the attributes, consequences and values associated with purchase intentions.

The findings reveal four consumer motivations for purchasing Porsche cars: sense of preserving face (*mianzi*), sense of expanding personal networks (*guanxi*), family life, and hedonism. The four higher-order values fall into either traditional Chinese cultural values or Western values. Many luxury car consumers perceive value in terms of social obligations and are confined to *mianzi*, *guanxi* and family life (the social-cultural norms in China). Other consumers like the individuality that a Porsche car creates and highlight the hedonistic experience (Western view of being). In addition, taking Porsche customers as an example, the study found that most of the respondents are young adults. The author's interpretation is that should these new generation become the future consumers, the Western value of hedonism would find more expression in the Chinese consumption context.

## 7.1 Implications

The results of this study have implications for both scholars and practitioners.

### 7.1.1 Theoretical implications

First, research on luxury consumption in China is limited and the existing studies are mainly focused on fashion goods. This study contributes to the literature on luxury consumption in China through extension of prior knowledge by offering a new investigation in the luxury cars segment.

Second, this study analyses motivations for luxury consumption in China from a cultural perspective. It not only analyses how traditional culture motivates consumers to buy luxury products, but also offers insight into the Chinese culture by drawing on the cultural dimensions theory put forward by Hofstede (2011).

Third, further contributions to research on consumption motivations are associated with the construction of an HVM with attribute-consequence-end chains. The combination of means-end chain theory and the laddering technique have proved to be an effective way of understanding the consumption motivations of luxury cars. (1) This study reveals a list of attributes and higher-order values (interpreted as motivations in this thesis) that consumers desire to fulfil with the purchase of a Porsche car. (2) The application of the laddering technique provides a detailed interpretation of the interview data. By doing so, it also allows identification of the hierarchical structure that links the psychological needs consumers aim to fulfil to the Porsche car characteristics through the experiences Porsche brand can elicit to its owners. (3) The construction of the HVM explores the first-hand experiences of Porsche car consumers since the first contact with a car dealer up to one year after the actual purchase. As a result, this study demonstrates that the means-end approach can be adapted to different circumstances and is not limited to fashion goods. (4) By categorizing customers thoughts into attributes, consequences and values, and identifying their motivational patterns, this study provides a solid basis for the design of new qualitative or quantitative studies.

### 7.1.2 Practical implications

The findings of this study can be of interest to marketing managers who handle communication or advertising in the luxury car industry. First, the luxury car brands would utilize the relevant attributes identified in the study to improve the physical or intangible characteristics of luxury cars. Second, when launching new models, the knowledge of the HVM can help managers design marketing strategies that relate better to the four higher-order values. The findings reveal that consumption of luxury cars is driven by either ostentation and status symbols or personal taste and individual's intrinsic motivations. This would, therefore, dictate to the market a need for tailored marketing campaigns to different customers depending on their desired end values. Third, this study strongly suggests that most consumers are young adults. In terms of attracting new customers and securing sustained growth, luxury car brands would give particular attention to wealthy younger generations that tend to absorb progressively the Western individualistic culture.

## 7.2 Limitations and suggestions for future research

Although this study provides valuable insights into consumption motivations for luxury cars, it has some limitations. First, given the exploratory nature of the present study, findings cannot be generalizable to the Chinese Mainland. On the one hand, this study is based on Porsche brand customers in Sichuan Province. This limits the research to consumers of Porsche cars, because luxury car consumers have different consumption habits in different provinces. For instance, customers from Guangdong Province and Shanghai have a higher level of consumption. This may directly affect the final selling price of luxury goods, including luxury cars. Additionally, their consumption motivations are more inclined to fulfil personal value preferences. Therefore, researchers who are interested in this area may conduct similar studies in other provinces in China to compare how consumption motivations for Porsche cars differ across provinces. One the other hand, compared with other luxury car brands, the price and brand image of a Porsche car are much higher than those of other luxury brands. This means that Porsche customers are the group of customers with the strongest purchasing power in the Chinese luxury car market. Hence, future research should explore the consumption motivations for other luxury car brands and make some comparisons among luxury brands in China.

Second, in this study, the emphasis was placed on archive sources, and data were not gathered following the means-end approach. Instead, customers were allowed to talk freely about their motivations to purchase and the consequences of purchase. However, the fear of annoying the customers did not allow the interviewer to continuously probing questions to reach more deeper insights. Hence, some important factors at a higher level of abstraction (e.g., desired end states) were not explored in some conversations, which limited the data gathered.

The final major limitation is the subjectivity inherent to thematic analysis. The lack of concrete rules for determining whether some thoughts should be classified into a particular layer introduced some subjectivity and affected the accuracy of the classification. The cut-off point of selection could also influenced the structure of the HVM. In the future, the thematic analysis, as well as the continuous process of redefining relevant variables and linkages should be carried out by several coders. Further, an intercoder agreement should be computed to understand the level of reliability among the coders.

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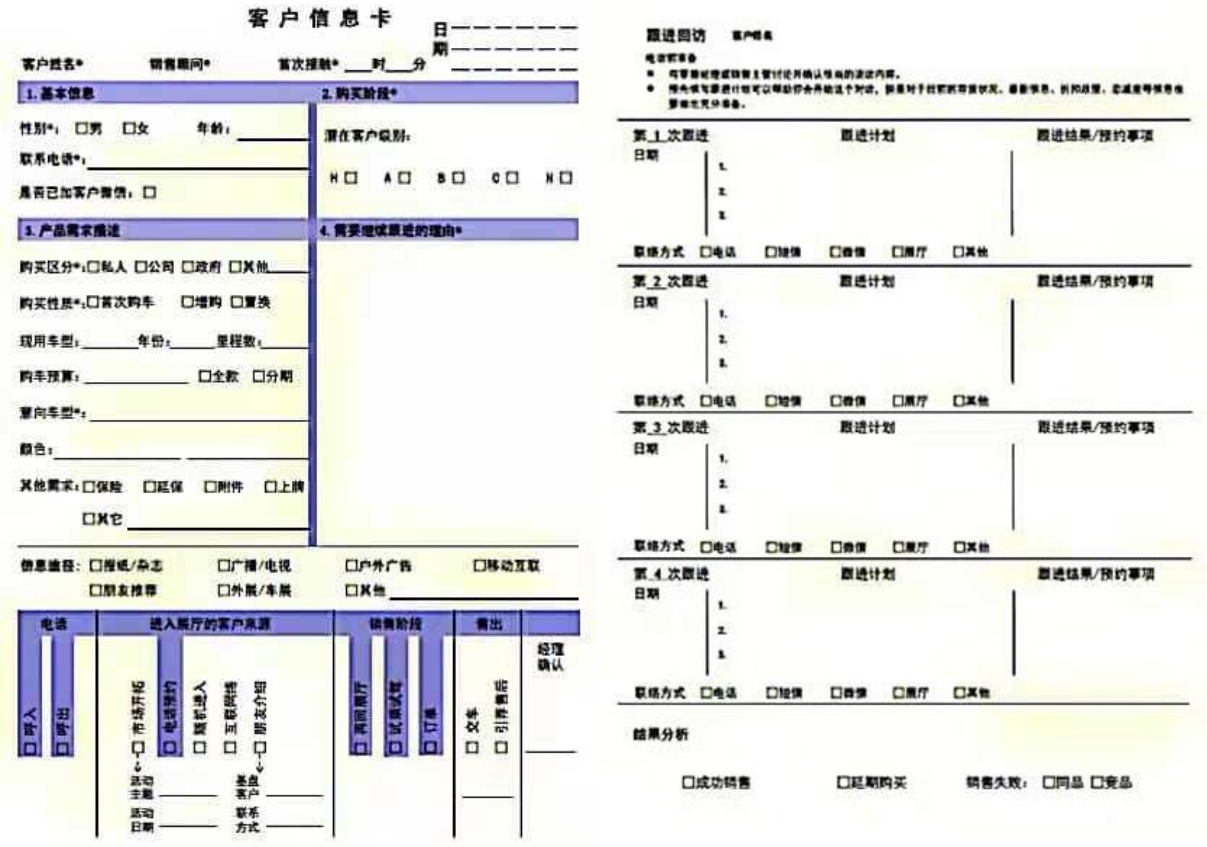
# Annexes

Annex A: The yellow car front page (hard copy)


客户信息卡

日期

客户姓名* 销售顾问* 首次接触* ___时___分

1. 基本信息

性别*：□男 □女 年龄：

联系电话*：

是否已加客户微信：□

2. 购买阶段*

潜在客户级别：

H□ A□ B□ C□ N□

3. 产品需求描述

购买区分*：□私人 □公司 □政府 □其他

购买性质*：□首次购车 □增购 □置换

现用车型：_____年份：_____里程数：_____

购车预算：_____ □全款 □分期

意向车型*：

颜色：_____ _____

其他需求：□保险 □延保 □附件 □上牌

□其它

4. 需要继续跟进的理由*

信息渠道：□报纸/杂志 □广播/电视 □户外广告 □移动互联

□朋友推荐 □外展/车展 □其他

电话 □呼入 □呼出

进入展厅的客户来源 □市场开拓 活动主题 活动日期 □电话预约 □随机进入 □互联网络 □朋友介绍 基盘客户 联系方式

销售阶段 □离开展厅 □试乘试驾 □订单

售出 □交车 □引荐售后

经理确认

跟进回访 客户姓名

电话前准备

- 有需要根据成功客户管计划开始认准备的谈话内容。
- 提先填写跟进计划可以帮助你会开始这个对话，回顾对于过往的所有状况，最新信息、时间设置，完成准备信息的充分准备。

第_1_次跟进 日期 跟进计划 1. 2. 3. 跟进结果/预约事项

联络方式 □电话 □短信 □微信 □展厅 □其他

第_2_次跟进 日期 跟进计划 1. 2. 3. 跟进结果/预约事项

联络方式 □电话 □短信 □微信 □展厅 □其他

第_3_次跟进 日期 跟进计划 1. 2. 3. 跟进结果/预约事项

联络方式 □电话 □短信 □微信 □展厅 □其他

第_4_次跟进 日期 跟进计划 1. 2. 3. 跟进结果/预约事项

联络方式 □电话 □短信 □微信 □展厅 □其他

结果分析

□成功销售 □延期购买 销售失败：□同品 □竞品

(Hard copy of the Yellow Card)

Annex B: The Yellow Car Front Page (Transcription)

| | |
|---|---|
| Section A: Basic Information | Including:<br>Gender, date of birth, age, mobile, social ID, address, email, hobbies, family members, workplace, industry, and job title. |
| Section B: Negotiation stage and customer grading | 1. Information about the brand, the product, the individuals.<br>2. Requirements describe, include the explicit requirements and stealth requirements.<br>3. Information about the price range and the purchase decision maker. |
| Section C: Description of the product requirements | 1. Purpose of purchase (registered on who): individual, company, government, others.<br>2. Nature of purchase: First purchase, additional one, or replacement.<br>3. Experienced brands and models.<br>4. Existing models: years of use and mileage.<br>5. Purchase budget: One-time payment or instalment.<br>6. Interested models and decision maker.<br>7. Colours and other demands. |
| Section D: Follow up | Customer's concerns and priorities |
| Section E: Information channels. | Channels and media for obtaining product information. |
| Section F: Telephone follows up (First contact). | 1. Call in or Call out (The caller is the sales person or the caller is the customer).<br>2. Invite customers to the store again and determine the visiting time. |
| Section G: The sources of the consumers (How the consumers knew about the information of the car, and how the consumers contacted the shop). | 1. From marketing activities or events<br>2. Contacted by phone call and made an appointment.<br>3. Random visiting customers (passing by, no purposeful visit).<br>4. Knew about the product information on the internet and made an appointment online.<br>5. Referred by existing customers.<br>6. Once visited, but the purchase process was interrupted, and then visited again. |
| Section H: Sales stage. | 1. Product experience<br>2. Order<br>3. Continue to follow up<br>4. Information integrity<br>5. Sold out and deliver the product. |

Source: Adapted from the official archive 'Yellow Card'

Annex C: The Yellow Car Back Page (Transcription)

| | |
|---|---|
| Section I: Follow-up record | 1. Follow-up date<br>2. The reason of the follow-up.<br>3. The result of the follow-up and reservation matters<br>4. Means of contact: phone, text, email, visit or others |
| Section J: Result analysis | 1. Successful sales: Sales focus<br>2. Unsuccessful Sales: The reason for the failure<br>3. Sales extension: The reason for the extension and the extension date |
| Section K: Aftersales contact | 1. First contact: One week<br>2. First maintenance<br>3. Holiday greetings<br>4. Birthday greetings<br>5. Product use problem solving |

Source: Adapted from the official archive “Yellow Card”

Annex D: The Yellow Card (audio file)

| | |
|---|---|
| 1. First contact | 1. Problems with the car<br>2. Performance-expectations fit regarding the purchased car<br>3. Satisfaction with the product; Satisfaction with the sales process |
| 2. Second contact | 1. Reasons for choosing the Porsche brand<br>2. Reasons for choosing this model<br>3. Key factors influencing the decision<br>4. Level of satisfaction with the key factors<br>5. Suggestions and advice |
| 3. Third contact | 1. Experience with the car<br>2. Problems with the car<br>3. Satisfaction with the aftersales services |
| 4. Last contact | 1. Overall assessment and effects on customer life<br>2. Impact of the purchase on others<br>3. Next purchase, next possible brand and reasons |

Source: Adapted from the official archive "Yellow Card"

## Annex E: Overview and definition of Attributes

| Theme/Subtheme | Description |
|---|---|
| 1. Attributes | |
| 1.1 Concrete attributes | |
| Product features | Car attributes (i.e., initial conditions/characteristics of the product) that allow consumers to meet their own needs |
| High-quality materials | Well-built interiors – e.g., good materials (leather materials, metal materials, quality of the materials) |
| Roomy Interiors | Interior space, like front seat space, back seat space, or trunk space |
| Lighting and assistance system | Driver-assist systems and lighting |
| High-performance systems | Engine's capacity - e.g., powerful engine |
| Road vehicle | Model of the car |
| Two-door sports car | Sports model – e.g., a car that looks like a race car with sharp handling and quick acceleration |
| Four-door saloon car (UK) (Full-size luxury car (USA)) | A car that looks like a sports car but has a four-door structure. A car that has four-seat structure (and often there is no reference to a sports car) |
| SUV (sport utility vehicle) | A car that combines elements of road-going passenger cars with features from off-road vehicles |
| Convertible car | A convertible car is a passenger car that can be driven with or without a roof in place |

| | |
|---|---|
| Customization | Optional equipment (top of the line features) that the customer adds to the car. |
| Personal design options | Appearance characteristics, like special colours and special wheels |
| Comfort improvement | Comfortable package, which includes seat heating and ventilation, rear window shade, rear entertainment and electric door absorption, electric pedal, double deck glass |
| Performance improvement | Performance package (on-road performance and off-road performance), which includes aerodynamic package, carbon fibre package, 22-inch wheels, sport exhaust, PDCA, PCCD, and Ceramic brakes |
| | Technology package, like extra safety features (speed cruise, lane keeping, reversing visual image, automatic wiper, and Car play） |
| Technology improvement | |
| High priced | Very expensive car |
| 1.2 Abstract attributes | |
| Brand image | Choosing a brand-name product (i.e., a Porsche car) that is well known and highly advertised |
| Purity | A two-seater car |
| Premium luxury vehicle | A luxury car which includes the powerful engine integrated in sport cars |
| Premium sports car | A luxury car, which is distinct and better than their competitors (e.g., Mercedes) |
| German engineering | German engineering refers to “Made in Germany” and includes:<br>High quality (perceived quality is intangible)<br>High safety (perceived safety is intangible) |
| Racing heritage | A brand identity and heritage associated with an impressive/strong track record (i.e., the moto race culture) |
| Design | Design of the car |

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|---|---|
| Beautifully designed | Elegant/stylish design |
| Highly sporty | Sporty design |

Annex F: Overview and definition of Consequences

| Theme/Subtheme | Description |
|---|---|
| 2. Consequences | |
| 2.1 Functional consequences | |
| Conspicuous consumption | The possession of publicly visible luxury goods.<br>(It's highlighted the conspicuous social aspect of luxury consumption) |
| Self-gift giving | Indulging oneself with a car |
| Everyday vehicle | A vehicle for everyday use – e.g., a vehicle for city driving |
| Performance | Performance-oriented driving<br>Performance is associated with: |
| Acceleration and Power | How quickly a car can accelerate, its top speed, how short and quickly a car can come to a complete stop from a set speed, how much g-force a car can generate without losing grip, recorded lap times, cornering speed, and brake fade |
| Driving stability (handling, and braking) | the amount of control in inclement weather (snow, ice, rain) and the capacity to isolate passengers from unpleasant bumps and vibrations. |
| Comfort | Emphasis on comfort (e.g., seating in comfortable seats) and passenger space (e.g., having good legroom) over performance (i.e., acceleration, handling and braking). |
| Supercar | A high-performance car that combines speed, handling, or thrill of driving.<br>(i.e., supercar emphasizes the idea that performance takes precedence over carrying capacity) |
| Passenger ride experience | Offering a new experience to passengers which goes beyond comfort. Passengers here often refer to customers or business partners. |
| 2.2 Psychosocial consequences | |
| Social effect | |
| People purchase a car to satisfy their outer self rather than their private self | |
| Psychological effect | |
| People purchase a car to satisfy their private self rather than their outer self | |
| Personal identification (Personal ID; business card) | Owning a Porsche car allows someone to communicate who he or she is and his or her status by means of their visible or publicly |

| | |
|---|---|
| (Social effect) | demonstrated possessions. |
| (Gain) Social acceptance (Social effect) | Owning a luxury car allows someone to become more visible and admirable to others (i.e., to feel important and valuable in the eyes of the beholder) |
| (Gain) Social acceptance in non-family contexts | (Gain) social acceptance in non-family contexts, such as from business partners, government officials, employees, and customers. |
| (Gain) Social acceptance in family contexts | (Gain) social acceptance from relatives, extended family and close friends. |
| (Have) Smooth commuting experience (Psychological effect) | By driving a luxury car, people care about the daily commute. |
| (Provide) Driving pleasure (Psychological effect) | By driving a luxury car, people care about enjoying driving – i.e., enjoy themselves on the road |
| (Have) Relax/nice time (Psychological effect) | By driving a luxury car, people care about having fun with friends / family (e.g., on leisure time) |
| (Feel) Free from restrictions (Psychological effect) | The idea of pushing oneself to the limit of boldness – e.g., to push the car to the limits in search of excitement). |

Annex G: Overview and definition of Consequences

| 3. Values | |
|---|---|
| 3.1 Values on an individual level | |
| 3.1.1 Experiential/hedonic consumption | |
| Hedonism | The state of seeking personal pleasure through acquiring and consuming a luxury car |
| Excitement | The state of living an exciting or very unusual experience |
| Family life | The state of experiencing family enjoyment |
| Freedom | The state of being free, with no constraint in action |
| 3.1.2 Utilitarian/functional consumption | |
| (Improving) Life quality | The state of protecting against breakage or accident (no car problems, car damages)<br>(The aim is not seeking personal pleasure, but rather seeking safety) |
| 3.2 Values on a social level | |
| Sense of "expanding personal networks" (*guanxi*) | *Guanxi* refers to "personal networks of informal favourable social bonds" (Lin, Xi and Lueptow, 2013: 538) |
| Sense of "preserving face" (*mianzi*) | *Mianzi* refers to reputation, dignity and status |