

# Chapter 106

## Conspicuous Consumption Behavior: Cultural Dimensions, Implications, and Future Research

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### ABSTRACT

*Demand in the luxury market is consistently growing with the demand from individuals as their buying power increases due to improvements in economic conditions (Kuisma, 2008). In this chapter, the authors present the concept of conspicuous consumption and explore the spread of luxury culture, especially in the Asian countries, since previous studies have tested such phenomena predominantly in Western countries. The spread of the luxury model as suggested by Chadha and Husband (2006) helps to better understand the spread of luxury culture among Asian societies. In the past, many studies have suggested that conspicuous and luxury concepts are related to each other. By examining the conspicuous motivation among consumers, the authors hope to explain why people are motivated to engage with luxury consumption from a cultural theoretical lens, particularly in Asian countries. Finally, they highlight the managerial and theoretical implications, followed by research directions for future transcultural marketing studies.*

### INTRODUCTION

The global economy is currently experiencing high volatility with the economic recession challenging the consumer market in all countries.

This economic and marketing situation has had a significant effect on business globally, including in emerging markets such as those found in the Asian countries. We can see the effect of this recession primarily in international business activities

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where there has been a reduction in import and export activities for certain products in certain markets. However, despite such economic trends, there is an increasing requirement for prestige goods, especially imported ones from both the local and global consumers. As a consequence many new luxury brands have emerged on the market, more than ever before (Kuisma, 2008). This global phenomenon has also had an impact on many Asian consumers who are now more alert to luxury products, which may be a result of the influence of advertising that shows the prestige qualities and characteristics of the products. For example, this trend is highly noticeable in emerging markets such as India, China, and Brazil (Souiden, M'Saad & Pons, 2011).

In our study, conspicuous consumption is defined as a condition in which people buy prestige products to show off their status and wealth to others in their society. According to Souiden et al. (2011), this behavior may also help to enhance their self-concept through the consumption of the branded item. Luxury or prestige purchases can also be in the form of services such as spa and health centre vacations, and luxury travel. Thus, the objective of this study is to provide a better understanding of conspicuous consumption and its effect on consumer behavior. In specific, we explore the effects of cultural values on this behavior by using Hofstede's cultural dimensions to provide some useful information regarding consumer spending power and purchasing behavior toward conspicuous products from a cultural perspective.

The motivation behind conducting this study is to understand the growing interest in luxury products even among consumers suffering financial difficulties. This behavior may partially be explained by their desire to display wealth and social status, and thus enhance their self-concept through the consumption of branded items (Souiden et al., 2011). Therefore, there is a need to understand why they behave conspicuously by analyzing their behavior through a cultural lens.

Another motivation is that the literature on conspicuous consumption has not referred explicitly to differences between Western and non-Western values, perhaps because this behavior originated in Western culture. Therefore, there is a need to analyze it from the perspective of a non-Western culture. In addition, it is also essential to substantially review and extend the concept in view of the changing global social order (Chaudhuri & Majumdar, 2006) and cultural differences (Riquelme, Rios & Al-Sharhan, 2011).

### **The Spread of Luxury Products in Asia**

According to Chadha and Husband (2006), in the 21<sup>st</sup> century it appears the luxury brands culture is emerging in Asia. To understand the spread of luxury culture, they developed a useful conceptual framework called the "Spread of Luxury Model" (Table 1) used to explain the different stages and/or categories in the expansion of the cult of luxury in Asia. This framework is very useful for marketers and luxury companies who wish to expand their business in Asia. Chadha and Husband (2006) noted the spread of luxury culture in Asian countries has typically followed a five-stage process. The spread of luxury model not only explains and describes the stages through which a country has passed, but also predicts what stage will come next and "its holds true for all of Asia" (Chadha & Husband, 2006, pp.45). As such, it can assist companies wishing to expand into new markets in planning their next move. It is clearly noted that globalization has led to wider availability and choices of goods and services for consumers all over the world. For instance, there is an increasing demand for luxury brands like Prada, Louis Vuitton, and Christian Dior in many developing countries such as Malaysia, Indonesia, and Thailand. Such brands have created an affluent market for global consumers with more opulent tastes, preferences, and lifestyles.

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