

Chapter 15

Craving vs. Compulsion for Luxury Goods?

Trends and Patterns of Conspicuous Consumption Behavior in Asian Culture

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ABSTRACT

The purpose of this chapter is to examine why people are motivated to engage in luxury consumption, particularly in Asian countries. Purchases of global brands are increasingly popular among affluent society not only in Western nations, but also in other parts of the world. Global brands are normally associated with luxury brands from all categories of consumption goods such as cosmetics, handbags, electronic goods, cell phones and accessories, and watches among others. Previous studies have found that Western countries have clearly stated several key factors for consumers to purchase such luxury brands. Consumers in Asian markets are expected to engage in conspicuous consumption behavior to purchase global brands due to market demands and increasing income levels. Yet, such understanding is still much limited in the context of Asian consumers. Our work addresses this issue.

INTRODUCTION

The luxury market is growing worldwide from developed countries to developing countries due to the increasing in buying power of consumers from developing countries. An important factor for this changes is due to improvements in economic conditions (Kuisma, 2008) in some Asian countries such as China, Korea, Singapore, and Malaysia. As a result of encouraging economic situations, there are more demand of luxury goods from those countries with more new luxury brands are coming on the market than ever before.

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Consumers are now more exposed to this type of goods – prestigious goods because they are more exposed to the prestige aspects of luxury goods and a new global phenomenon had emerged called as “luxury brand culture” especially in developing countries such as Asia (Chadha & Husband, 2006). This phenomenon takes slightly different form in developing countries where people who seldom spent money on luxuries in the past are now showing some interest to engage in luxury consumption and become conspicuous consumer. Previous studies have shown this conspicuous consumption behavior is applicable in situations where only rich people spend more of their money on luxury goods than other consumers classes (Chaudhuri & Majumdar, 2006). However, recent research have shown that people with limited financial capabilities also engage heavily on conspicuous consumption. Thus, it shown that luxury brand culture is not only limited to the rich but it can occur among all consumer groups of all ages.

Conspicuous consumption was first discussed more than 100 years ago by Thorstein Veblen (1899 republished in 1994) in his book, *The Theory of Leisure Class*. Veblen defined conspicuous consumption as the behavior characteristic of people who focus on the accumulation of wealth in order to show off their status and to be different from others. In this study, conspicuous consumption is defined as a buying of luxury products in order to show off the status and wealth to others in the society.

The influence of advertising may become an important aspects that influence consumers to behave conspicuously. Some advertising shows the important of material things where this material things can be used by consumers to portray their status and display their wealth among the society. Therefore, individuals who are concerned with their status and performance may showing some interest toward materialism. Thus, the primary objective of this study is to provide a better understanding of conspicuous consumption and its effect on consumer behavior, and specifically to explore the effects of material value to provide some useful information regarding consumer spending power and purchasing behavior towards conspicuousness.

Another objective of this study is to understand the growing interest in luxury products even when consumers are suffering financial difficulties. This behavior may partially be explained by the desire to display wealth and social status and their relationship towards material value. The demand for luxury products and services are expected to grow as the economic condition of consumers in emerging markets such as Malaysia, Singapore, China, Taiwan, Korea, Japan, India, and others are growing (Chadha & Husband, 2006).

This study will also explore the concept of conspicuous consumption and materialism where both concepts are originated from Western culture (Podoshen, Li, & Zhang, 2011). Much of the study on conspicuous consumption has focused primarily on Western culture (Podoshen & Andrzejewski, 2012); therefore, there is need to analyze it from the perspective of non-Western culture as this value and behavior are shaping consumers’ lifestyles in many emerging economies such as China and India.

THE CONCEPT OF MATERIALISM

Many definitions of materialism have been offered in economic psychology and consumer research. The definitions showed in Table 1 are slightly different for both fields; however, they are similar in meaning.

Materialism can be divided into two types: terminal and instrumental (Csikszentmihalyi & Rochberg-Halton, 1981). Terminal materialism can be defined as a person who desires an object based on their own desire towards possession. Such people are likely to claim that they are not a materialistic, but they buy luxury goods because they want that particular product and/or because the product is high in quality.

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