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New Insights into Materialism and Conspicuous Consumption in China

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Abstract

This paper provides insights based on recent literature and findings that relate to materialism and conspicuous consumption among Chinese consumers. There is a specific focus on gender related issues and implications on consumer well-being. Our work is intended to assist in both conceptual and hypothesis development for other interested scholars.

Keywords: Materialism; Conspicuous Consumption; China; Gender; Ethics.

Introduction

In recent years a number of studies have suggested and posited that Chinese culture is moving towards increased materialistic dispositions (Don and Dholakia, 2015; Hsu and Huang, 2016; Yang and Stening, 2016). Many view this as a negative given the troubling outcomes related to materialism (Podoshen & Andrzejewski, 2012; Podoshen et al., 2014). To many, this may be of little surprise given China’s rapid growth in GDP, which has hovered between 6.9 – 10.6% (World Bank, 2016) and its purchasing power, which has been growing exponentially. China’s aggregate retail sales have more than doubled since 2008 (National Bureau of Statistics China, 2016) and its value system, based on a hybrid of the teachings of Confucius and Chairman Mao offer an interesting and unique landscape to study materialism and conspicuous consumption as Chinese consumers (especially young adult consumers) find themselves in the eye of multiple, conflicting socially-driven consumption philosophies and practices.

This paper examines recent literature and findings related to materialism and conspicuous consumption among young adult Chinese consumers with a focus on gender. While this work offers no empirical tests, it is intended to assist in both conceptual and hypothesis development for other interested scholars.

Young Adult Chinese Consumers

Young Chinese consumers are experiencing a process of reshaping their consumption values. They are subjected to the influence of three sets of values including: communistic values that emphasized personal sacrifice and contribution to the state, Confucian values about frugality and saving up for long-term needs, and materialistic values that are about spending money for personal enjoyment (Chan, 2003). On the surface, rapid economic development may spur materialistic values
to become the dominant disposition in Chinese consumption behaviors. After decades of suppression of materialistic and luxury-oriented desires under the impact of both Confucian and communistic values, Chinese consumers now have the ability and access to obtain different and more unique kinds of products and services. They no longer hide their desire towards the appeal of consumption and show keen enthusiasm to chase and display hedonic enjoyment on social media (Duan & Dholakia, 2013). Contrary to the traditional Confucian values of delaying satisfaction and engaging in thriftiness, and the Maoist value of sacrificing individual enjoyment for the greater good, expressing consumption and hedonic desires in China is no longer a sin that needs to be concealed. In opposition to traditional Chinese frugality, consumers are now paying more attention to the consumption of luxury goods. In 2012, Chinese consumers accounted for one-third of the global sale of luxury fashion brands Prada and Gucci (Riedel, 2012). Luxury goods sales in China is expected to hit 74 billion euros in 2020 (Statista, 2014).

Despite the impact of economic development, young adult Chinese consumption values contrast sharply from their parents. Contrary to their parents’ generation who experienced the Cultural Revolution, young Chinese adults have developed their own values under the impact of globalization and China’s economic and social reforms. Their growing sense of personal freedom and hedonism differ sharply from their parents’ austerity and consumption habits shaped by the Cultural Revolution (Yang & Neal, 2006). These younger consumers are more materialistic than their parents in terms of centrality, uniqueness-seeking, and acceptability related to social influence (Gu & Hung, 2009).

Consequently, when it comes to consumption behavior, young Chinese adults are primarily influenced by the mass media, including TV and social media, while their parents are mostly influenced by income (Gu & Hung, 2009). At the same time, the one-child policy in China enlarged the gap between the two generations. Global luxury brand, Coach, for example, finds that most of its customers in China are young women between 25 and 35 (Ostapenko, 2012). Some even suggest that the generation born in the 1980s under the one-child policy wound up being spoiled by their parents, spending what they want without much aforesaid, about the implications. As the only child in their homes, they received undivided attention from their family (Veeck, Williams & Jiang, 2002) and as a result they tend to care more about their own happiness than those in the past and are willing to buy impractical and conspicuous items often with the financial support of their parents.

Although conspicuous consumption is becoming a dominant force in China, traditional cultural values are still deeply rooted in many Chinese consumers’ minds and this makes China’s macro-level economy extremely unique. For example, because of the traditional Chinese value of saving money for long-term needs, many Chinese people not only have the habit of saving money ingrained in them but also tend to have a conservative attitude towards debt. There is a strong cultural disposition to take care of family members for the long-term and this means money must be available and wealth should not be highly leveraged. Many individuals’ pursuit of hedonism is restrained by their wish to build up savings to support their parents and families (Thompson, 2011). The saving rate of China in 2014 was 49% (The World Bank, 2014) and consumption made up 35% of the country’s GDP (Dexter, 2015). Most Chinese consumers still prefer cash over credit cards. Thus, young Chinese like to spend on conspicuous items but still contend with the tradition of thrift. Further, the uncertainty about medical and educational expenditures also lowers individuals’ consumption of nondurable goods (Zhou, 2012) and at the same time, the value of frugality has led to the use of counterfeit products that merely “show” the brand but lack durability and quality. The market of counterfeit products in China is developing almost at the same speed as that of luxury goods (Wang & Lin, 2009). The use of counterfeit products shows that Chinese customers remain price conscious while pursuing
attractive outwardly showy consumption behaviors. All this is happening while family, the center of Chinese traditional value systems, is still an influential and classical virtue in modern China.

For many young consumers though, the primary motivation and purpose of consumption is to improve reputation and social status and not necessarily to show their individual taste and personality (Jin et al., 2015). This behavior pattern originated from the relational orientation social value in Chinese culture. In a relationally-orientated society, individuals define themselves with their social status and interaction with one another. Thus, the notions of “mianzi” (face), “guanxi” (personal relationships), and “renqing” (favor) are particularly noticeable as they can show individuals’ social status and are related to success (Wang, Siu & Barnes, 2008; Wang & Lin, 2009). In addition, because these traditional values also require people to view themselves from the perspective of others (Liu, Wang, & Leach, 2012), Chinese consumers are very concerned about their identification in society. Thus, in Chinese culture, consumption not only fulfills basic utilitarian needs but the behavior also meets a social need for identification, status and social recognition (Thompson, 2011). Purchasing luxury goods becomes a convenient way for Chinese customers to gain face (Zhang, Tian, & Grigorious, 2011) and acts as a social signal to show off financial success (Thompson, 2011). Not particularly aware of differences among different luxury brands, Chinese customers consider them symbols of wealth and success simply because they are seen as luxurious (Ostapenko, 2012). These luxury goods clearly assist in social interaction (Li, Zhang, & Sun, 2015) and Chinese people can quickly discern who is “wealthy” or not by simple cues related to the use and display of prestige brands. This helps maintain the social order that relies on status within the community. Thus, the primary motivation for Chinese consumers to consume luxury products is not necessarily for the products’ quality or to present individual personality, but to show off their social status and establish their reputability.

Though it may not seem so, the reshaping of Chinese consumption values did not happen overnight. Instead, changes in consumption values partly lie on the inherent inconsistencies of the traditional culture (Lin & Wang, 2010). Historically, Chinese were known for their emphasis on education. However, this was largely because it used to lead to government employment, which would ultimately land material and social success (Lin & Wang, 2010). It is important to note though, the old Chinese proverb, “Within books, one can find houses of gold.” Therefore, the value of education is, in fact, somewhat related to materialism.

In China’s long history of highly centralized political structures, Confucian values, which encourage individuals to respect the social order, live according to their social status and value self-discipline, were favored by the power elites throughout. These Confucian values were trumpeted by the ruling class in much of China’s history, tempering individuals’ desire for materialism and hedonism. At the same, the deep-seeded, internalized Chinese dream for a better and more comfortable life was suppressed by a variety of environment factors and was alternatively expressed through other, more socially-palatable aspirations like education. When the country opened its doors to the world during the economic reform, individuals’ desires of materialism and hedonism rose to the surface as the control of the system was diluted by the realities of cash inflows and a boom in manufacturing.

Today, the reshaping of consumption is unbalanced among different social classes, as well as between those in different regions of the nation. Today, income inequality is a severe societal problem. The Gini coefficient (a measure of income dispersion) for pre-tax market income in China increased from 0.28 in 1980 to 0.44 in 2000 and 0.52 by 2013 (Cevik & Correa-Caro, 2015), meaning there is a greater gap between rich and poor. This enlarged gap in China has led to unbalanced
consumption spending where the poorest 17% of the population account for over 30 percent of the total consumption spending and the poorest 30% account for only 16% (McKinsey Quarterly, 2013). In other words, the majority of the population is purchasing very little while a small fraction of people are actually buying the luxury products. Wage and value disparities between those in urban and rural areas also show different consumption values across the country. Rural Chinese tend to save a higher percentage of income than urban Chinese because the traditional frugal value is still influential in rural China (Lin & Wang, 2010). Consequently, rapid economic development has led to a feeling of imbalance and even strife among citizens in many sectors of the nation.

**Chinese Consumers and Gender**

Literature in Marketing has suggested that, in terms of materialism and conspicuous consumption, men often score higher than women (Segal & Podoshen, 2012; Workman & Lee, 2011). However, men are less likely to purchase contemporary fashion products than women (Hyrllegard et al., 2005) because they tend to be more concerned about practical use of purchases (Salman & Li, 2013). Traditionally, men have been found to be more highly involved with durable goods, such as cars (Bloch, 1981). Women, while generally less materialistic than men, are more likely to score higher in impulse buying tendency than men (Segal & Podoshen, 2012). Because fashion brands are seen as an important signal of consumers' identification of fashion consciousness and personal achievement (Kamineni, 2005), some posit that women exhibit their materialism in a way different from men. Workman and Lee (2011) suggest that women consider it more important to acquire possessions than men. It is posited that while shopping, women spend more resources (money, mental and physical effort, time) than men (Falk & Campbell, 1997), and their investment in these resources may lead them to believe that possession is more important. It is important to realize that much of this literature occurred during periods when many considered there to be only “two genders,” thus these results and insights might prove differently in a more modern context.

Gender differences also exist in the way male and female consumers reason their consumption. While research points to the assertion that women give more emotional and relationship-orientated reasons to consume, men consider shopping to be need-driven that should be completed in minimal time and effort (Laroche et al., 2000; Dittmar, 1989). This difference is also reflected in their advertisement preference. Female consumers have more positive attitudes towards advertisements of connected themes, indicating relationships, caring and commitment to others, while male consumers have more positive attitudes towards individualistic themes, appealing to independence, uniqueness and difference (Wang et al., 2000).

In the case of China, the traditional ancient Chinese value systems, especially Confucianism, strongly emphasize traditional notions of masculinity, differing social roles of men and women, and the social hierarchy between them (Leung, 2003), thus, it is believed by many that gender identities are largely socially constructed and performed. It was traditionally men's priority to seek the opportunity to impress others with higher social status. The belief that money is a symbol of success significantly affects Chinese men's compulsive buying, while it has no significant effect on Chinese women (Li et al., 2009). Therefore, one might suggest that men should be more materialistic than women in China. At the same time, however, the Marxist-Maoist institutions highlighted gender equality in work. Mao once claimed that “women hold up half the sky,” encouraging women to work in the society. As a result, Chinese females command the highest degree of financial independence among Asian females (Shao, 2014). In a report by the Economist Intelligence Unit, 76% of Chinese women
considered themselves joint breadwinners in their family, 20% higher than the Asian average. 67% of respondents said they would buy for their children and family when they over-indulged themselves shopping, while the Asian average was only 41%. Chinese females have strong purchasing power and tend to spend more money on their own consumption, especially in e-commerce (The Economist Intelligence Unit, 2014). They no longer conform to the traditional Chinese female stereotype of selflessness and self-sacrifice to their family (Hung et al., 2007). Thus, although males traditionally might reflect Chinese realities related to materialism, recent social changes allow Chinese females to transform into a more powerful, and potentially more materialistic consumption group as their role changes.

Discussion

China’s economy continues to grow at a very rapid rate and many more Chinese people have adopted consumption behaviors similar to those in the West. Given the results of Podoshen et al.’s (2010) findings that comparatively indicate increasing levels of materialism among Chinese young adults and more recent research that suggests higher dispositions towards Chinese materialism in general (Podoshen et al., 2010) it is possible that materialism and conspicuous consumption may be elevated among both men and women. Since Chinese consumers have enjoyed rapid economic development at rates rarely seen in many economies, materialism’s related values are also likely to show an increase. Specifically, after years of suppression related to conspicuous products, Chinese society has more aptly embraced luxurious desires and the appeal of goods that denotes status in a more capitalistic environment. Even though Confucian and Maoist values are still important in Chinese society, we believe the rapid ascension and the strong upward trajectory of consumer spending inevitably has led to an increase in conspicuous consumption.

Traditionally the influence of Marxism highlighted gender equality in Chinese society and women have long been encouraged to work and consume. With potentially higher levels of materialism among women, it will be interesting to see how and if there is any relationship between this variable and marriage. Materialism is negatively correlated with the desire of marriage (Li et al., 2011) and materialists are often less satisfied with their lives (Richins & Dawson, 1992; Wright & Larsen, 1993) while marriage is positively related to life satisfaction. Marriage can increase happiness (Diener et al., 2000) those who choose to get married tend to have higher satisfaction in general, and certainly this is the belief in Chinese society as well. However, past research has shown that in China, there is not a significant difference in terms of conspicuous consumption and materialism related to marital status (Eastman et al., 1997; Meng, Yang, & Yu, 2011). These past studies, however, occurred when China’s economy was only a fraction of what it is today in terms of GDP and consumer purchasing power. Therefore it is important to re-examine this.

It is also important to note that in 2016, when China’s aggregate economic growth was the slowest in the past quarter century, President Xi Jinping announced a series of economic reforms to deal with overspending. Chinese government agencies implanted changes to make foreign capital outflows more difficult and also worked to combat inflation. Inflation has caused much concern for Chinese consumers in recent months and its been widely reported that Chinese consumers had slowed spending on European style luxury goods for some time (Hancock, 2017).

Van Auken et al. (2014) provide some interesting insights and thought on the relationship between materialism and the future of China’s consumption patterns. For example, while China has experienced sustained GDP growth, aspects of their
“new” economy are very much consumption-based and they will need to rely on consumer spending. The government generally looks to stimulate demand for Chinese-made goods and services. Young Chinese are being groomed by many to become the new middle and upper-middle consumption drivers of the greater economy (Boumphrey, 2007). As Xie et al. (2013) and Van Auken et al. (2014) mention, these young consumers are also receiving messages and signals that possessions and products will lead to greater levels of overall happiness and fulfillment, as well as increasing social stature. In this respect some of these consumers are experiencing positive emotions even before they gain material wealth. In other words, consumers are feeling a level of excitement based on anticipated happiness and well-being. Ironically, as Podoshen and Andrzejewski (2012) find, materialism can often lead to more negative outcomes and related dispositions such as a fixation with object acquisition, compulsive buying (Roberts, Manolis and Tanner, 2003) and family-related stress (Roberts, Manolis and Tanner, 2006).

With all of the ramifications in mind, China is in a situation that few nations find themselves in, whereby they must strike a balance between stimulating consumption (in a more consumption-based economy) and maintaining steady growth in a value system that can potentially cause harm to future generations of Chinese people. As it stands now, there is still a significant divide between the wealthy and poor in much of China. Possessions and materialism can further exacerbate these boundaries and may even transform gender relations and norms. In this respect, it would be beneficial for further examination into the young adult Chinese population and to learn about the “why” in terms of materialistic values. Further, it would be extremely helpful to examine gender in terms of consumption orientations as China hits more bumps in the road in its rapid ascension to that of a global economic superpower.

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