



## Conspicuous consumption in emerging market: The case of Chinese migrant workers<sup>☆</sup>

Zhen Huang<sup>a</sup>, Cheng Lu Wang<sup>b,\*</sup>

<sup>a</sup> Hakka Research Center & School of Business, Gannan Normal University, Ganzhou, Jiangxi, PR China, 341000

<sup>b</sup> Department of Marketing and Quantitative Analysis, College of Business, University of New Haven, West Haven, CT 06516, United States

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### ABSTRACT

The urbanization in transitional economies of emerging markets creates a unique consumer segment, migrant workers, and meanwhile brings opportunities and challenges to multinational marketers of name-brand products. This study investigates the relationship between social identity and conspicuous consumption in such a largely overlooked and untapped market in China. Our findings indicate that migrant workers' conspicuous consumption, as indicated by their purchase of name-brand products, is mainly driven by the bandwagon effect to associate with aspiration group, differing from those more privileged consumers who may engage in conspicuous consumption to disassociate from the crowd. The moderating role of traditional Chinese cultural values is further examined. In addition, subjective norm is found to mediate the impact of conspicuous consumption on purchase intention of name-brand products, supporting the hypothesized bandwagon effect. Finally, theoretical contributions and strategic implications to marketing in emerging markets are discussed.

### 1. Introduction

Since Veblen (1899) described the concept of conspicuous consumption that characterized the nineteenth-century nouveau riche leisure class, consumers from emerging markets participate in such consumption activity at various stages in transitional economies (Belk, 1999; Wang & Chen, 2004). Existing research on conspicuous consumption primarily focuses on the growing group of middle- or upper-class urban residents with high social status and purchasing power, recognizing these consumers as the most attractive market segment for name-brand products (Lin & Wang, 2010; Wang, Siu, & Hui, 2004). However, the extant literature largely overlooks a large proportion of consumers who have moved from rural areas to cities during the urbanization process. Investigating name-brand product consumption by such migrant-worker consumers not only contributes to theoretical understanding of conspicuous consumption in emerging markets, but also has important strategic implications for multinational producers seeking to penetrate this growing market.

This paper identifies migrant workers as a unique group of people in contemporary China and other transitional economies, in which the urbanization process causes peasants to move to cities to find better opportunities. According to recent data from China's National Bureau of

Statistics, the number of migrant workers is approaching 280 million, about 20% of the Chinese population of 1.3 billion (National Bureau of Statistics of China, 2015). Migrant workers who live and work in the cities maintain a rural household identity that forms a “marginal man” identity, illustrating their struggle to maintain and establish their social identity when caught between two cultural realities (Park, 1928; Stonequist, 1937). As Wang and Tian (2014) note, migrant workers represent one of the most disadvantaged consumer segments in modern China. On one hand, the household registration system classifies them as outsiders and keeps them from being urban residents, excluding them from the urban social and consumption space. When they attempt to immerse themselves in urban life, they are discriminated against and deprived of the privileges and benefits of urban residents. On the other hand, in their pursuit of a better life and upward social mobility, they undergo a swift acculturation process in which they acquire cultural values and consumption patterns of urban residents, hoping to be accepted into the urban social group. For example, purchasing name-brand products is one way to demonstrate their upward social mobility to family in their hometown. However, their motives for purchasing name-brand products can differ from those of the more privileged elite consumer segment.

The objective of this empirical study is to examine the influence of

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\* Corresponding author.

E-mail addresses: [hantz112@126.com](mailto:hantz112@126.com) (Z. Huang), [cwang@newhaven.edu](mailto:cwang@newhaven.edu) (C.L. Wang).

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migrant workers' social identity on their motivation to engage in conspicuous consumption, which leads to purchase of name-brand products. While conspicuous consumption is often associated with the purchase of luxurious goods, we use the term *name-brand products* in this study to refer to those products made by a famous maker or manufacturer, but not necessary luxurious brands or goods (e.g., some luxury brands like *Armani* offer various product lines to target various consumers). In addition, we will examine the interplay between conspicuous consumption and traditional Chinese cultural values (e.g., face consciousness, thriftiness, and male chauvinism), as well as the possible mediating role of subjective norm (collectivism) on purchase intention. In the following sections, we first develop research hypotheses related to such relationships among these variables, based on theoretical background. Second, we report results from an empirical study based on a large sample of migrant workers from China's several inland cities. Finally, we discuss the theoretical contributions and managerial implications for multinational companies entering this potential market.

## 2. Theoretical background and hypotheses development

### 2.1. Social identity and conspicuous consumption

In *Veblen's* (1899) time, the desire to gain distinctive prestige from others primarily drove conspicuous consumption. However, the meaning of conspicuous consumption has changed with the evolution of societies; nowadays, status-pursuit consumption exists across all social classes (*Belk, 1999*). Closely related to one's social identity—the portion of an individual's self-concept derived from perceived membership in a relevant social group (*Tajfel & Turner, 1979*)—conspicuous consumption is based on certain features that members of the group share. While migrant workers tend to possess characteristics of marginal identity (participation in the life of two cultural groups), they may face conflicts in attempting to find a balance between them. Social identity theory suggests that the perceived legitimacy and stability of status differences, along with the perceived ability to move from one group to another, is a driving force of one's identification with the desired reference group (*Tajfel & Turner, 1979*). Conspicuous consumption is even more important as social cohesion decreases and mobility rises (*Veblen, 1899*). Social comparison of economic achievements that constitute one's social recognition by others is important for consumption (*Burleigh & Meegan, 2013*). Since really attaining upward social mobility in the city is difficult, these workers might engage in conspicuous consumption as a means of compensating for feelings of inferiority, adopting the products that urban residents use. As they stay longer in the city, they often go through an identity-transformation process, in which they would identify (in a psychological sense) themselves as more like urban residents, at least to have urban consumer groups acknowledge and accept them. Consequently, migrant workers would engage in identity transformation to behave or consume as urban residents do, to gain acceptance by the prevailing group. Through the social-identification process, they define themselves in terms of shared values, and then adapt their behaviors to the urban culture and fit into urban life. Such characteristics of social identity will bear certain consumption behavioral consequences.

According to the social-identity model of motivation, a consumer's self-identity is necessary for the pursuit and achievement of identity-related goals in terms of one's social roles (*Oyserman, 2007*). As such, social-identity theory predicts a connection between one's sense of self and one's product consumption. Since consumption is often used to resolve conflicts when gaining a new identity, brands assigned greater personal meaning carry considerably more importance for consumer social identity, in terms of a “fit” between products and consumers (*Kleine, Kleine, & Kernan, 1993*). Consequently, we predict that social identity moderates conspicuousness, in that those who have a strong awareness of social identity would have a particularly strong need to engage in conspicuous consumption.

**H1.** The impact of conspicuous consumption on purchase intention of name-brand products is enhanced when social identity is high (rather than when it is low).

### 2.2. Traditional Chinese cultural values

The consumer behavior literature recognizes cultural value systems as a powerful force shaping consumers' motivation, lifestyle, and product/brand choice (*Wang & Lin, 2009*). China possesses a pervasive and well-articulated culture, composed of a set of institutionalized values emanating from the great tradition of Confucianism (*Lin & Wang, 2010*). The conceptual development mainly focuses on Chinese cultural values that interplay with conspicuous consumption to influence migrant workers' purchase intention of name-brand products: face consciousness, thriftiness, and male chauvinism.

#### 2.2.1. Face consciousness

The concept of face (or *mianzi* in Chinese) is an important element influencing consumer behavior in collectivist cultures. Face refers to a sense of favorable social self-worth that a person wants others to apply to him or her (*Ting-Toomey & Kurogi, 1998*). Face is a concept of central importance among the Chinese, because of its pervasive influence on interpersonal relations. As a function of social standing, face can either be obtained through personal qualities, or derived from nonpersonal characteristics such as wealth, status, occupation, and authority. Consumers are conscious of face because it reflects a public self-image of honor, dignity, respect, and social status. Migrant workers are usually more sensitive to face because they are struggling in a new living and working environment. They may feel inferior when they interact and compare themselves with urban residents. Meanwhile, they want to impress friends and relatives still living in rural areas. Purchasing or using brand-name products is a means of showing success and achievement as they attempt to climb up social ladders in the society. Therefore, more face-conscious migrant workers are likely to have a stronger need to impress others by buying name-brand products.

**H2.** Face consciousness has a positive impact on migrant workers' purchase intention of name-brand products.

#### 2.2.2. Face consciousness and social identity

In a culture that respects the order of a hierarchical system, the legitimacy of consumption supposedly matches one's social identity. Face maintenance is especially important to the social identity of migrant workers who move to cities to achieve upward social mobility, the movement of individuals, families, and households between layers or tiers of the society. Mobility is evident when one's occupation, income, and social status change. Under conditions where group boundaries are considered permeable, individuals are more likely to engage in individual mobility strategies (*Tajfel & Turner, 1979*). The upward transformation may explain how migrant workers change their social standing through product acquisition and possession.

As identity change will lead to a shift in the importance or centrality of an identity, migrant workers have a strong desire to form and maintain positive interpersonal relationships with urban residents. However, their attempt to assimilate to the urban culture may be denied because of their “marginal man” identity. Such social exclusion would cause them to lose face. The feeling that mainstream society ignores or rejects migrant workers motivates them to reconnect with others to affirm their desirable social identity. To strengthen their self-image, migrant workers would attempt to enhance their status and carry out consumption-related actions that support their social identity. As such, we expect that social identity moderates face consciousness, in that social identity amplifies the influence of face consciousness on purchasing name-brand products.

**H3.** The impact of face consciousness on purchase of name-brand

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