The evolution of the luxury Chinese fashion consumer: an interpretivist study of luxury value perceptions

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ABSTRACT

This chapter conceptualises luxury fashion as a cultural phenomenon by exploring the perspectives and lived experiences of contemporary consumers who determine China’s luxury market dynamics. It questions the predominant assumption that Chinese consumers are passive adopters of imported Western luxury consumption values and illustrates the complexity inherent in the Chinese consumer experience, highlighting their potential as proactive value creators. Chinese consumers characterise luxury fashion in financial, conspicuous, functional and hedonic terms (Shukla and Purani, 2012; Shukla et al, 2015), but also imbue it with a unique contextual value that reflects the socio-cultural realm of their worlds. They see luxury fashion as a ‘symbol of the West’ and the ‘art of life’ they should aspire to, but its growing accessibility has caused some disorientation and alienation.

Keywords: China, luxury fashion, luxury consumption, Chinese consumers, qualitative, luxury democratisation, value perceptions, cultural context

Introduction

The evolution of Chinese luxury fashion consumers has been nothing short of dramatic. From the conspicuous nature of their first luxury fashion purchases and predilection for imitating their Western peers, they have evolved into discerning, brand-literate shoppers with an appreciation of the aesthetics of luxury fashion. This chapter takes an interpretivist approach to understand the evolution of the Chinese luxury consumer, focusing on how contemporary Chinese consumers conceptualise luxury fashion consumption, as an imported phenomenon, from their own experiences, against a backdrop of increasing luxury democratisation. It begins with an overview of the development of the luxury fashion market in China, since the first Western brands entered in the 1990s, to the more recent democratisation and dilution of luxury with the launch of accessible lines such as ready-to-wear, shoes and handbags, and the rise of luxury online, witnessed by several major e-commerce launches as well as experimentation across social media marketing, social commerce, omnichannel and direct-to-consumer, making luxury widely accessible. It also explores the evolution of the characteristics of the Chinese luxury consumer, from their initial conspicuousness and lack of brand loyalty to a highly diverse demographic with fragmented tastes and preferences, indicating that
consumer pluralism is a key theme in China’s rapidly changing luxury goods landscape. However, the key to understanding luxury consumption in China lies in the very origin of this consumer pluralism — what does luxury mean to the Chinese consumer today?

Chinese consumers are relative newcomers to the world of luxury fashion, compared to their Western peers who grew up in social environments where the idea of luxury was securely established. Highly diverse and fragmented tastes and preferences in China indicate that consumer pluralism is a key theme in the luxury goods landscape (Liu et al., 2016), one that is constantly made more acute by the evolution of the concept of luxury itself. Today, the unique aura of luxury fashion has been diluted, especially within categories such as ready-to-wear, shoes and handbags. The democratisation of luxury increases the volume of sales by adopting ‘abundant rarity’ as a strategy and expanding product portfolios (Kapferer, 2012). Most luxury fashion (mass-produced ready-to-wear and accessories inspired by the aesthetic classics of haute couture) is positioned in an intermediate and relatively accessible level of the luxury hierarchy scale, with only 25% of luxury fashion brands classified as ‘absolute luxury’ (Bain & Co. 2016). This widening accessibility is clearly seen in the rise of online retailing and social media marketing, which allow anybody to purchase and associate with luxury brands. Yeoman and McMahon-Beattie (2006) termed the ‘luxurification of society’ as the consuming of affordable luxury products that meet aspirational needs. More recently, luxury and non-luxury collaborations, such as Louis Vuitton and Supreme’s capsule collection, represent the fusion of highbrow elite culture and streetwear, creating a new dimension of luxury democratisation which acknowledges the purchasing power of younger generations, and also pays tribute to youth culture. Luxury sacrifices some of its cultural privilege to embrace this highly promising consumer group, and to encourage an earlier start to luxury consumption in the consumer lifespan. Through the process of authenticating the imported phenomenon of luxury fashion consumption, Chinese consumers incorporate socio-cultural references into their understanding.

**The development of China’s luxury fashion market**

China’s luxury fashion market is relatively young, as Western luxury fashion brands, such as Armani, Dior, Ermenegildo Zegna, Fendi and Versace, did not enter mainland China until the 1990s. In fact, China did not begin its journey to consumerism and tourism until Mao’s Cultural Revolution ended in 1978 and the Open Door economic liberalisation policy of the late 1970s enabled it to break away from its previous Communist isolation and attract foreign capital and knowledge to support economic, industrial and social development. Previously, China was a
closed society: from the inception of the People’s Republic in 1949 until the end of the Cultural Revolution in 1978, bourgeois lifestyles were prohibited and all members of society were a part of the proletariat. When Deng Xiaoping came to power, the country was opened up to the outside world and its planned economy was reformed to a free-market one to boost economic development and raise national incomes. The reform policies also contributed to China’s transformation from a production to a consumption-focused economy, creating a rising middle class willing and able to purchase Western luxury brands as desirable symbols of success and affluence (Bonetti et al, 2016). As entrepreneurial activity and financial success were encouraged under the reformed system, possessing visible luxuries became a way for Chinese consumers to compensate for their previous state of extreme thriftiness (Rucker and Galinsky, 2008). By 2012, China overtook Japan to become the world’s biggest luxury market (Caïs, 2018) and by 2017 accounted for almost one-third of the global luxury market in terms of spend (McKinsey & Co., 2017) with further growth predicted to reach 40% of the global luxury market by 2024 (Boston Consulting Group, 2018).

During the early stages of internationalisation of Western luxury brands, the China market entry strategy was to target affluent tourists and businessmen by opening boutiques in the shopping arcades of five star hotels, partly due to foreign investment restrictions but also because the shopping mall concept did not exist in China (Chevalier and Lu 2010). The luxury image of high end hotels, such as the Peninsula Palace in Beijing, provided positive associations for appropriate upscale positioning of the foreign brand in the Chinese market (Bonetti et al, 2016). Later, department stores were opened in Tier 1 cities such as Beijing and Shanghai, and wholesale arrangements set up with local distributors. More recently, foreign luxury brands opened extravagant flagship stores in Chinese capital cities, the dedicated diffusion brand stores in key capital cities and then key provincial cities (Moore et al, 2010). Relaxation of foreign investment policies enabled the expansion of high-end shopping malls developed with foreign partners, which could provide a suitably prestigious environment for international luxury brands to open standalone mono-stores. For example, a store in Shanghai’s famous Plaza 66 shopping mall (“home to luxury since 2001”) clearly signifies that a brand is luxury (Kapferer, 2014a). However, the Chinese government’s 2013 anti-corruption crackdown on lavish gift giving, a slowing economy as a result of the global financial crisis and the 2015 devaluation of the yuan created a volatile and challenging luxury market (Bonetti et al, 2016; Bain, 2018). In recent years the market has recovered and seen increased purchasing within China, rather than abroad (D’Arpizio and Levato, 2018), as a result of lower price differentials between Chinese mainland and overseas markets due to a realignment of price points by
luxury brands (Guarino, 2015), and the government’s crackdown on the grey market daigou channel (purchases by a Chinese person overseas on behalf of a customer in mainland China) in order to boost internal consumption. Increased customer reach as a result of online retailing and expansion of physical stores beyond key capital cities also supports further growth in luxury consumption. Furthermore, a number of domestic brands have entered China’s luxury fashion market, promoting new concepts of Asian luxury, for example Shang Xia’s approach to reviving Chinese craftsmanship or Icicle’s philosophy of living in harmony with nature.

In recent years, the sector has seen widespread democratisation and dilution of luxury with the launch of accessible lines such as ready-to-wear, shoes and handbags, and the rise of luxury online, with several major launches on Chinese e-commerce platforms, as well as experimentation across social media marketing, social commerce, omnichannel and direct-to-consumer, making luxury widely accessible. Going forward, the influence of digital is expected to permeate every purchase (D’Arpizio and Levato, 2018). Even though media censorship hinders Chinese consumers from being fully engaged with global consumer communication platforms, widely used domestic social media, along with technological advances in communication platforms, provide the opportunity for the digitalisation of fashion marketing communications in China (Liu et al, 2018). WeChat has become the leading online platform for luxury brands to connect with Chinese consumers, provide brand and product information, and encourage followers to share online posts (Liu et al, 2018). Many foreign brands, including Louis Vuitton, Gucci, Burberry and Fendi, have opened WeChat online shops that allow anybody to purchase and associate with their brands. Through such widely accessible platforms, Chinese consumers have been able to accelerate their fashion knowledge.

There has clearly been a swift and dramatic evolution of luxury fashion in China since its inception in the 1990s, and in the next section we consider the evolution of the Chinese luxury consumer’s characteristics, from initial conspicuousness and lack of brand savvyness to a highly diverse demographic with fragmented tastes and preferences.

The Chinese luxury fashion consumer

For many years, Chinese luxury consumers were portrayed as big spenders on big brands. There is no doubt that collectivism is deeply rooted in Chinese culture, and the idea of the collective group drives many consumers to follow certain patterns in their purchasing and fashion habits. However, this cultural relic is not the only factor driving China’s luxury fashion market today. Modern Chinese consumers now demonstrate highly diversified tastes and shopping preferences that are not only different from their Western peers, but also from the
tastes of previous generations. The Chinese luxury fashion market has been revitalised by younger and digitally savvy consumers (Liu et al, 2016) and highly educated, youthful and brand-conscious fashion innovators (Zhang and Kim, 2013), who are less likely to be restrained by traditional cultural values and social norms.

Western consumerism and materialistic urban lifestyles are considered elements of advanced living (Eckhardt et al, 2015). Materialism, the belief that the pursuit and ownership of possessions are linked to happiness and perceptions of success (Belk, 1985), can explain why Chinese luxury consumers were initially drawn to famous brands and loud signals. Levels of materialism vary according to cultural and economic conditions, but tend to be highest in markets where there has been rapid and recent socio-economic and cultural change, as this is the key way in which consumers can demonstrate their success and status in society (Kamal et al, 2013). Thus, for many years, affluent Chinese consumers were known for their preferences for loud and highly conspicuous product designs, which enabled them to impress others by displaying their wealth noticeably (Eckhardt et al, 2015; Zhan and He, 2012). They lacked knowledge of the hierarchy of luxury brands, were not able to distinguish between different brands and consequently were not brand loyal (Kapferer, 2014b).

Over the past decade however, Chinese luxury consumers' knowledge and tastes have evolved significantly. Tier 1 cities (Beijing, Shanghai, Guangzhou and Shenzhen) in particular have witnessed rapid development in luxury consumers' tastes and sophistication in recent years, to a point where Chinese consumer behaviour became comparable with that of consumers in mature markets (Liu et al, 2016). As they become more sophisticated and discerning, their preferences change from highly conspicuous consumption to a taste for quieter and more exclusive pieces (Bonetti et al, 2016; Eckhardt et al, 2015) and a greater focus on intrinsic value (Kapferer, 2014b). Unique products are usually novel, scarce and utilised by a limited number of consumers (Tian et al, 2001), and may be treated as an investment (Watson and Yan, 2013). In luxury fashion, unique products include items made from exotic materials, involving atelier craftsmanship, runway pieces with limited production, and limited editions or tailor-made goods. Consumers are driven by their motivation to disassociate themselves from the crowds, and purchasing unique products is one solution. The gravitation towards a more understated, discreet look also brings greater diversity in preferred brands and a shift towards emerging and less ubiquitous brands (Bonetti et al, 2016). Newer and aspirational brands including Stella McCartney, Alexander McQueen, Jimmy Choo and Balenciaga became as desirable as the traditional established market leaders Louis Vuitton, Dior and Hermès (Bain & Co., 2015). The two-tier society (the ‘haves’ and ‘have-nots’) in Veblen’s arguments has therefore been
transformed into a highly complex consumer world (Han et al, 2010). Conspicuousness still exists, but it is now characterised by diverse signals in different consumer groups or subcultures. In the ‘old-luxe’ age, marketing and advertising campaigns targeted only an exclusive consumer group, and the advertisers and the luxury consumers shared similar values. However, the ‘new’ concept of luxury represents a diluted exclusivity being compensated by an abundant rarity and by marketing and branding activities creating emotional connections with luxury consumers. Highly diverse and fragmented tastes and preferences in China indicate that consumer pluralism is a key theme in the luxury goods landscape (Liu et al, 2016), one that is constantly made more acute by the evolution of the concept of luxury itself.

Conceptualising luxury fashion value: a Chinese perspective

Consumer value can be defined as the consumer’s “interactive, relativistic preference and experience in consumption” (Holbrook, 2005, p.46). Luxury marketing requires consumers to perceive sufficient value in the item to compensate for the high price point (Tynan et al, 2010). Perceived luxury value is made up of its social signifier function and its personal or hedonic component, which can be presented respectively as ‘luxury for others’ and ‘luxury for oneself’ (Kapferer and Bastien, 2009). Consumer value can be further conceptualised into four dimensions of financial, functional, personal (hedonic) and social (conspicuous) value (Shukla and Purani, 2012; Hennigs et al, 2012). Consumption is highly symbolic and diversified in different cultural settings, and the concept of luxury varies across time, geography and culture, as people in disparate global marketplaces define luxury differently (Wiedmann et al, 2007; Yeoman and McMahon-Beattie, 2006). More recently however, Hennigs et al (2012) argued that global luxury consumers generally possess similar values regardless of country of origin, although the relative importance of value dimensions varies across cultures. The following subsections review the literature on the four dimensions of luxury value and consider its application to the Chinese context.

Financial value

The financial dimensions of luxury’s consumer value revolve around their direct monetary aspect (Hennigs et al, 2013). There is a direct link between financial value perception and quality perception, since the relationship between price and perceived quality is theoretically positive (Parguel et al, 2016). However, this relationship can be influenced by the prior information held by consumers, so that consumers with limited knowledge and experience about a product or brand may have a stronger tendency to use price to assess its quality (Okonkwo, 2014).
As luxury brands were originally associated with the aura of exclusivity and rarity, prestige prices have become one of luxury’s most important indicators (Shukla and Purani, 2012). However, price perceptions can vary across geographic and cultural boundaries. Kapferer and Laurent (2016) found that in the same product category, the perceived minimum price of luxury differed by over 40% across different countries. Such geographic differences in luxury price perception may indicate difficulty in objectively conceptualising luxury. As the definition of luxury is highly subjective, it can vary from individual to individual, and even from one life-stage to another. For instance, a young person may consider a Louis Vuitton wallet a lavish treat, but may see it as a fairly ordinary item later on in life, when his or her financial status is stronger. Therefore, the process of conceptualising luxury is influenced by an individual’s life experiences and by the social context he or she finds themselves in.

Today, Chinese luxury consumers are widely recognised as amongst the world’s top spenders, even though China was historically a nation of savers (Wang and Lin, 2009). Although the one-party system with its highly-controlled political ideology is still a key feature of modern China, society has clearly moved on from communist-era thriftiness as it embraces the culture of consumerism. However, thriftiness can still be seen in the resourcefulness of Chinese consumers who use daigou third-party overseas shopping services to purchase luxury products and avoid import tariffs of up to 60 percent (Reuters, 2016). The huge contradiction between today’s spending patterns and the stereotypical perception of the Chinese as prudent points to the tensions between traditional values and lesser-known dynamics of the socio-economic environment. Chen and Lamberti’s (2015) study on Chinese upper-class value perceptions showed a significant leap from general preconceptions regarding their understanding of luxury’s financial value. Their findings revealed that elite shoppers recognised premium prices as a tool used to position luxury in the market and were willing to pay these higher prices in order to maintain the exclusivity of their purchases. With higher purchasing power and stronger brand awareness, consumer perceptions of luxury fashion’s financial value are evolving and are being transformed from a search for bargains to a balance between exclusivity and value-for-money.

Conspicuous value

One of luxury’s most critical values is its ability to visibly signal and convey its associations of social and financial privilege (Holt et al, 2004). Veblen defined conspicuousness in luxury consumption as “the purchase of expensive goods to wastefully display wealth rather than to attempt to satisfy more utilitarian needs of the consumer, for the sole objective of gaining or
maintaining higher social status” (cited in Eckhardt et al, 2015, p.807). Under the new paradigm of luxury democratisation, the market has become less status-driven as the concept of luxury has been ‘normalised’ (Kastanakis and Balabanis, 2014). Consequently, research on conspicuous consumption requires a more in-depth examination of contextual characteristics (Wilcox et al, 2009).

Chinese consumers’ conspicuous value perception of luxury consumption is highly related to the concept of face (Thompson, 2011), which can be defined as the recognition by others of an individual’s social standing and position (Lockett, 1988). The concept of face reflects an individual’s personal efforts to acquire wealth, position and power. As Chinese culture is collectivist and places value on interpersonal relationships, gaining face enables followers to move higher up the status ladder (King and Myers, 1977) by achieving validation from other in-group members. Chinese culture thus encourages consumers to engage in certain buying patterns, making them more likely to over-consume luxury goods as a way of joining elite society. In the early years of China’s consumerism revolution, luxury lovers would rush to buy prestige brands with prominent logos. After experiencing long-term deprivation from the state’s ideological control on consumption, modern Chinese consumers adopted consumerism as a form of self-compensation (Rucker and Galinksy, 2008). Chadha and Husband’s (2006) five-stage model maps the evolution of luxury culture in Asia against the different levels of economic development, from an initial stage of poverty and subjugation, to the showing-off stage, to the final stage of becoming more confident and discerning. As conspicuous luxury goods trickle down to lower classes over time, the elite is forced to select even more exclusive inconspicuous items (Han et al, 2010) to maintain their status. Inconspicuous alternatives can benefit sophisticated customers by limiting or preventing imitation by lower social groups (Hebdige, 1999), allowing them to show off their superior tastes and distinguish themselves from lower status consumers (Eckhardt et al, 2015). When more people own conspicuous luxury brands, the signalling ability of such goods becomes diluted, and there evolves an increased desire for sophistication and subtlety in design in order to further distinguish oneself for a narrow group of peers, evidenced in a shift away from loud, visible brand signals to niche, highbrow choices (Eckhardt et al, 2015). For example, as Louis Vuitton handbags became increasingly commonplace and popular among aspirational consumers, such as young office workers, affluent luxury consumers moved onto more exclusive or bespoke items (Willett, 2015) in order to stand out from the crowds.

*Functional value*
Functional value refers to the useful dimension of products (Tynan et al, 2010) or the consumer’s rational motivation in consumption (Shukla and Purani, 2012). Functional value emanates from luxury’s quality value, including delicacy and craftsmanship, alongside its uniqueness value in terms of product rarity and exclusivity (Chen and Lamberti, 2015). However, with the increasing democratisation of luxury fashion, there has been an erosion of rarity and exclusivity (Kapferer, 2012). Therefore Chen and Lamberti (2015) proposed a further dimension of usability value, which includes innovativeness, aesthetics and durability, to reflect the emerging trend of luxury brands seeking to create an emotional attachment with consumers, rather than focusing on promoting product exclusivity.

As foreign brands gravitate towards the digital sphere, Chinese social media platform WeChat has become the leading online platform for luxury brands to connect with Chinese consumers, provide brand and product information, and encourage followers to share online posts. Accordingly, fashion knowledge has accelerated amongst Chinese consumers and enabled them to develop stronger capabilities to evaluate the functional value of luxury products. Cross-cultural research by Shukla et al (2015) showed that Chinese consumers value the functional perspective of luxury more than other Asians. As they gain experience and knowledge, they become more individual-oriented in their appreciation for unique products (Chen and Lamberti, 2015; Zhang and He, 2010). Chinese consumers are now moving from imitation to differentiation in their fashion consumption behaviour, thanks to increased fashion knowledge and brand literacy.

**Hedonic value**

Hedonic consumption refers to “those facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of the product usage experience” (Hirschman and Holbrook, 1982, p.92). The hedonic value of consumption has been well documented in luxury consumption research, and it is long accepted that “one buys luxury goods primarily for one’s pleasure” (Dubois and Laurent, 1996, p.472). The underlying consequence of luxury consumption is the sense of enjoyment and indulgence of an expensive yet non-essential item (Lu, 2008) which offers high levels of symbolic and emotional or hedonic values (Tynan et al, 2010). However, China is typical of a collectivist culture, where interdependence, emotional control and moderation discourage individuals’ hedonic consumption motivations (Yu and Bastin, 2010) and the traditional Confucian principle of self-discipline acts as a strong restraint against those promoting Western hedonism (Wang and Lin, 2009).
Nevertheless, hedonic values are stimulated in China through media communications which target younger generations and urban professionals. These include print media, commercials and Western films, where the frequent appearance of foreign brands are seen as indicators of hedonic values (Thompson, 2011). Hedonic consumption is also encouraged by luxury branding and marketing practices, for example the widely adopted practice of experiential marketing in luxury retailing whereby luxury brands aim to embed value in personalised experiences created through active consumer participation. Utilising multiple stimuli to activate consumer participation and connection by incorporating aesthetic, entertainment, educational and escapism elements, they aim to foster hedonic consumption (Atwal and Williams, 2009). Due to the relatively low brand awareness and loyalty of Chinese consumers, luxury brands have utilised multiple marketing strategies to increase the level of brand recognition, for example exhibitions and flagship stores where consumers can engage in a holistic sensational luxury experience and be driven to hedonic consumption (Liu et al, 2016).

To summarise, China’s socio-cultural environment influences consumers in their perception of the four value dimensions of luxury fashion consumption. These collectivist socio-cultural effects on Chinese consumers’ value perceptions emanate not only from the current economic context of a socialist free-market economy with Chinese characteristics, but are also due to historical memories of extreme thrift and Confucian ideals, with a unique definition of elitism, as well as consumers’ aspirations to be ‘modern’ and ‘Western.’ Consumers and the world of fashion are connected by radical socio-cultural transformations that affect both (Hui, 2014), therefore research on Chinese luxury consumer behaviour should revolve around a contextual understanding of socio-cultural influences. To achieve a more holistic understanding of socio-cultural influences, the impact of traditional Chinese culture must be considered, alongside the fast pace of modernisation to which Chinese consumers are also exposed (Zhang and Kim, 2013), and critically reviewing these cultural tensions can contribute to understanding the ongoing dynamics of the evolution of Chinese luxury consumers. As noted by Hennigs et al (2012, p.1019), there is a need in dynamic global marketplaces “to understand why consumers buy luxury goods, what they believe luxury is and how their perceptions of luxury value affect their purchase behavior as well as considering and distinguishing cultural influences”. This is particularly relevant as luxury fashion evolves, now representing a diluted exclusivity compensated for by abundant rarity, which is achieved through marketing and branding activities aiming to create emotional connections with luxury consumers (Kapferer, 2012). There is also a methodological opportunity to take a qualitative approach to explore the luxury fashion as a cultural phenomenon from the perspectives of the consumers who determine the
market dynamics of contemporary China, which could appreciably deepen understanding of underlying consumer motivation and reveal new market dynamics.

**Methodology**

Consumer reality is constantly changing and is influenced by external social and cultural factors. To understand contemporary Chinese consumer values, the essential structure and components of the lived consumer experience need to be clarified. Assuming consumer reality to be subjective, socially constructed, self-evolved, multiple, holistic and contextual (Holstein and Gubrium, 1994), an interpretivist approach was taken as a means to generate rich, lived experiences from the data. In many Chinese luxury consumption studies, the Chinese luxury consumer is stereotyped as a passive adopter of Western luxury concepts. However, in this study, consumers’ proactive role is acknowledged in terms of how they may be able to reinvent luxury value from their experience. By capturing lived and contextual consumer experiences, a richer and more authentic research outcome is achieved, which complements the generalisations of quantitative approaches. As the consumer is the central constructor of the consumption experience, this inquiry engages in reflexive reasoning and reflects on the origins of their experiences (Holstein and Gubrium, 1994).

Using Bevan’s (2014) phenomenological interview technique, as followed in previous luxury fashion research (e.g. Tynan et al, 2010; Dion and Arnould, 2011; Liu et al, 2016), one-to-one depth interviews were conducted with ten Chinese luxury fashion consumers in 2017. One-to-one interviews ruled out the effects of envy, which could play on emotions in a group discussion, and which in the case of Chinese consumers especially, could cause loss of face. Phone interviews enabled the recruitment of participants from different residential areas to enhance the diversity of the sample pool. They were conducted in Chinese and lasted an hour on average, with some extending to 90 minutes, plus further follow-up communication by email where necessary. Interviews were recorded with interviewees’ consent and participants were assured of anonymity and confidentiality.

The purposive sample consisted of eight female and two male consumers, including affluent students and professionals who had achieved financial success in non-manufacturing businesses, such as art or finance. These contemporary consumers may have different lifestyles and consumption experiences to the previous generation of affluent Chinese consumers, whose money may have come from property development or the energy business. The respondents self-identified as luxury consumers, had permanent Chinese residency and above-average household incomes, and who were willing to share their personal experiences.
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and perceptions of luxury fashion consumption. Most were in their twenties or thirties and resided in Tier 1 cities such as Shanghai and Beijing, and other economically developed regions such as Hubei and Zhejiang. Others lived in Tier 3 cities, selected to uncover the diverse and dynamic nature of reality in Chinese luxury consumption. Although Tier 1 cities such as Beijing and Shanghai are well-known for their luxury retail offering, today’s luxury consumers may also come from less-developed cities or areas. Table 1 below displays the respondent profiles.

Table 1: Respondent profiles

<table>
<thead>
<tr>
<th>Participant ID</th>
<th>Occupation</th>
<th>Age</th>
<th>Gender</th>
<th>Residential area</th>
<th>Annual household income (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant A</td>
<td>Marketing director</td>
<td>36</td>
<td>Male</td>
<td>Shanghai</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Participant B</td>
<td>Student</td>
<td>25</td>
<td>Female</td>
<td>Hubei</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Participant C</td>
<td>Entrepreneur</td>
<td>35</td>
<td>Male</td>
<td>Beijing</td>
<td>750,000</td>
</tr>
<tr>
<td>Participant D</td>
<td>Student</td>
<td>26</td>
<td>Female</td>
<td>Zhejiang</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Participant E</td>
<td>Student</td>
<td>28</td>
<td>Female</td>
<td>Beijing</td>
<td>550,000</td>
</tr>
<tr>
<td>Participant F</td>
<td>Senior editor</td>
<td>30</td>
<td>Female</td>
<td>Beijing</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Participant G</td>
<td>Teacher</td>
<td>29</td>
<td>Female</td>
<td>Guangdong</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Participant H</td>
<td>Student</td>
<td>25</td>
<td>Female</td>
<td>Sichuan</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Participant I</td>
<td>Writer</td>
<td>66</td>
<td>Female</td>
<td>Beijing</td>
<td>700,000</td>
</tr>
<tr>
<td>Participant J</td>
<td>Student</td>
<td>25</td>
<td>Female</td>
<td>Zhejiang</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

The average annual income in China in 2017 was 74,318 RMB (National Bureau of Statistics of China, cited in Statista, 2019) although for white collar workers it was 91,284 RMB (Zhaopin (2018) cited in PR Newswire, 2018). The interview topic guide included several broad questions to generate relevant consumer experiences, followed by probing questions to elicit further detail, as shown in Table 2 below.

Table 2: Interview topic guide

<table>
<thead>
<tr>
<th>Broad questions</th>
<th>Probes</th>
</tr>
</thead>
</table>
| - Would you like to share the story of your latest purchase of luxury fashion? | - Why do you buy luxury fashion?  
- What is your favourite brand/shop? Tell me about it and why you like it.  
- What makes a brand ‘luxury’?  
- Tell me about how you make the decision to buy luxury fashion products?  
- You just mentioned that wearing luxury designer clothes helps you fit into your social group. Tell me more about it.  
- What should luxury quality be like?  
- Have you purchased accessible luxury brands before? What do you think of them? |
| - What does luxury mean to you? |                                                                 |
| - Tell me why buying luxury fashion makes you feel good? |                                                                 |
reference for the primary data in terms of the level of intensity or the significance that each code carried. The data analysis was conducted more inductively, by firstly creating rich thematic descriptions of each interview, coding the data and generating potential emerging themes, reviewing and refining themes, and lastly selecting vivid and compelling extract examples for the final write-up.

Findings & Discussion

Experienced Chinese luxury consumers not only see luxury fashion as a high-value commodity with added social and psychological value, but also as a form of art. Some respondents valued timeless, iconic styles and fashion designs, rather than novelty or trends. Preference for ‘timeless’ luxury tastes may be based in the Chinese thriftiness consumption value, and such consumers may be using their cultural knowledge to justify their non-seasonal less-trendy choices of luxury fashion. Respondents tended to perceive the designers behind luxury fashion brands as artists, and therefore the products attached with their names as artworks, not just to be used but also to be appreciated for their aesthetic excellence:

“My interests in Yohji Yamamoto the brand didn’t start with my shopping and picking up this brand on the shop floor. For me, I knew his artistic identity first and I validated him at a spiritual level” (Participant I)

However, artistic images of fashion designers and their brands are now created by the luxury branding strategy of ‘artification’, as a means of overcoming the growth dilemma and restoring luxury legitimacy (Kapferer, 2014b; Dion and Arnould, 2011). Therefore, confusion and distractions are raised in front of consumers. Some younger participants’ ideas of ‘fashion as art’ could be constructed or manipulated by luxury’s branding and marketing communication activities:

“I still remember the film about Chanel and I’ve even got the soundtrack on my phone ... She represents the modern female who can achieve success without compromising gender roles, social classes. The film intensified my interest towards Chanel the brand. When I am using a Chanel bag, I think I can be the next ‘new’ female” (Participant F)

Luxury’s democratisation differentiates contemporary luxury from the traditional, old-luxe concept, and its evolution has visibly expanded the market size of luxury fashion, but several respondents expressed confusion and even denial towards the idea of ‘accessible luxury’:
“I believe these two are very different concepts. Accessible luxury doesn’t belong to real luxury. It is situated between fast fashion and luxury” (Participant B)

“I am not paying £300 for a Coach bag... Pricewise it’s not a big spend but neither is it a bargain. The design is neither forward nor classy. I don’t understand what kind of need can be satisfied by Coach... You are not buying because it’s cheap” (Participant D)

The ‘aspirational realm’ emerged from the data, extending understanding of Western frameworks (e.g. Shukla and Purani, 2012). Respondents saw luxury fashion as a symbol of the West but also the ‘art of life’ that they should aspire to. Modern luxury consumers play two roles simultaneously, as adopters of Western concepts and re-inventors of long-forgotten traditional fine-living philosophies. Pioneering luxury fashion consumers have rediscovered the consumption activity with a more philosophical, metaphysical and intellectual meaning that resonates with traditional Confucian philosophy. For example, Participant Y felt that “luxury fashion’s design has to be original and unique. And it should also achieve some spiritual highness.” Participant F felt that “the value of luxury fashion is beyond items” and that “luxury is endorsed by the spirit of devotion through the process of making and by the pursuit of ultimate beauty”. Both statements echo how traditional Chinese educated elites (scholar-bureaucrats) appreciated luxury – by its artistic excellence and its philosophical references.

Four-dimensional luxury value perceptions are grouped under the theme ‘instrumental realm’ of luxury value, as the direct value that consumers can perceive or achieve in luxury consumption (Hennigs et al, 2013; Vigneron and Johnson, 2004). The sub-themes in this instrumental realm present a set of values emanating from the joint influences of luxury’s democratisation and China’s socio-cultural context.

Financial value

Although participants were earning competitive salaries or were supported by their wealthy parents, they still kept within their (generous) budgets, and were unlikely to purchase luxury products impulsively. That respondents mainly invested in handbags and shoes can be used as evidence that Chinese consumers are strongly aware of pricing in luxury but want their money to be well spent. Participant B explained that “a Louis Vuitton bag for 10,000 RMB is good value”. Chinese consumers can be better described as looking for value-for-money in luxury fashion consumption, as opposed to being ‘bargain hunters’. However, when explaining her luxury fashion journey, Participant H acknowledged that when she was living overseas where luxury goods prices were cheaper than in China, she “ended up buying loads because they are
cheap” as she felt that “the more I bought, the more I saved”, explaining her excessive luxury consumption in terms of saving money. But with greater experience and knowledge, ‘bargains’ become off-putting to more discerning consumers. Heavy discounts contaminate the brand’s prestigious image in the consumer’s mind, as Participant D explained: “Those luxury fashion brands that always end up in [the] sale, I don’t recognise them as true luxury”. Similarly, Participant A felt Prada’s less expensive products tarnished the brand’s overall exclusive and elite image: “I fell in love with Prada before, but it didn’t last. Prada’s product range is too wide. Anyone can afford a Prada product. It put me off. For me luxury means that not everyone can afford it.” This reveals the intertwined effects between financial value and conspicuous value: Chinese luxury consumers prefer brands whose price is well perceived, so that they can achieve the rewards of conspicuous value. Chinese luxury consumers’ price-sensitivity can be redefined in terms of value for money, rather than in terms of seeking discounts or bargains.

Conspicuous value

Chinese consumers’ traditional preference for mainstream luxury brands, such as Chanel, Louis Vuitton and Gucci, came from their conspicuous value as a display of financial capital and social identity. This is particularly significant in a society where financial success is encouraged (Thompson, 2011) and where people are judged on their looks.

“People are really judgmental about what you are wearing ... people will judge your social status by your look” (Participant C)

Participant A similarly justified his purchases of Dior suits for work, as his job role effectively made him the ‘face’ of the brand in China:

“My job was socialising with people. And what you wear and how you look, your tastes directly affect how people perceive your professionalism... You need the right things to enhance your image” (Participant A)

Chinese consumers’ luxury consumption is still motivated by conspicuous value, especially for consumers who are on the lower-to-middle levels of the social or career ladder. But once individuals achieve higher social status, they feel less needy of the conspicuous value of luxury fashion, as stated by Participant I:

“For people like me, who has already achieved success in my professional area, I don’t need any validation from others” (Participant I)
There is a sense of a journey, as the same participant acknowledged her changing taste as she moved along the learning curve and became more discerning towards lesser-known brands:

“I was quite keen on well-known luxury brands because they can bring social recognition, along with the self-satisfaction. I don’t deny there was a feeling of showing off. I wanted people to know exactly what I was wearing or using. However, the more I know about what the story behind each luxury good is, and the more luxury products I have, the less interest I have in well-known brands, like Louis Vuitton” (Participant I)

Similarly, Participant C preferred more radically designed brands such as Maison Margiela and Comme des Garçons, although previously had been a fan of Gucci, Versace, Louis Vuitton and Armani. This shows how conspicuous value evolves over time: as the signalling ability of more commonly owned goods becomes diluted, an increased desire for sophistication and subtlety in design allows the more educated consumer to distinguish themselves with niche, highbrow choices (Eckhardt et al, 2015). In addition, a new dimension of conspicuous consumption in the display of the user’s cultural capital emerged from the data, which relates to their appreciation of luxury fashion’s aesthetic qualities. Thus, Participant A distinguished those who are merely wealthy from those who are wealthy and have taste:

“Chinese people’s aesthetics remains in its infant stage. For me, there are different rich people in society. First it’s the rich vulgar. They only have money. They can buy all the luxury they want but they don’t have taste” (Participant A)

Functional value

Participants valued craftsmanship and excellent materials. Participant I was really impressed by the “perfection” of luxury. They would examine the product material and the product finish, including stitches (Participant D) or the texture and quality of the leather (Participant H, Participant B). Three participants identified three key words (originality, innovativeness and uniqueness) that exist in the realm of usability value, which was first identified by Chen and Lamberti (2015) as product innovativeness, aesthetics and durability. Usability value is different from the concept of novelty in design; while novelty is driven by newness, originality, innovativeness and uniqueness are driven by a holistic appreciation of luxury fashion’s aesthetic superiori ty in design, and serve to “show personality” (Participant A), “social image” (Participant F) or “personal style” (Participant H). Chinese luxury consumers’ increased knowledge has made them more critical and demanding of product offerings. Functionality in luxury fashion has moved beyond the measure of good quality and now has a more hybrid
meaning, which encompasses the excellence of both the material quality and non-material-oriented aesthetic innovation, thus redefining the meaning of functionality in luxury fashion.

**Hedonic value**

Participants’ expressions of hedonic value were identified in two perspectives: ‘joy from others’ and ‘joy from self’. Supporting Vigneron and Johnson’s (2004) research that found hedonic-driven consumers are less susceptible to interpersonal influences and are more role-relaxed and individualistic, some participants indicated that hedonic reward came from within themselves, rather than from other-oriented conspicuousness. Participant I had developed a preference for less well-known brands that would not be recognised by the masses:

“It comes from inner joy. The joy comes from me using the bag. So the charm of luxury comes from the self-satisfaction, rather than from recognition from others ... You know, no one recognises those niche luxury fashion brand. So the joy comes from within yourself” (Participant I)

An interesting dynamic from the cross-pollination of hedonic consumption with a collectivist cultural background, here termed as ‘joy from others’, emerged from the data. Participant C spoke of the “joy of sharing and discovery”, or the recreational pleasure of shopping with like-minded friends with whom he could share his thoughts and ideas about the aesthetics of luxury fashion. This finding expands our understanding of how collectivist consumers interact within a social group, which may not only generate potential peer pressure but also creates opportunities for extra peer validation, which contributes to achieving hedonic rewards.

The final thematic template in Table 3 presents a summary of the data analysis: the first main theme of how consumers conceptualise luxury fashion was identified from the literature but its sub-themes emerged from the data. The second main theme and first order sub-themes were identified from the literature review, but the second order sub-themes emerged from the data. The third main theme (aspirational realm) represents luxury fashion’s indirect value, which emerged entirely from the data.

**Table 3: Final thematic template**

<table>
<thead>
<tr>
<th>Main themes</th>
<th>Sub-themes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Luxury fashion concept</strong></td>
<td>1.1 Anti-trend</td>
</tr>
<tr>
<td></td>
<td>1.2 Fashion as art</td>
</tr>
<tr>
<td></td>
<td>1.3 Confusion of democratisation</td>
</tr>
<tr>
<td><strong>2. Instrumental realm</strong></td>
<td>2.1 Financial</td>
</tr>
<tr>
<td></td>
<td>2.1.1 Accessories as priority</td>
</tr>
<tr>
<td></td>
<td>2.1.2 Knowledge-bound</td>
</tr>
<tr>
<td></td>
<td>2.1.3 Value-for-money</td>
</tr>
</tbody>
</table>
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| 2.2 Conspicuous | 2.2.1 Financial privilege  
|                 | 2.2.2 Cultural privilege  
|                 | 2.2.3 Social identity  
| 2.3 Functional | 2.3.1 Craftsmanship  
|                 | 2.3.2 Material  
|                 | 2.3.3 Usability  
| 2.4 Hedonic    | 2.4.1 Joy from others  
|                 | 2.4.2 Joy from self  

### 3. Aspirational realm

| 3.1 A Western symbol | 3.2 Art of life | 3.2.1 Luxury fashion as art  
|                      |                 | 3.2.2 Reviving Chinese traditional luxury value  

**Conclusion**

Consumption is not only a commercial activity, but also a cultural and social one. Chinese consumers characterise luxury four-dimensionally in financial, conspicuous, functional and hedonic terms (Shukla and Purani, 2012; Shukla et al, 2015; Chen and Lamberti, 2015), but also imbue luxury fashion with a unique contextual value that reflects the socio-cultural realm of their world. The conceptualisation of luxury is thus situated between China’s ancient cultural heritage and consumers’ unconscious and spontaneous identity-seeking activities on the one hand; while on the other, it lies in Western influences and the evermore consumerism-oriented society that is hidden beneath the jargon of the socialist free-market economy, albeit with Chinese characteristics. Chinese luxury fashion consumption also involves Chinese characteristics of dual identities — one identity serves to increase consumers’ competitiveness in their social life, the other serves as an aspirational tool to enable them to achieve a better self. Figure 1 suggests a contextualised extension to the four-dimensional Western framework of luxury consumer value to reflect the aspirational realm for Chinese luxury fashion consumers.

**Figure 1: Empirical framework of Chinese luxury fashion consumer value**
The empirical framework confirms that conspicuous, functional, financial and hedonistic values are the four vital aspects of luxury value formation (Shukla and Purani, 2012), but also suggests a new aspirational realm of consumer value, reflecting the social evolution from isolation to globalisation and a cultural renaissance of Chinese traditional values. Luxury fashion symbolises a Western lifestyle, perceived as more modern and advanced. Beyond materialistic indulgence, luxury fashion also offers a form of spiritual enlightenment, in terms of elegant living through fine goods and an appreciation of aesthetics – the so-called ‘art of life’. The empirical analysis gives insight into how China’s unique cultural background can construct consumer value and lead consumers to reinvent the value of luxury fashion consumption.

References


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