

# **Intra and inter-country comparative effects of symbolic motivations on luxury purchase intentions in emerging markets**

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## **Highlights**

- Lower-tier cities in emerging markets are new growth engines for luxury but research largely focuses on Tier-1 cities.
- Using theory of network effects, we compare intra and inter-country differences in China & India for luxury consumption.
- Significant differences exist within higher - and lower - tier cities that motivate consumers to purchase luxury goods.
- Chinese consumers in Tier-1 cities are more influenced by snob motivations. However, the effect is reversed in India.

## **ABSTRACT**

Emerging markets, and especially lower-tier cities within these markets, are seen as the future growth engines for luxury brands. However, extant literature on the drivers of luxury consumption has predominantly focused on Tier-1 cities. Grounded in the theory of network effects, this study offers first such intra and inter-country comparison of the symbolic motivations (i.e. snob, bandwagon and Veblen motivations) underpinning luxury purchases

between and within Tier-1 and lower-tier cities in two prominent emerging markets, China and India. The findings offer first account of similarities and differences in consumer motivations that drive luxury consumption within and between these markets. While most luxury brands have ubiquitous strategies for emerging markets, the results will assist managers in developing distinctive brand strategies catering to the intra and inter-country differences.

**Keywords:** symbolic motivations; Veblen; bandwagon; snob; luxury; emerging markets; China; India

## INTRODUCTION

Throughout history and up to a few decades ago, most luxury brands were predominantly local market focused (McNeil & Riello 2016). Some of the internationally known luxury brands were also recognised within a small group of the elite in their target countries. However, the current wave of globalization, coupled with the democratization strategies employed by many luxury firms (Eisend, Hartmann, & Apaolaza 2017; Shukla 2011), fuelled by the rise of digital technologies (Remy, Catena, & Durand-Servoingt 2015) and the internationalization of market systems (Srivastava, Singh, & Dhir 2020), has led to the growth of global luxury brands. While nowhere near approaching the revenues their counterparts generate, 18 luxury brands, including Louis Vuitton, Chanel, Hermes, Gucci and BMW, among others, are now present in the Interbrand top 100 global brands. The first wave of European luxury brand expansion involved the opening of stores in the first-tier cities of target countries, including New York, Tokyo, Beijing, Shanghai and Mumbai, among others. However, in recent years, a second wave of expansion has seen luxury brands opening stores in lower-tier cities across major developed and emerging markets (Guercini & Runfola 2016). For example, a recent report shows that 45% of Chinese consumers in Tier-2 and Tier-3 cities were interested in purchasing luxury goods, versus 37% in Tier-1 cities (McPherson, 2018). Similarly, extant research shows that significant differences exist in luxury consumption motivation between developed and emerging markets (Hennigs et al. 2012; Shukla 2011; Kapferer and Valette-Florence 2018). However, these studies have assumed homogeneity of consumption practices in first-tier and lower-tier cities and not taken into account intra-country differences that exist, particularly within large emerging markets such as China and India. The assumption of this homogeneity of consumption practices is also observed in the strategic outlook and marketing campaigns of most luxury brands.

International business literature argues that relevant intra-cultural differences exist within countries (Chan, Makino and Isobe 2010; Cui and Liu 2000; Jin et al. 2015). Moreover, researchers suggest that in developing their international marketing strategy, an organization must have an in-depth understanding of the regional level differences that exist within these markets and the ability to act upon this knowledge (Bijmolt, Paas and Vermunt 2004; Wang and Kafouros 2020). While researchers have only recently started exploring intra-country differences in luxury consumption (Hennigs et al. 2012; Shukla 2012), research that simultaneously examines the intra and inter-country symbolic motivations that drive luxury consumption is non-existent. This gap limits our ability to comprehend the similarities and differences that exist between and within countries and development of sound international business strategy that is informed by regional, national and global commonalities and variations. Our study fills this gap as it is the first to examine such critical differences by simultaneously investigating luxury consumption behaviour between Chinese and Indian luxury consumers in Tier-1 (urban) and lower-tier (semi-urban) cities.

The acquisition and conspicuous display of luxury goods is an important aspect within many developing markets (Hennigs et al. 2012; Kumar and Paul 2018). International business literature shows that the significant need amongst emerging market consumers to convey social meaning through their luxury consumption (Faure and Fang 2008; Kardes 2016; Liu 2016). Further, the role of luxury brands in signalling status amongst consumers in emerging markets is well-established. In fact, a key attraction of purchasing luxury brands is the symbolism attached to them (Berthon, Pitt, Parent, & Berthon 2009; Schmid and Kotulla 2011). Underpinned by the network effects theory in economics, economists have identified three important symbolic motivations that drive luxury consumption, namely, snob

motivation, bandwagon motivation and Veblen motivation (Leibenstein 1950; Katz and Shapiro 1985).

Table one provides a summary of the extant research that examines motivations to purchase luxury from a cross-cultural perspective. As it can be observed, while the earlier approaches summarized in Table 1 offer interesting insights, they fall short on two counts. First, the extant examination treats luxury motivation drivers as homogenous within large markets such as China, India, USA, Germany, etc. Many luxury brands also employ a standardized narrative assuming homogeneity of motivations among emerging market consumers. We contend that such practices overlook the complexities inherent in luxury consumption within these markets, and thus put forth a simultaneous examination of the between and within market similarities and differences. Second, the conceptualization does not take into account relevant luxury specific symbolic motivations (i.e. snob, bandwagon and Veblen) encountered by consumers, thereby leading to a limited understanding of these pivotal consumption drivers.

– Insert Table 1 about here –

Thus, based on the importance of symbolic motivations in luxury consumption, and the standardized narrative employed by the extant research and luxury brands, the central aim of this research is twofold: (a) to extend the body of knowledge pertaining to network effects of symbolic motivations that drive luxury purchase intentions among consumers in emerging markets by focusing on luxury specific symbolic motivations, and (b) to simultaneously examine the between and within country differences among these large markets with a particular focus on Tier-1 (urban) and lower-tier (semi-urban) cities. This study posits that,

due to varying levels of economic development within these cities, coupled with differing exposure to global trends, there will be a significant difference in symbolic motivation among consumers in Tier-1 and lower-tier cities. To examine this premise, this research focuses on two of the most important emerging markets for luxury goods, China and India. In recent years, China's luxury sales have grown significantly, and the Chinese are now considered the second largest consumers of luxury goods in the world, representing approximately 33% of the global market (Deloitte 2018). It is also predicted that Chinese consumers will fuel nearly half of global high-end sales by 2025. Similarly, India continues to experience significant growth in the luxury goods market, which, following economic forecasts, will be worth more than US \$30 billion by 2022. The marriage service industry market in India alone is estimated to be worth approximately US \$53.77 billion, a large amount of it consisting of spending on luxury goods (KPMG 2016).

This study extends the pertinent literature on symbolic motivations and luxury value perceptions in several ways. It contributes to the nascent, but rapidly growing literature on cross-cultural luxury consumption research (Hennigs et al. 2012; Shukla 2011; Kapferer and Valette Florence 2018) by examining the network effect of luxury specific symbolic motivations in two of the largest emerging markets. In so doing, the study also contributes to the standardization-adaptation literature in international marketing and shows the similarities and differences in symbolic motivation that drive luxury consumption in these markets. This knowledge is important for international brand managers, as it allows them to optimize their organizational strategies by adopting the unique insights offered to increase consumer motivation to purchase their brand. This study demonstrates that the similarities and differences both between and within countries should be examined in order to develop a more holistic picture of consumption motives within the international marketing literature. Hence,

the study addresses a lacuna that exists within extant research and clearly demonstrates the need for simultaneous comparative examination of within and between country similarities and differences. The findings from this study will help managers to develop strategies that are sensitive to regional, national and global consumer motivations. Further, while a large body of work in the field of international business compares the variations that exist between the developed and emerging markets (Auger et al., 2010; Jin et al., 2015; Danis, De Clercq and Petricevic 2011), others researchers, including Burgess and Steenkamp (2013), Cavusgil, Deligonul, Kardes, and Cavusgil (2018) and Shukla, Singh and Banerjee (2015) have called for studies that focus particularly on comparing emerging markets. By answering this call, this research furthers the international business and luxury branding literature.

## **LITERATURE REVIEW**

Network effect (also termed network externalities) theory suggests that additional users of goods or services impact the value people ascribe to that product (Katz and Shapiro 1985). Extending this within the domain of consumption and particularly within the luxury goods setting, Leibenstein (1950) argues that consumption of luxury goods is dependent on consumption of others within the network. Symbolic motivations stem from the desire for social prestige and status that is driven by the network effects (Berthon et al. 2009; Kastanakis and Balabanis 2014). Such motivations are reflected in a consumption pattern that expresses meaning and information regarding status, identity, personality and personal taste. When any product or service is consumed as a symbol, it is valued according to the social status and power it represents within the network compared with other symbols, rather than the cost of the product or service itself (Berger & Ward 2010). Symbolic motivation and the resultant practice of symbolic consumption has been observed throughout history (McNeil & Riello 2016). Historically as well as in the present, the significant role of luxury goods in

symbolic consumption has been noted in a number of fields, including economics (Bagwell & Bernheim 1996; Leibenstein 1950; Veblen 1899), international marketing (Kumar and Paul 2018; Shukla 2011), international business (Guercini & Runfola 2016) and consumer research (Shukla et al. 2015). For example, Veblen, in his classic 1899 treatise on the theory of the leisure class, reasoned that the prevailing motivation theory did not capture all types of motivation to consume, because it failed to recognize that a significant proportion of the consumption of goods was shaped by the desire to secure and affirm social status. He further opined that the rich within society engaged in consumption with the intention to generate ‘*invidious comparisons*’, while the poor turned to ‘*pecuniary emulation*’ (Veblen 1899). Leibenstein (1950) extended this argument using network externalities, stating that three major motivational drivers determined the desire to engage in luxury consumption: snob, bandwagon and Veblen effect. The following section provides a review of symbolic motivations leading to the development of certain hypotheses based on network effects theory.

### **Symbolic Motivations and Luxury Consumption**

*Snob Motivation.* Snob motivation refers to people’s desire for unique goods. Examining the demand curve for snob motivation, Leibenstein (1950) concluded that consumer demand decreases as the number of people buying a commodity increases. Thus, the snob effect is related to the negative network externality effects. It relates to the decrease in demand for a good when many others are in possession of it. Thus, popularity of a product destroys its utility for snobbish consumers (Kastanakis and Balabanis 2014). The snob effect is driven by an urge to differentiate oneself from others through the uniqueness of one’s consumption (Tian & McKenzie 2001). Several studies have revealed that the supply limitation of products – scarcity – boosts the value that consumers assign to a product and influences their brand



choices (Gierl & Huettl 2010). Luxury goods can become a tool to convey uniqueness due to their characteristic of scarcity, thus attracting consumers with a high desire for uniqueness (Shukla 2012). Due to high brand recognition, luxury goods are used to affirm distinctiveness and express individual characteristics (Hennigs et al. 2012; Kumar and Paul 2018). Additionally, Kastanakis and Balabanis (2014) emphasize that consumers driven by snob motivation continuously notice the behaviour of significant others. If significant others are involved in similar consumption, consumers driven by snob motivation will shun such goods and search for other unique alternatives as negative network externalities take effect.

Research in the field of social psychology and consumer behaviour emphasizes the pivotal role played by social comparisons, and the substantial effects of reference groups regarding luxury consumption (Wiedmann, Hennigs, & Siebels 2009). Focusing on snob motivation, consumers actively engage in social comparisons, and have a desire to outperform their counterparts (Jaikumar & Sarin 2015). Individuals driven by snob motivation want to disassociate themselves from the masses and establish a different self-image and social image in order to demonstrate their uniqueness. Hence, this study argues that consumers motivated by snob motivation will be willing to buy luxury goods.

*Bandwagon Motivation.* In sharp contrast to snob motivation, bandwagon motivation arises when consumers purchase products because of their popularity. The bandwagon effect is observed when demand for goods is increased because significant others (e.g. socially relevant individuals and groups) are also consuming them at a given price. Thus, while the snob effect focuses on the negative aspects of network externalities, the bandwagon effect focuses on the positive effects of network externalities (Leibenstein 1950). Snob and bandwagon motivation-driven consumers may have the same objective of strengthening their

self-worth, but their means of achieving this is different. Bandwagon consumers are more willing to change their behaviour or attitudes to meet the requirements of network or any group they want to join. Therefore, the behaviour of other consumers in the network is particularly important to bandwagon consumers (Kastanakis & Balabanis 2014), who focus more on socially approved goods, and view these as a symbolic signal of group membership.

Bandwagon consumers' purchasing behaviour is consistent with others to retain a sense of belonging to the relevant status groups, and the products that they buy serve as signals to the social community (Kastanaki and Balabanis 2012). The increasing popularity of the product thus triggers positive network effects. Hence, bandwagon effects provide additional utility to consumers because significant others are buying and using the socially approved product. Based on the above, the symbolic signalling provided by luxury goods allows consumers with bandwagon motivation to engage in luxury consumption.

*Veblen motivation.* Veblen motivation refers to Veblen's (1899) traditional definition of conspicuous consumption regarding the willingness of people to buy high-end luxury goods in order to display their wealth and financial capability. The Veblen effect appears in contrast to the law of demand wherein the demand for increased quantity of a good is accompanied by an increasing price for that good. Thus, in the case of Veblen goods, price increase is also associated with quality improvement. Conspicuous products are often distinguished from generally purchased products, due to their prestige and price-quality associations (Wiedmann et al. 2009), which is an important symbolic motivation influencing the purchase of luxury goods.

The process of luxury consumption is also the process of social expression and interaction, in addition to satisfying the fundamental human need to belong (Khalifa & Shukla 2017). Because luxury goods are expensive by normal standards, consumers can use them as public indicators of social status. Normally, consumers influenced by Veblen motivation pay more attention to price as an indicator of prestige, their primary objective being that of impressing others. Therefore, consumers with lower social status, or those lacking a sense of self-worth (Eisend et al. 2017) may use conspicuous luxury products to alter their social status and get noticed by other members of society creating positive network effects. Accordingly, Veblen motivation arises when significant others perceive the conspicuous value of luxury goods (Kastanakis and Balabanis 2014). Moreover, consumers who are driven by Veblen motivation will show increased preference for goods when their monetary value increases. Hence, we propose a direct and significant relationship between Veblen motivation and luxury consumption.

Based on the above discussion relating to snob, bandwagon and Veblen motivations, we argue that underpinned by the network effects these symbolic motivations will have a direct and positive effect on luxury purchase intentions.

H1: Symbolic motivations [(a) snob; (b) bandwagon and (c) Veblen motivation] will have a significant positive influence on luxury purchase intentions.

### **Symbolic Motivations and Luxury Consumption Between and Within Countries**

Extant research shows significant differences in luxury consumption between countries as detailed in Table 1. However, these studies assume homogeneity of consumption within the large countries studied and thus ignore important aspects of cultural and economic disparities

inherent in these markets. Our study attempts to address this gap by examining both between and within country differences simultaneously. In the following debate, we put forward our rationale for simultaneous comparisons grounded in the cultural and economic similarities and disparities that exist between and within large emerging markets (e.g., China and India).

While consisting of more than a billion people and geographically in the same continent, both China and India are culturally distinct. This is particularly evident in large-scale multi-cultural studies. For example, on individualism dimension China scores 20, while India stands at more than double the score at 48 (Hofstede, Hofstede & Minkov 2010). Similarly, Chinese culture is more masculine (score 66) compared to India (56) and has significantly greater long-term orientations (China = 87; India = 51). Trompenaars and Hampden-Turner (2012) observe that ascribing status through family background and consumption is far more prevalent among Indians than Chinese. While ancient as civilizations, the modern China and India also differ significantly in terms of their political ideology and the religious underpinnings. Particularly focusing on symbolic motivation and luxuries, both are vastly different. For instance, many European luxury brands have been highly successful in building their presence in China. Guercini & Runfola (2016), for example, illustrate the opening of many European retail brand stores in China in response to new opportunities afforded by international markets, however, some others researchers (Shukla et al. 2015) state that some brands have found it difficult to penetrate the Indian market. Similarly, Liu (2016) observes that the per capita demand for gold, a highly symbolic product, among Indians is more than double than in China.

The level of economic development and cultural exposure is quite distinct across both countries between Tier-1 and lower-tier cities. For example, in China, Tier-1 cities are

controlled by central government and have a population greater than 15 million, with a GDP of over US\$ 300 billion (South China Morning Post, 2013). On the other hand, lower-tier cities made up of prefecture capital cities, have between 150,000 to 15 million residents, and a GDP of between US\$ 18 billion to US\$ 299 billion. Similar trends are also observed in India with regards to Tier-1 and lower-tier cities in terms of population and GDP per capita. Thus, both countries offer an apt setting for between and within comparisons. In the following section, we discuss the between and within country differences associated with symbolic motivations and luxury consumption.

*Between country differences.* While luxury has fascinated researchers in numerous fields of study, including philosophy, economics, psychology and management, cross-cultural luxury consumption research is a recent phenomenon (Hennigs et al. 2012; Kumar and Paul 2018). Consumer researchers have identified the crucial role of culture in consumption and argue that attempts to explain the social behaviour of consumers in one culture based on another culture are inadequate, due to differences in the psychology of consumption and associated motivations (Auger et al. 2016; Gürhan-Canli et al. 2018). Auger et al. (2016), for instance, highlight that social attributes are even more important than any other tangible attributes in the decision process of consumers purchase intentions, and therefore need specific attention in a given culture. This is particularly evident in symbolic goods such as luxury brands, where significant others (network effects) are an important aspect of consumer decision making (Kastanaki & Balabanis 2014; Shukla 2011). Interestingly, while China and India are continuously compared in terms of their economic development and growth (see Nicholson and Salaber 2013), research that compare consumer behaviour and especially luxury consumption between these two countries is scant. Hence, in light of scarce evidence on

comparative studies pertaining to luxury consumption between China and India, this study relies on extant literature that has either examined Chinese or Indian consumers.

Snob motivation is driven by the negative network effects that is driven by differentiation (Kastanakis & Balabanis 2014). Sun, Chen, and Li (2017) show the significant influence of Chinese consumers' need for uniqueness on status consumption. A similar preference for unique products is observed among Chinese consumers in other studies (Wu et al. 2012). Faure and Fang (2008), for example, argue that the recent changes in society have led Chinese consumers to prefer a more individualistic behaviour and opt for unique self-expression in recent times. On the other hand, in their exploratory study focusing on Indian consumers, Eng and Bogaert (2010) observe a comparatively lower interest in unique luxury goods, and a greater preference for popular goods promoted by social influencers. Similarly, Shukla (2012) finds the significant, but weak influence of uniqueness value on luxury consumption among Indian consumers. Based on the above debate, this study posits that snob motivation will have a significant influence on both Chinese and Indian consumers. However, the effect will be significantly more pronounced among Chinese consumers.

China focused studies show the significant effect of interpersonal influences and socially driven consumption among Chinese consumers (Podoshen, Li, & Zhang 2011; Zhan & He 2012). Further, Liang and He (2012) observe a significant preference for bestselling products among Chinese consumers. Shukla et al. (2015) observe that Indian consumers are significantly influenced by other-directed motivations. This is further evident in significantly higher per capita gold demand among Indian consumers (Liu 2016). Similarly, researchers confirm the substantial societal status-seeking behaviour among Indian consumers (Hennigs et al. 2012). For example, Kumar and Paul (2018) show greater inclination among Indian

consumers for brands that are perceived to be better conveyors of social status. Thus, this study posits that the bandwagon effect will have a significant influence on both Chinese and Indian consumers' luxury purchasing intentions as consumers in both countries are driven by positive network externality effects. However, the effect will be more pronounced among Indian consumers.

Podoshen et al. (2011) observe a significant rise in conspicuous consumption and materialistic attitudes among Chinese consumers. Several other researchers demonstrate also a greater inclination towards ostentation among Chinese consumers (Durvasula & Lysonski 2010; Jin et al. 2015). Similarly, Eng and Bogaert (2010) observe a prominence of conspicuousness among Indian buyers. Related findings are also reported by other researchers demonstrating a preference for ostentation among Indian consumers (Shukla et al. 2015). Thus, we posit that both Chinese and Indian consumers will be influenced by Veblen effect. However, it is argued that there will not be any differential effect of Veblen motivation between consumers in these two countries.

H2a: The significant influence of snob motivation on luxury purchase intentions will be more pronounced among Chinese consumers.

H2b: The significant influence of bandwagon motivation on luxury purchase intentions will be more pronounced among Indian consumers.

H2c: There will be no significant difference in the effect of Veblen motivation on luxury purchase intentions among both Chinese and Indian consumers.

*Within country differences.* Research focusing on generic consumption patterns argues that significant intra-country differences exist within large emerging markets like China (Faure &

Fang 2008) and India (Jaikumar & Sarin 2015). However, extant research in luxury domain tends to assume homogeneity among consumers within these large emerging markets (Shukla et al. 2015). Assuming homogeneity in such large countries may offer a limited perspective in engaging with consumers. China and India have huge diversity in languages and regional disparities in the level of real GDP per capita, and other economic indicators such as life expectancy, adult literacy rate among others. India is similar to the European Union, consisting of 35 states and union territories with 22 official languages and more than 1,500 language dialects spoken. The languages, customs, and consumer preferences vary across states with severe income disparities (Azam 2017). For example, the per capital income of the richest state, Goa, is presently 11 times that of the poorest state, Bihar. Similarly, within China, substantial regional disparities exist such as the GDP per capita of the Beijing province is more than 5 times larger than the poorest province Gansu. With more than 55 ethnic minorities and greater than 1,500 dialects of the official Mandarin language (French 2005) coupled with the huge variations in the economic growth between provinces, China also demonstrates substantial intra-country differences.

Ignoring such heterogeneity of these large emerging markets and adopting a uniform marketing strategy is considered a pivotal factor for failures of many foreign brands (Cui and Liu, 2000). Further, the uneven intra-country economic development added with the cultural diversity has a significantly greater impact on firm performance in emerging economies than developed nations (Chan, Makino and Isobe 2010). These findings indicate that companies need to formulate distinct regional strategies in these large emerging markets. However, few studies offer such regional comparisons in general and there is a dearth of such studies in luxury domain in particular.



In relation to China, in a qualitative study involving 53 rural and 58 urban consumers, Piron (2006) shows a liking for the hedonic aspects of consumption such as entertainment among urban consumers, while functional preferences are more apparent among their rural counterparts. Moreover, the urban consumers demonstrated a greater preference for display sensitive goods such as computers, television and property than rural consumers, who preferred functional goods. Similarly, in their qualitative study, Craig and Douglas (2011) show a greater level of symbolic consumption among Chinese urban consumers, and a higher preference for functional products among rural consumers. In their exploratory study, by capturing the attitudes towards money among Tier-1 city-based Chinese consumers, Durvasula and Lysonski (2010) found a significant rise in preference for materialism and vanity aspects. While these studies provide interesting exploratory insights within a country, they do not offer a between country comparison at the same time. Moreover, these authors consistently call for further conclusive evidence through either surveys or experiments (Piron 2006; Craig and Douglas 2011).

It is well-established that materialistic and vanity-seeking consumers tend to rely on external cues, and place high value on the possession of unique products and displaying them in public (Richins 1994). They tend to follow social norms in purchasing, especially status goods (Sharma 2010). Thus, the growing materialism, vanity and hedonic preferences among Chinese Tier-1 city-based consumers indicate that they demonstrate significantly higher network effects reflected in snob, bandwagon and Veblen motivation in comparison to their semi-urban and rural counterparts. Moreover, luxury goods allow consumers to portray their uniqueness, and gain social mileage through their display of possession (Eisend et al. 2017). Hence, we posit that symbolic motivations will be significantly more influential in the

purchase of luxury goods among Tier-1 city-based consumers in China than those who reside in lower-tier cities.

Regarding India, the extant research demonstrates a different picture. Focusing on income inequality aspects, Jaikumar and Sarin (2015) argue that due to the reduced availability of alternative mechanisms to signal status, including education and professional titles, rural and semi-urban city-based consumers are more likely to engage in symbolic consumption. We thus opine that this reduced level of alternatives to demonstrate status signalling will lead the lower-tier city-based consumers to demonstrate a higher level of snob motivation than their Tier-1 counterparts. Furthermore, similar to earlier findings that focus on the effect of ‘keeping up with Joneses’ (Wood 1989), as well as interpersonal influences among Indian consumers (Shukla 2011), we argue that Indian consumers will be increasingly susceptible to upward comparisons. This is further confirmed by Sharda and Bhat (2019), who report the increasing influence of vanity and symbolic consumption among Indian urban and semi-urban city-based consumers. Hence, we posit that consumers in both Tier-1 and lower-tier cities in India will be significantly influenced by bandwagon motivations. However, Bloch, Rao, and Desai (2004) find that upward social comparisons are more acute in lower-tier cities in India, where families on average spend more than six times their annual income on marriages, and may incur severe debt at interest rates of over 200 percent. Linssen, Van Kempen, and Kraaykamp (2011) also observe that instead of accepting their relative rank in society, rural and semi-urban Indian consumers are highly motivated to engage in the consumption of symbolic goods to ‘keep up with the Joneses’ thus demonstrating the power of positive network externalities. Such practices suggest that while bandwagon motivation may be influential among both Tier-1 and lower-tier cities in India, the effect will be significantly more pronounced among lower-tier cities.

Studies that examine conspicuous consumption among Indian consumers have particularly focused on urban markets. These studies show a mixed picture. For example, while Shukla (2012) argues that the influence of conspicuous consumption among Indian consumers is non-significant, a number of studies demonstrate a significant influence of other-directed symbolism among consumers based in Tier-1 cities (Eng & Bogaert 2010; Hennigs et al. 2012). Further, Roychowdhury (2016) argues that increased visible inequality leads to greater conspicuous signalling. Based on the India Human Development Survey carried out by the National Council of Applied Economic Research, several economists argue that greater visible income inequalities exist within the urban markets (Azam 2017; Chamarbagwala 2010). Using the same dataset, Jaikumar and Sarin (2015) observe that increased income inequality is associated with an increased spending on conspicuous consumption as a share of total spending. Based on the above discussion, we posit that, driven by visible inequalities, Veblen motivations will be a significantly greater driver of luxury purchase intentions among consumers in Tier-1 cities of India than in lower-tier cities.

Hence, based on the above debate, the study argues a significantly higher influence of symbolic motivations in China's Tier-1 cities, however, it posits differential effects of the motivations in India such that luxury purchase intentions among Indian consumers in lower-tier cities will be significantly more driven by snob and bandwagon motivations. Further, Indian consumers in Tier-1 cities will demonstrate greater influence of Veblen motivation than their lower-tier counterparts.

H3: Consumers in Chinese Tier-1 cities will demonstrate a significantly higher influence of (a) snob, (b) bandwagon and (c) Veblen motivations than consumers in lower-tier cities.

H4: Consumers in Indian lower-tier cities will demonstrate a greater influence of (a) snob and (b) bandwagon motivations, (c) while consumers in Tier-1 cities will demonstrate a greater influence of Veblen motivation.

## **METHODOLOGY**

*Participants and Data Collection.* The data for this study was collected using the market research panel of Toluna. More than 900 consumers who had purchased luxury goods in the past six months were contacted, with a final usable sample of 414 for China (Tier-1 n = 282; lower-tier n = 132) and 332 for India (Tier-1 n = 141; lower-tier n = 191). While there is no clear definition, there is a general consensus among academics and practitioners regarding Tier-1 and lower-tier cities within most markets. For example, in the case of China, cities including Beijing, Shanghai, Guangzhou and Shenzhen are considered Tier-1 cities, while Fuzhou, Hefei, Harbin, Weifang, Yinchuan and Guilin, among others, are identified as lower-tier cities. Similarly, in India, cities including Delhi, Mumbai, Chennai, Kolkata and Bangalore are considered Tier-1, and cities such as Jaipur, Chandigarh, Lucknow, Ranchi, Madurai, Amritsar, Jodhpur, etc. are considered as lower-tier cities. The inclusion of real luxury consumers (Hennings et al. 2012; Shukla et al. 2015) furthers the strength of this study, compared with earlier studies that mostly focus on student samples.

*Measurement.* A structured questionnaire was developed using existing scales with stable psychometric properties. The questionnaire was divided into three sections, the first section

introducing a definition of luxury goods as ‘something expensive that is pleasant to have but is not necessary’, with several global brand examples, including Louis Vuitton, Gucci and Armani, among others. The second section of the study focused on the predictors, and the third section captured purchase intentions and socio-demographics. Sections 2 and 3 were counterbalanced. The six-item Veblen motivations scale items were derived from O’Cass & McEwen (2004). The three snob motivation items were adapted from Wiedmann et al. (2009). Bandwagon scale was measured with five items derived from Kastanakis and Balabanis (2012). The items were measured on a seven-point Likert-type scale, with ‘strongly disagree’ and ‘strongly agree’ as anchors. The items are presented in Table 2.

- Insert Table 2 about here -

The conceptual and functional equivalence for all constructs was assessed subjectively using a multicultural team of experts (n = 4). The items were translated and back-translated in Mandarin and Hindi. The content and face validity were measured using an expert panel of academics and practitioners to assess the representativeness, specificity and clarity of each item. A pilot study (n=20) was carried out to identify any impolite, unclear or difficult-to-understand questions.

Confirmatory factor analysis (CFA) was conducted for each dataset to assess the psychometric soundness of each scale across datasets using the maximum likelihood method with AMOS 25. As Table 2 shows, fit statistics including chi-square, RMSEA and CFI are above the recommended threshold. The coefficient alpha, Average Variance Extracted (AVE) and Critical Ratio (CR) values for all the constructs are above or very close to the recommended threshold, demonstrating further evidence of construct reliability. The study

assessed the discriminant validity using the test suggested by Fornell and Larcker (1981), examining whether the average variance extracted by the underlying latent variable is greater than the shared variance between latent variables. All the variables in the study meet this criterion, as no correlation exceeds the square root of the average variance extracted (see Table 3).

- Insert Table 3 about here -

*Invariance Analysis and Common Method Bias.* Since the study data is cross-sectional in nature and stems from a single source, common method bias (CMB) may become an issue (Podsakoff et al. 2003). The study employed several procedural and statistical remedies in the design and analysis stage to control for common method bias. By counterbalancing the order of measurement of the variables order bias was controlled. To avoid response format bias, the participants completed filler tasks, unrelated to the study, within the questionnaire. Further, to reduce method bias, the respondents were guaranteed anonymity, with assurance that there were no right or wrong answers. The study also used pre-established, validated scales that are concise and unambiguous. Two different statistical remedies were used to check for common method bias. First, the study employed the Harman's single factor exploratory factor analysis test. A single factor exploratory factor analysis was carried out across the different datasets. The single factor model across the dataset did not account for more than 40.06% of the total variance across the datasets. However, when allowing for eigen values to be greater than 1, the items loaded on their relative theorised factors and accounted for more than 68.09% variance across the datasets. The study then used the marker variable approach proposed by Lindell & Whitney (2001). We used intimidation impression management tactic items as a marker variable (i.e. theoretically unrelated construct), which did not exhibit any significant

correlation with other constructs. Moreover, the marker variable did not change the significance of the correlation coefficients after implementing the partial correlation adjustments. The above analysis suggests that CMB is not an issue with the current study datasets.

As the data were collected from two different countries, it was important to measure invariance. Cross-cultural equivalence was measured using the process outlined by Steenkamp and Baumgartner (1998). This process helps researchers to identify if the same operationalised theoretical constructs hold true across different nations and cultures. As shown in Table 4, the configural invariance was achieved based on the fit indices ( $\chi^2/df = 2.12$ ; RMSEA = .039; CFI = .92). While full metric invariance was not achieved, partial metric invariance was achieved ( $\chi^2/df = 2.06$ ; RMSEA = .038; CFI = .91) with the chi-square difference between configural and partial metric invariance non-significant ( $\Delta\chi^2 (36) = 49.50, p >.05$ ). Partial scalar invariance was achieved as well ( $\chi^2/df = 2.01$ ; RMSEA = .039; CFI = .90) as the chi-square difference between the configural and partial scalar invariance was not significant ( $\Delta\chi^2 (68) = 87.76, p >.05$ ) and the other fit indices remained within the recommended threshold.

- Insert Table 4 about here -

## **ANALYSIS AND RESULTS**

This study is the first to examine intra and inter country differences simultaneously for the effects of symbolic motivations on luxury consumption. As the study involves two between country comparisons (i.e., China vs India) and two within country comparisons (i.e., Tier-1 vs lower-tier cities) simultaneously, a multi-group comparison was deemed the most

appropriate approach. The study employed multiple-group CFA using AMOS 25 to examine the hypothesized relationships. The path coefficient analysis in Table 5 shows the structure of the hypothesized relationships. Based on the results of the invariance analysis, the data were combined at the country level and pooled as a single dataset also. We included four socio-demographic variables – age, gender, marital status and education – as control variables. With regard to the H1a, full support was observed for the influence of snob motivation at pooled data level ( $\beta = .20$ ;  $p < .001$ ), in China ( $\beta = .34$ ;  $p < .001$ ) and in India ( $\beta = .11$ ;  $p < .05$ ). The effect of bandwagon motivation on luxury purchase intentions was significant at pooled data level ( $\beta = .25$ ;  $p < .001$ ), in China ( $\beta = .25$ ;  $p < .001$ ) and in India ( $\beta = .26$ ;  $p < .001$ ), giving credence to H1b. Partial support was observed for H1c, wherein the effect of Veblen motivation on luxury purchase intentions was significant at pooled data level ( $\beta = .08$ ;  $p < .05$ ), and in China ( $\beta = .06$ ;  $p < .05$ ); however, it was not significant in India.

- Insert Table 5 about here -

H2 requires an examination of the magnitude of effect between each symbolic motivation and luxury purchase intentions across the two countries. To achieve this, the study compared an unconstrained model with a constrained model, in which only one symbolic motivation path was set to be invariant. When comparing the influence of snob motivation on luxury purchase intentions across China and India, the chi-square difference was found to be significant ( $\Delta\chi^2(1) = 3.99$ ;  $p < .05$ ), with Chinese consumers demonstrating significantly higher levels of snob motivation influence than Indian consumers, supporting H2a. However, H2b was not supported as when comparing the unconstrained and constrained model, the chi-square difference was non-significant ( $\Delta\chi^2(1) = .03$ ;  $p > .05$ ). As predicted in H2c, when comparing the chi-square difference between the unconstrained and constrained model regarding the



influence of Veblen motivation on luxury purchase intentions, the difference is non-significant ( $\Delta\chi^2(1) = .01; p < .05$ ), giving credence to H2c.

- Insert Figure 1 about here -

As significant difference was observed with regard to snob motivation among Chinese and Indian consumers, we employed floodlight analysis to examine the difference (Spiller et al. 2013). This analysis illuminates the change in the entire range of dependent variable, for every value of the continuous variable. Such analysis eliminates the arbitrariness of choosing a high and low value such as one standard deviation above and below the mean (Preacher, Curran, & Bauer 2006). The results (see Figure 1) demonstrate that at lower levels of snob value, Indian consumers are more inclined to purchase luxury goods. However, as snob value increases, Chinese consumers' luxury purchase intentions increase.

- Insert Table 6 about here -

Hypothesis 3 relates to within country similarities and differences (see Table 6). For Chinese consumers, the effect of snob motivation was significant among Chinese Tier-1 consumers ( $\beta = .49; p < .001$ ); however, not for the consumers residing in lower-tier cities. Similar results were also observed for bandwagon motivation, where its effects on luxury purchase intentions was significant among Chinese Tier-1 consumers ( $\beta = .24; p < .001$ ). The influence of Veblen motivation was found to be non-significant among Chinese Tier-1 and lower-tier consumers. Hypothesis 3a argues that symbolic motivations will have a significantly greater influence on luxury purchase intentions among Chinese Tier-1 city-based consumers. To examine this comparison, an unconstrained model was compared with a constrained model,

in which only one symbolic motivation path was set to be invariant between Chinese datasets. H3a was supported, as significant difference was observed in the influence of snob motivation on luxury purchase intentions among Chinese consumers ( $\Delta\chi^2 (1) = 26.42$ ;  $p < .001$ ) with consumers in Tier-1 cities showing significant influence of snob motivation. However, H3b and H3c were not supported, as the differential effect of bandwagon and Veblen motivations on luxury purchase intentions was non-significant between consumers in Tier-1 and lower-tier cities.

For Indian consumers, the differential effect of snob motivation on luxury purchase intentions was significant ( $\Delta\chi^2 (1) = 4.82$ ;  $p < .05$ ), consumers in lower-tier cities showing greater influence of snob motivation on luxury purchase intentions ( $\beta = .30$ ;  $p < .001$ ) than Tier-1 cities ( $\beta = -.01$ ;  $p > .05$ ), thus, supporting H4a. While bandwagon motivation was influential for both Tier-1 ( $\beta = .18$ ;  $p < .05$ ) and lower-tier ( $\beta = .26$ ;  $p < .001$ ) city-based consumers, contrary to the prediction, there was no significant difference observed between the constrained and the unconstrained model ( $\Delta\chi^2 (1) = .06$ ;  $p > .05$ ). The effect of Veblen motivation on luxury purchase intentions was significant among Indian Tier-1 city-based consumers only ( $\beta = .20$ ;  $p < .001$ ). However, the difference between consumers belonging to Tier-1 and lower-tier cities was not significant at 0.05 level ( $\Delta\chi^2 (1) = 2.20$ ;  $p > .1$ ).

- Insert Figure 2 about here -

To further probe the differences observed in snob motivation for Chinese and Indian consumers, the study employed floodlight analysis, as described earlier (Spiller et al. 2013). The effect differences are observed in Figure 2, wherein snob motivation is seen to be more

influential in Tier-1 cities of China, and lower-tier cities of India, demonstrating significant within country differences across both countries.

## **DISCUSSION AND CONCLUSION**

Over the past two decades, emerging markets, and especially the Tier-1 cities within them, have been the foundation of growth for most international luxury brands. However, analysts observe that the growth within the Tier-1 cities of emerging markets is also slowing down (Singh 2019). Moreover, a number of industry reports point towards the lower-tier cities within emerging markets as the next growth engines for luxury goods (McKinsey 2019; Perkowski 2019). So far, however, the extant research is scarce on what motivates consumers in these growth engines of tomorrow to engage in luxury consumption. Based on the network effects theory (Katz and Shapiro 1985), this research examines the three fundamental symbolic motivations namely, snob, bandwagon and Veblen that drive luxury consumption (Kastanakis & Balabanis 2012; Leibenstein 1950; Veblen 1899). In doing so, the study offers the first comparison of its kind that demonstrates the differential influence of these symbolic motivations underpinned by the network effects on luxury consumption among Tier-1 and lower-tier cities of two of the most important emerging markets for luxury goods, China and India.

### **Theoretical Implications**

While examining the findings, the centrality of network effects and symbolic motivations in influencing consumer luxury purchase intentions is observed. However, considerable intra-and-inter country variations exist, which offer important theoretical implications for international marketing and international business researchers. For instance, regarding the inter country comparisons, the study shows that Chinese consumers are significantly

influenced by all three types of symbolic motivations (i.e. snob, bandwagon and Veblen), whereas Indian consumers are not influenced by Veblen motivation. The significant influence of both negative and positive network externalities represented in snob and bandwagon motivations respectively across both China and India shows the socially driven nature of luxury consumption. Moreover, it shows that consumers in these markets are driven by both negative and positive network effects to demonstrate their uniqueness or fitting-in behaviour and will readily engage in purchasing luxury goods. The findings regarding the influence of Veblen motivation offer evidence of national level differences. These results further affirm the rise in conspicuous consumption tendencies among Chinese consumers (Podoshen et al. 2011), while also corroborating the non-significant influence of conspicuous consumption among Indian consumers (Shukla 2012).

A major contribution of this study is the simultaneous inter-and-intra country comparisons. It offers a novel understanding of the symbolic drivers for luxury purchase intentions by examining the inter-country differences among Tier-1 and lower-tier cities within China and India. In doing so, the study demonstrates the folly of considering consumers in these large emerging markets as a homogenous segment. For instance, while snob motivation influences luxury consumption across China and India, when examining it through a micro-lens, significant differences emerge.

The study shows that negative network effects represented in snob motivation significantly influence Chinese Tier-1 and Indian lower-tier city-based consumers in their purchase intentions for luxury goods. However, they do not influence Chinese lower-tier and Indian Tier-1 consumers. These differences can be attributed to the need to distinguish oneself among significant others, based on the economic and cultural developments in recent decades

across these countries (Jin et al. 2015; Guercini et al. 2016). However, the routes to achieve such means remain substantially different. Regarding China, while the country shares a strong cultural heritage and rich tapestry of social norms and traditions, several researchers argue the detrimental effects of the cultural revolution on consumer culture (Kanbur & Zhang 2005). However, since the 1980s, Tier-1 cities have been steadily involved in global trade, and with unequal and rapidly increasing economic development (Knight & Gunatilaka 2010). Thus, consumers in Tier-1 cities have a greater urge to differentiate themselves from others. Consumers in lower-tier cities of China have only recently been exposed to global trends, their lives having largely been driven by socialist and egalitarian cultural doctrine, thus the network effects are comparatively weak to their tier-1 city counterparts. Further, Piron (2006), through an exploratory qualitative study, shows a greater preference for functional products among rural Chinese consumers, with no identification of favourite products or history-sharing products with personal and social meanings. Thus, our results provide empirical confirmation to earlier exploratory qualitative studies comparing Chinese rural and urban consumers (Piron 2006; Craig and Douglas 2011) and demonstrate the cultural and economic disparities that underpin intra-country differences in luxury consumption among Chinese consumers. On the other hand, the significant influence of snob motivation among lower-tier cities in India can also be attributed to income equality, although with a different driving mechanism – availability of alternatives that portray status signalling (Jaikumar & Sarin 2015). While India also shares a deeply embedded cultural heritage and customs that drive the social hierarchy, the growth of Indian Tier-1 cities has allowed for a novel social hierarchy based on economic roles (Roychowdhury 2016). Such novel hierarchies are not yet embedded in lower-tier cities in India. With the significant normative susceptibility among Indian consumers and social hierarchy consciousness (Shukla 2011), a significantly greater influence of snob motivation is observed among consumers in lower-tier cities of India.

The impact of positive network externality effects represented through bandwagon motivation on luxury purchase intentions is also noteworthy between and within countries. At pooled data and country level, the effect is significant. Such significance aligns with the collectivist nature of both Chinese and Indian societies, wherein consumers tend to follow social norms and attempt to engage in the consumption of products that are popular among their significant others (Faure and Fang 2008; Kumar and Paul 2018). However, when examining the effects of bandwagon motivation through the intra-country comparison lens, interesting differences emerge. In China, the effect of bandwagon motivation on luxury consumption is significant in Tier-1 cities only; however, it is significant in both Tier-1 and lower-tier cities in India. The influence of bandwagon effect shows the power of positive network externalities (Leibenstein 1950) and group affiliation. For instance, the growing materialism and vanity among Chinese consumers in Tier-1 cities, coupled with the collectivist nature of society may direct consumer preference towards luxury products that are highly admired and approved by their significant others. However, the greater preference towards functionality among the consumer in lower-tier cities (Craig & Douglas 2011) will be reflected in the non-significant influence of bandwagon motivation. Research on both Indian urban and rural consumers has shown that they are highly influenced by upward comparisons and ‘keeping up with Joneses’ (Jaikumar & Sarin 2015; Linssen et al. 2011). This is observed in consumption practices. For example, more than half of the overall alcoholic beverage market in India is driven by whisky, which is associated with status signalling (Euromonitor 2019). The significant role of conformance to societal trends is also captured in extant research across India (Shukla 2011). While earlier studies have examined the role of social comparison (Jaikumar and Sarin 2015) and interpersonal influences (Shukla 2011) among Indian consumers, our study provides evidence of positive network effects by

demonstrating the significant influence of bandwagon motivation across first-tier and lower-tier cities of India.

A further interesting finding of this study pertains to the differential effects of Veblen motivation on luxury consumption. The conspicuous aspects of luxury symbolism are influential in pooled data and within China, however, not among Indian consumers, which is corroborated in earlier research (Podoshen et al. 2011; Shukla 2010). The intra-country comparisons demonstrate that no significant differences exist between the consumer in Tier-1 and lower-tier cities regarding Veblen motivation. This suggests that the effects of visual inequality are felt across the cities within these countries. The study thus provides further support for the argument put forward by several researchers on the reducing focus on conspicuousness among consumers across emerging markets (Sharma 2010; Shukla 2012).

### **Managerial Implications**

The findings offer several noteworthy implications that demonstrate the need for managers to be cognizant about the importance of symbolic motivations in luxury consumption across emerging markets. Moreover, through inter and intra-country comparisons the study provides managers with an avenue to standardize their strategies between and within the markets as well as localize their strategic response to build agile and flexible strategic campaigns that offer greater acceptability when engaging consumers across these markets.

The findings indicate that when attempting to engage with Chinese consumers, managers should employ tactics which demonstrate that their luxury goods are unique, are acceptable in the societal setting and that the possessor could get social mileage via the display of such objects. However, when targeting Indian consumers, managers should avoid the conspicuous

display aspects of their products and focus more on the uniqueness and social approval associated with their products and brands.

As luxury brands move their focus from Tier-1 cities to lower-tier cities in these markets, the study findings offer important guidance. The study shows that Chinese consumers, especially in lower-tier cities, are predominantly functionality focused. Thus, while snob and bandwagon motivation driven campaigns will work in Chinese Tier-1 cities, these campaigns will not deliver fruitful results in the lower-tier markets. Regarding the Indian marketplace, the findings also highlight opportunities to standardize and customize the company strategies. For example, positioning a brand through the lens of social acceptability is advisable across India. Moreover, the uniqueness of products should be highlighted in lower-tier markets. However, managers should avoid highlighting conspicuous aspects of their products across India.

### **Limitations and Future Directions**

Despite the interesting theoretical and managerial implications, this research has limitations which provide directions for future research. While the studies were conducted in Tier-1 and lower-tier cities, a comparative study examining further differentiation within these markets, such as Tier-1, 2 and 3 cities and rural markets could offer a further nuanced comparison. Extending this study into other developed and emerging markets could also be a fruitful avenue for further research. Moreover, experiments examining the influence of these symbolic motivations on their own, and their interactive effects would extend the findings of this study. Future studies could also incorporate individual difference variables, including consumer personality traits, to show how these constructs could moderate the relationship between symbolic motivations and luxury consumption across and within these markets.



In conclusion, the study contributes to the examination of luxury consumption conceptually, substantially and managerially. Conceptually, the study extends our understanding of luxury consumption by examining it through the theoretical lens of the theory of network effects. Substantially, it also demonstrates the distinct cross-cultural effects of symbolic motivations (i.e., snob, bandwagon and Veblen motivations) particularly relevant to luxury goods. Managerially, the findings highlights the folly of treating the large emerging markets as homogenous and proposes a much more nuanced lens to operate and achieve success. We hope the study will ignite further research that simultaneously examines intra and inter-country comparative consumption.

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Table 1: Cross-national comparison of luxury motivations

| Authors (year)                             | Countries studied  | Sample size and type        | Motivation dimensions studied   | Findings  | Country context              | Between country differences | Within country differences | Luxury specific motivation drivers |
|--|--|-----------------------------|---|---|------------------------------|-----------------------------|----------------------------|------------------------------------|
| Hennigs, Wiedmann, Klarmann, et al. (2012) | Brazil, France, Germany, Hungary, India, Italy, Japan, Slovakia, Spain, USA, other | 1275, students              | Financial, functional (usability, quality, uniqueness), individual (self-identity, hedonism, materialism), social (conspicuous, prestige) | Basic motivational drivers of value perceptions are similar across markets, although the relative importance varies.  | Developed & Emerging markets | √                           | X                          | X                                  |
| Shukla (2012)                              | USA, UK, India, Malaysia   | 1004, real luxury consumers | Social (conspicuous, status), personal (hedonism, materialism), functional (uniqueness, price-quality perceptions)                        | Significant differences across the markets in sub-dimensions of luxury value perceptions observed.  | Developed & Emerging markets | √                           | X                          | X                                  |
| Shukla and Purani (2012)                   | UK, India  | 502, real luxury consumers  | Self-directed symbolic/expressive, other-directed symbolic/expressive, experiential/hedonic, utilitarian/functional, cost/sacrifice       | Indian consumers are mostly driven by other directed symbolic nature of luxury while the British consumption is much more complex involving other aspects of value perceptions. | Developed & Emerging markets | √                           | X                          | X                                  |
| Hennigs et al. (2015)                      | Germany, South   | 289, real luxury            | Single factor luxury value perception   | Differences at item levels in particularly  | Developed markets            | √                           | X                          | X                                  |

|                             |                         |                            |  |   |                   |   |   |   |
|-----------------------------|-------------------------|----------------------------|--|---|-------------------|---|---|---|
|                             | Korea                   | consumers                  |  | with social impression management.  |                   |   |   |   |
| Chattalas and Shukla (2015) | USA, UK                 | 500, real luxury consumers | Social, personal, functional                                       | American consumers were influenced by social and functional value, while British consumers were influenced by personal and functional value.  | Developed markets | √ | X | X |
| Shukla et al. (2015)        | China, India, Indonesia | 626, real luxury consumers | Functional, experiential, symbolic (other-directed, self-directed) | Similarities among consumers with regards to functional value. However, Indians are driven by other-directed symbolic value and Indonesians by self-directed symbolic value and experiential value. | Emerging markets  | √ | X | X |
| Current study               | China, India            | 746, real luxury consumers | Snob, Bandwagon, Veblen  | Significant differences exist within large emerging markets regarding luxury consumption. Different symbolic motivations operate with varying influence within and between these markets.           | Emerging markets  | √ | √ | √ |

Table 2: Measurement model

|  | China  |        | India  |        | Pooled |
|--|--------|--------|--------|--------|--------|
|  | Tier-1 | Tier-3 | Tier-1 | Tier-3 |        |
| <b>Snob motivation</b>   |        |        |        |        |        |
| I buy luxury products to differentiate myself from others.   | .56    | .76    | .66    | .77    | .66    |
| I believe that true luxury products cannot be mass-produced.   | .83    | .68    | .85    | .82    | .78    |
| I own true luxury products.  | .79    | .72    | .58    | .60    | .74    |
| AVE  | .54    | .52    | .50    | .54    | .53    |
| CR   | .77    | .76    | .75    | .79    | .77    |
| Alpha  | .70    | .78    | .91    | .88    | .77    |
| <b>Bandwagon motivations</b>   |        |        |        |        |        |
| To make sure I buy the right product or brand, I often observe what others are buying and using.       | .76    | .69    | .79    | .87    | .72    |
| I achieve a sense of belonging by purchasing the same luxury brands and products that others purchase. | .76    | .74    | .78    | .78    | .75    |
| I like to know what brands and products make good impression on others.                                | .78    | .75    | .79    | .54    | .71    |
| I buy luxury goods because they are worn by many celebrities.  | .67    | .68    | .58    | .69    | .73    |
| I buy certain luxuries because they were fashionable at that time.                                     | .55    | .58    | .55    | .62    | .69    |
| AVE  | .50    | .50    | .50    | .50    | .52    |
| CR   | .83    | .82    | .83    | .83    | .84    |
| Alpha  | .76    | .75    | .76    | .76    | .77    |
| <b>Veblen motivation</b>   |        |        |        |        |        |
| A product is more valuable to me if it has some show-off appeal.                                       | .68    | .70    | .72    | .68    | .65    |
| I would pay more for a product if it has status.   | .76    | .86    | .71    | .72    | .75    |
| I am interested in new products with status.   | .82    | .79    | .69    | .80    | .77    |
| I would buy a product just because it has status.  | .77    | .85    | .64    | .77    | .73    |
| I can gain respect when I wear luxury fashion goods.   | .65    | .77    | .71    | .51    | .56    |
| I wear luxury fashion goods because it is easy to be noticed by others.                                | .80    | .50    | .58    | .73    | .52    |
| AVE  | .53    | .57    | .50    | .51    | .51    |
| CR   | .90    | .91    | .88    | .88    | .87    |
| Alpha  | .90    | .91    | .79    | .79    | .87    |
| <b>Purchase intentions</b>   |        |        |        |        |        |
| How likely are you to purchase luxury goods in the coming six months?                                  | .91    | .60    | .80    | .74    | .69    |

|  |       |        |        |        |        |
|--|-------|--------|--------|--------|--------|
| How probable it is that you will buy luxury goods in the coming six months?  | .92   | .87    | .73    | .85    | .60    |
| How certain are you that you will buy luxury goods in the coming six months? | .80   | .83    | .85    | .79    | .81    |
| AVE  | .78   | .60    | .63    | .63    | .50    |
| CR   | .91   | .81    | .84    | .84    | .74    |
| Alpha  | .91   | .78    | .74    | .83    | .70    |
| <b>Fit indices</b>   |       |        |        |        |        |
| Chi-sq   | 284.8 | 316.38 | 263.91 | 304.26 | 314.26 |
| df   | 143   | 143    | 143    | 143    | 143    |
| RMSEA  | .059  | .08    | .07    | .07    | .06    |
| CFI  | .95   | .90    | .90    | .91    | .93    |

Table 3: Correlations matrix

| <b>China Tier-1</b>       | Mean | SD   | SM          | BM         | VM         | PI         |
|---------------------------|------|------|-------------|------------|------------|------------|
| Snob motivation (SM)      | 2.73 | 0.91 | <i>.73</i>  |            |            |            |
| Bandwagon motivation (BM) | 3.49 | 1.17 | <i>.46</i>  | <i>.71</i> |            |            |
| Veblen motivation (VM)    | 4.23 | 1.23 | <i>.56</i>  | <i>.41</i> | <i>.73</i> |            |
| Purchase Intentions (PI)  | 4.40 | 1.30 | <i>.57</i>  | <i>.62</i> | <i>.43</i> | <i>.88</i> |
| <b>China lower-tier</b>   |      |      |             |            |            |            |
|                           | Mean | SD   | SM          | BM         | VM         | PI         |
| Snob motivation (SM)      | 4.33 | 1.14 | <i>.72</i>  |            |            |            |
| Bandwagon motivation (BM) | 4.02 | 0.96 | <i>.36</i>  | <i>.71</i> |            |            |
| Veblen motivation (VM)    | 3.69 | 1.24 | <i>.34</i>  | <i>.59</i> | <i>.75</i> |            |
| Purchase Intentions (PI)  | 4.63 | 1.34 | <i>-.02</i> | <i>.19</i> | <i>.21</i> | <i>.77</i> |
| <b>India Tier-1</b>       |      |      |             |            |            |            |
|                           | Mean | SD   | SM          | BM         | VM         | PI         |
| Snob motivation (SM)      | 3.79 | 1.47 | <i>.71</i>  |            |            |            |
| Bandwagon motivation (BM) | 4.65 | 1.24 | <i>.47</i>  | <i>.71</i> |            |            |
| Veblen motivation (VM)    | 4.23 | 1.16 | <i>.35</i>  | <i>.43</i> | <i>.71</i> |            |
| Purchase Intentions (PI)  | 4.96 | 1.91 | <i>.29</i>  | <i>.53</i> | <i>.44</i> | <i>.79</i> |
| <b>India lower-tier</b>   |      |      |             |            |            |            |
|                           | Mean | SD   | SM          | BM         | VM         | PI         |
| Snob motivation (SM)      | 3.66 | 1.19 | <i>.73</i>  |            |            |            |
| Bandwagon motivation (BM) | 4.13 | 1.16 | <i>.21</i>  | <i>.71</i> |            |            |
| Veblen motivation (VM)    | 4.47 | 1.14 | <i>.38</i>  | <i>.32</i> | <i>.71</i> |            |
| Purchase Intentions (PI)  | 4.39 | 1.19 | <i>.38</i>  | <i>.34</i> | <i>.21</i> | <i>.79</i> |

\* The numbers in diagonals in italics are square root for AVE.

Table 4: Invariance analysis

|                           | Chi-sq  | Df  | Chi-sq/df | $\Delta$ Chi-sq | $\Delta$ df | RMSEA | CFI |
|---------------------------|---------|-----|-----------|-----------------|-------------|-------|-----|
| Configural                | 903.8   | 426 | 2.12      |                 |             | .039  | .92 |
| Full metric invariance    | 1149.52 | 479 | 2.40      | 245.72          | 53.00       | .043  | .88 |
| Partial metric invariance | 953.3   | 462 | 2.06      | 49.50           | 36.00       | .038  | .91 |
| Partial scalar invariance | 1935.9  | 517 | 3.74      | 1032.10         | 91.00       | .038  | .91 |
| Partial scalar invariance | 991.56  | 494 | 2.01      | 87.76           | 68.00       | .039  | .90 |

Table 5: Path co-efficient analysis

|  | Pooled | China  | India |
|--|--------|--------|-------|
| <b>Control variables</b>                           |        |        |       |
| Age  | -.06   | -.08*  | .07   |
| Gender   | .04    | .01    | .04   |
| Marital status                                     | -.06   | -.11** | -.02  |
| Education  | .02    | .16**  | -.12* |
| <b>Direct effects</b>                              |        |        |       |
| Snob motivation -> Luxury purchase intentions      | .20**  | .34**  | .11*  |
| Bandwagon motivation -> Luxury purchase intentions | .25**  | .25**  | .26** |
| Veblen motivation -> Luxury purchase intentions    | .08*   | .06*   | .09   |
| <i>R<sup>2</sup> value</i>                         | .19    | .34    | .15   |

Note: \* p<.05; \*\* p<.001

Table 6: Path co-efficient analysis for within country differences

|  | China  |            | India  |            |
|--|--------|------------|--------|------------|
|  | Tier-1 | Lower-tier | Tier-1 | Lower-tier |
| <b>Control variables</b>                           |        |            |        |            |
| Age  | .01    | -.04       | .10    | -.07       |
| Gender   | -.02   | .08        | -.01   | .09        |
| Marital status                                     | -.07   | -.09       | -.06   | -.01       |
| Education  | .09*   | .13        | -.18*  | -.09       |
| <b>Direct effects</b>                              |        |            |        |            |
| Snob motivation -> Luxury purchase intentions      | .49**  | .01        | -.01   | .30**      |
| Bandwagon motivation -> Luxury purchase intentions | .24**  | .19        | .18*   | .26**      |
| Veblen motivation -> Luxury purchase intentions    | .03    | .14        | .20**  | .03        |
| <i>R<sup>2</sup> value</i>                         | .45    | .12        | .14    | .21        |

Note: \* p<.05; \*\* p<.001

Figure 1: Differential effects of snob motivation in China and India

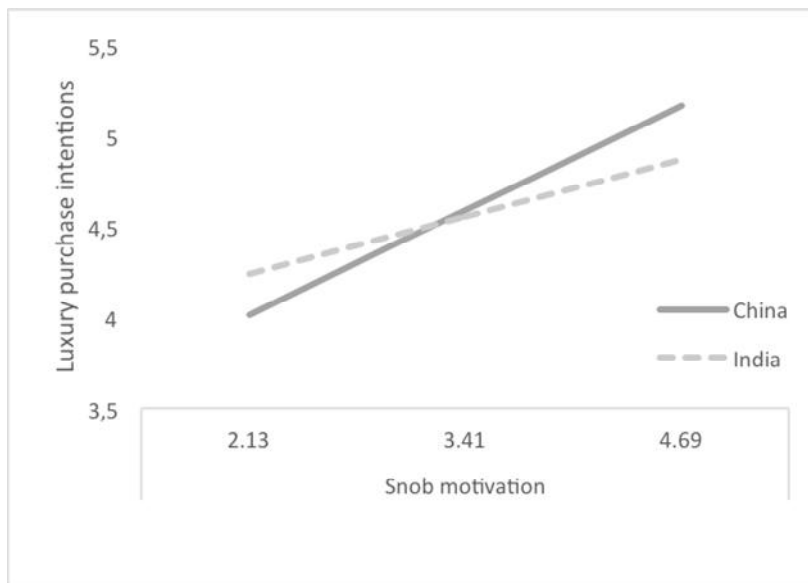




Figure 2: Differential effects of snob motivation in China and India within Tier-1 and lower-tier markets

