

## CONSUMPTION OF LUXURY HOTEL EXPERIENCE IN CONTEMPORARY CHINA: CAUSALITY MODEL FOR CONSPICUOUS CONSUMPTION

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China plays a preeminent role in luxury consumption in the global arena. However, the antecedents, attributes, and outcomes of conspicuous consumption among the Chinese, as well as how such a consumption preference can influence hospitality practices, are not yet fully understood. This study intends to address these issues. Through the discussions of five focus groups that consist of 38 hospitality-related Chinese practitioners, this study debunks the myth of conspicuous consumption among the Chinese in general and hospitality settings by identifying the characteristics of experiential conspicuous consumption in hotels as well as those in general settings. This study also theoretically conceptualizes conspicuous consumption by proposing a causality model on the basis of research findings. The characteristics of experiential conspicuous consumption in hotels are aligned with those of general settings for clear understanding of such a behavior in Chinese society. Strategies for constructing conspicuous consumption experience in hotels are derived accordingly.

**Key words: Conspicuous consumption; Chinese; Causality model; Consumption experience; Luxury hotels**

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### Introduction

China has surpassed Japan and the US in being the number one country in luxury consumption, representing 29% of the global luxury spending (Bain & Company, 2013). The visibility of China in the global arena continuously increases, which in turn causes several luxury brands and destinations

to perceive the country as a major market in luxury consumption. Most top brands have entered China and opened retailing shops in key locations to get close to the market (Bain & Company, 2015). In the past decades, the Chinese have demonstrated considerable interest in conspicuous consumption by not only purchasing luxury products but also exhibiting other luxury behaviors, including lavish

spending, banqueting, and gift-giving, among others. The keen interest of the Chinese in luxury behaviors has prompted a few marketing/survey companies to investigate Chinese luxury shopping, particularly through market research. These reports reveal the changing consumption preferences and market environments in China. For example, gift-giving, one of the main drivers of luxury shopping in the past, has been largely replaced by self-use because of frugality campaigns and tightening government control on anticorruption in recent years (Bain & Company, 2015). Moreover, conspicuous consumption has profoundly affected the travel and hospitality industry, in which as much as 55% of luxury products have been purchased overseas primarily because of the price disadvantage of domestic retailing (Bain & Company, 2015; McKinsey Consumer & Shopper Insights, 2012).

The large interest of the Chinese in shopping overseas and their changing consumption preference have profound implication in tourism and hospitality. The Chinese are not only willing to spend on top brands but to also engage in experiential luxury enjoyment in hotels/resorts, spas, travel, cruises, and private charter services (Bain & Company, 2015). This willingness presents a new opportunity for the hospitality sector to maximize market potential by enticing conspicuous consumption in hotels with appropriately designed products and services. For example, travel destinations are now competing to entice Chinese luxury shoppers to visit and shop at the destination (Hung, Denizci Guillet, & Zhang, 2018). Although Hong Kong was the top for mainland Chinese luxury shoppers, Japan has become the most popular luxury shopping destination for Chinese travelers (Ge & Liu, 2016). The hotel sector also inevitably benefits from such a trend owing to travelers' need for hospitality services while being away from home. However, the understanding of Chinese conspicuous consumption, particularly its experiential aspect, is limited. Why do the Chinese like to engage in conspicuous consumption, especially in hospitality settings? What are the key attributes of Chinese conspicuous consumption? What do Chinese expect to gain from conspicuous consumption? What implications do this trend have on the hospitality industry? Investing on hotels to create experiential luxury experience may be costly and unproductive

if market needs are not properly understood and logically explained. Therefore, this study aims to conceptualize conspicuous consumption and suggest how conspicuous consumption experience can be constructed within the hospitality context. In this study, luxury consumption refers to consuming luxury goods or services. Conspicuous consumption reflects only one of the many facets of luxury consumption and is associated with nonfunctional values gained in luxury consumption (Hung et al., 2018).

## Literature Review

### *Conspicuous Consumption and Status Consumption*

Going against the mainstream economic concepts in his time, Veblen (1899) asserted that the existence of two types of utility in products: (1) primary utility, which is an enhancement of human well-being, and (2) secondary utility, which is nonproductive and refers to the relative ability of consumers to pay. Emphasizing the importance of secondary utility for the leisure class, he stated that possessing the ability to pay, or generally, wealth, is not sufficient because corresponding approaches are necessary to show off or display wealth. Such approaches consist mainly of purchasing expensive products or services. Veblen (1899) coined the term conspicuous consumption to refer to the consumption motivated mainly by the anticipated secondary utility—in his own words, the “status value”—which does not serve living standards or human well-being in obvious ways. The social standards of the leisure class, or of certain people, can be preserved or even improved. The phenomenon of conspicuous consumption could even be observed among the servants or idle wives of the leisure class, which Veblen (1899) termed as the “vicarious leisure class.” This group of people can also reflect the wealth or social standard of their masters. He also suggested that the phenomenon can be found not only in the upper class of society but can also be traced in different classes, from the poorest to the richest.

Galbraith (1958, 1998) updated the concept of conspicuous consumption in his book, *The Affluent Society*. He noted that increased production and

advertisement can strengthen and cause the desire of consumers to proliferate. Such a desire is often not intended to meet a basic need but rather to meet a hedonistic one. Similar to Veblen, Galbraith doubted that the utility of products is the purpose of consumption. However, he considered the issue to be less socially directed, meaning that the advertising and manufacturing revolution introduced consumers to conspicuous consumption (cited in Patsiaouras & Fitchett, 2012).

Bourdieu's (1984) work contributed to the theory through a different and subtle approach. He observed the interaction among the upper, middle, and working classes of Paris. He also suggested an interesting phenomenon that the upper class adopts the taste of the working class to differentiate themselves from imitators, the middle class (Trigg, 2001). Bourdieu further suggested that the "aesthetic aspects of preference turn into the most eminent vehicles both for the social upbringing and marginalisation" (cited in Patsiaouras & Fitchett, 2012, p. 165), a view consistent with the trend in conspicuous consumption.

Throughout the latter 1970s and 1980s, mainstream scholars began realizing the importance of research on status-motivated consumption rather than focusing on pure conspicuous consumption (Mason, 1998). Hirsch (2005) suggested that consumers demand two types of goods: nonpositional goods, which provide no social status value, and positional goods, whose values depend on a comparison with others and the scarcity of such goods. Moreover, the beginning of research on status consumption triggered a series of discussions on the relationship between status consumption and the Veblen effect proposed by Leibenstein (1950). In the early 1990s, however, the analysis of status consumption "focused almost exclusively on Veblen effects and on those aspects of conspicuous consumption which were directly related to those circumstances where price entered the consumers' utility function" (Mason, 1998, p. 146).

A clear trend is that conspicuous consumption is largely included in research on status consumption. The definitions of conspicuous consumption proposed by scholars relate to status, symbolism, or style. Mason considered conspicuous consumption "a process by virtue of which individuals may achieve or maintain status" (Hamilton & Tilman,

1983, p. 792). Kilsheimer (1993) defined the concept as a motivational process to improve social standards by consuming products with a symbolized status. Rauscher (1997), in his work on the demand side of conspicuous goods, clearly related the concept with status-seeking behavior.

Eastern scholars have also begun to realize that conspicuous or status consumption occurs in Eastern countries. They have also nurtured several cross-culture discussions of the topic. Ahuvia and Wong (1998) discussed the relationship between luxury goods consumed in Eastern societies and the "face," specifically a salient idea for people in Confucian culture. They discussed the conspicuousness of luxury consumption and asserted that the "face issue" in Asian countries can contribute to the study of conspicuous consumption. Yoon and Seok (1996) adapted Veblen's original concept to the social status in South Korean society. Both suggested that Korean households likely engage in conspicuous consumption to show that they maintain their living standards with peer groups in terms of social status.

### *Redefining Conspicuous Consumption*

In the 21st century, conspicuous consumption studies have shifted to a subtle approach. Scholars have adapted the concept into their studies but have seldom focused on the concept itself. For instance, Eastman, Goldsmith, and Flynn (1999) developed a brief yet valid measurement scale for status consumption. They defined status consumption as "the motivational process by which individuals strive to improve their social standing through the conspicuous consumption of consumer products that confer and symbolise status both for the individual and surrounding significant others" (p. 43). To them, conspicuous consumption is an approach, rather than a behavior or tendency, to achieve status. However, certain scholars have also continued updating the concept, such as Marcoux, Filiatrault, and Cheron (1997). They considered conspicuous consumption "a multidimensional construct" which denotes a different meaning in different social referents. They also developed a five-item scale for the phenomenon.

Although conspicuous consumption continued to be related to status consumption, O'Casey and

McEwen (2004) argued that the former has been wrongfully connected with the latter. They suggested that conspicuous and status consumptions should be identified as two different constructs. They defined conspicuous consumption as “the tendency for individuals to enhance their image, through overt consumption of possessions, which communicates status to others” (p. 34). They asserted that the status consumption is a private and internal tendency (O’Cass & McEwen, 2004).

New directions also appeared at the beginning of the 21st century. Taken from previous studies, a cross-cultural aspect of conspicuous consumption became influential as Asian countries started consuming large amounts of luxury goods, which may be related directly or indirectly to conspicuous consumption. Chung and Fischer (2001) investigated whether conspicuous consumption can be related to individuals’ ethnicity, specifically Hong Kong residents. Despite failing to find evidence supporting the hypothesis, the study cautioned marketers to avoid accepting stereotypes of Asians in relation to conspicuous consumption. Li and Su (2007) distinguished the concept of “face” or “Mien-tsu,” which is a specific status-related concept under the Confucian culture and prestige. They suggested that conspicuous consumption is related to “face” consumption, which they defined. Compared with studies from Western countries, similar cross-cultural research suggested that cultural factors can be critical to conspicuous consumption (Podoshen, Li, & Zhang, 2011; Souiden, M’Saad & Pons, 2011).

Conspicuous consumption studies appear to be shifting from a focus on general societal groups to more individualized perspectives. For instance, Chaudhuri, Mazumdar, and Ghoshal (2011) developed a scale for measuring individual differences in conspicuous consumption orientation. They also defined the term on the basis of their work as “a deliberate engagement in symbolic and visible purchase, possession and usage of products and services, imbued with scarce economic and cultural capital with the motivation to communicate a distinctive self-image to others” (p. 217). Throughout the history of conspicuous consumption, the concept has evolved from a social class phenomenon, a game that everyone can join, to a tendency or behavior for delivering self-image.

The literature review demonstrates the evolution of the conspicuous consumption concept from equivalence with status symbolism to separated concepts, from Western to Eastern regions, and from high social class to mass population. However, the discussion of conspicuous consumption is mainly based on luxury good consumption instead of luxury service consumption. Despite the widespread conspicuous consumption behaviors among the Chinese, academic discussion on conspicuous consumption remains insufficient in understanding the means and ends of such a behavior, especially in the context of tourism and hospitality. The limited studies of luxury consumption in tourism (e.g., Correia, Kozak, & Kim, 2018; Heung & Cheng, 2000; Hung et al., 2018; Park & Reisinger, 2009; Park, Reisinger, & Noh, 2010) and hospitality (e.g., Atwal & Williams, 2009; Bernstein, 1999; Walls, Okumus, Wang, & Kwun, 2011; Wu & Liang, 2009) are geared toward understanding luxury consumption instead of conspicuous consumption. The causes, attributes, and effects of Chinese conspicuous consumption on hospitality still remain unexplored. Therefore, this study aims to achieve the following objectives: 1) to understand the antecedents, attributes, and expected outcomes of conspicuous consumption among the Chinese; 2) to explore the role of hotels in Chinese conspicuous consumption; and 3) to offer suggestions to hotels on how to accommodate the conspicuous consumption of their Chinese clients. By achieving these objectives, the researchers hope that this study can identify a desirable paradigm for satisfying the needs of the Chinese for experiential luxury consumption in the hotel setting.

### Methodology

Given the exploratory nature of this study, focus groups that involved Chinese participants were conducted to understand the topic at hand. By holding discussions and brainstorming sessions among relevant parties, this study intended to acquire the answers to the research questions and obtain certain hints for the hospitality industry to serve the market satisfactorily. All participants must be native Chinese and hotel practitioners. The first criterion allowed the informants to provide insightful information on the basis of their own experiences and

observations in the Chinese society, whereas the second criterion allowed an in-depth interpretation of the relevance and practices of conspicuous consumption in the hospitality sector. The data were collected with a group of Chinese hotel practitioners who were pursuing further education in Hangzhou. Thirty-eight respondents participated in the focus groups. Participants are hospitality/tourism practitioners with various years of work experience. The insights of these practitioners in the general society setting and the hospitality industry can help understand Chinese conspicuous consumption behavior. The participants were randomly assigned to five focus groups, with seven to eight people in each group. Large groups that involve more than 10 people are usually not recommended because of the difficulty in managing them and the limited contribution of each group member (Morgan & Scannell, 1998).

The participants are 22 to 49 years old, with 35 years as the average (Table 1). All participants had worked in the hotel industry, with years of experience ranging from 0.5 to 21 years, with 9 years as the average. Of the 38 participants, 22 (57.9%) were female, and 16 (42.1%) were male. Most respondents (31, 81.6%) held managerial positions or higher. Moreover, the respondents resided in 10 different cities in Mainland China. More than half of the respondents (22, 57.9%) had bachelor's degrees, whereas the others were associate degree holders.

Five moderators were recruited and assigned to each group to facilitate the discussion. All the moderators were trained prior to the data collection process to ensure their common understanding of the topic and focus group research techniques. In addition, the moderators were trained to be neutral during the conversation and to ensure that all participants had a chance to share their views. Moreover, the moderators were instructed to welcome the participants and relate to them the overview of the topic, set the ground rules, and summarize the discussion at the end of the focus group. An interview protocol, which listed the key questions, was given to all the moderators. However, all of them were still trained to probe the conversation on the basis of the content of the discussion while maintaining the conversation on track. The use of the interview protocol was recommended by Creswell

(1997) to help organize the thoughts of the participants and to facilitate note-taking as well as the flow of conversation. The interview questions were developed on the basis of the conceptualization of conspicuous consumption, the hotel business environments in China, and the study objectives. These questions were not exhaustive in the sense that the moderators should allow flexibility in asking questions, considering the content of the group discussion and how dynamic such discussion is. A meeting room was scheduled for the use of each group to minimize disruption and to provide a quiet environment for voice recording. On average, the discussion for each focus group lasted for approximately 64 min. The recordings were later transcribed verbatim by a professional company to avoid information loss.

The raw data were inputted into NVivo 10 for data analysis. Data reduction, data display, and drawing of conclusions are three important procedures in qualitative data analysis (Miles & Huberman, 1994). Qualitative data are typically in large amount, and their contents are often rich and cumbersome to comprehend. This type of data should be reduced into meaningful categories, themes, and/or concepts to be easily understood. Open coding is a common strategy used in the initial data reduction process (Strauss, 1987). For this study, transcripts were first read to obtain a general sense of the data and coding was then applied to appropriate places during repetitive readings. Certain codes were revised in the interpretation process to properly reflect the meaning of the data. After finalizing the open codes, axial coding was conducted to identify the relationship among open codes further (Strauss, 1987). This procedure is important when several open codes exist. During this process, referring to the original text is important because open codes may be exceedingly succinct to recall the original meaning of the data. This practice can be easily achieved using NVivo software because of the cross-links between the data and the coding set by the researcher. Finally, the research applied selective coding to identify additional salient codes (Strauss, 1987). After realizing the three steps of coding, the data were displayed in diagrams, with the codes defined in the early stages. Interpretations and conclusions were then made to generate data sense.

Table 1  
Participants Profile

Focus Group	Age	Years of Experience	Current Position	Type of Organization	Company City	Education
<b>Group 1</b>						
Female	32	3	Department Head	Commercial & tourism development company	Suzhou	Bachelor
Female	38	20	General Manager	Tourism & catering company	Zhoushan	Associate degree
Female	34	N/A	Director of Development	Investment company	Ningbo	Bachelor
Male	34	12	Director of Revenue	Hotel company	Shanghai	Associate degree
Male	43	2	Director	Tourism office	Zhoushan	Bachelor
Male	27	6	Operational Manager	Online travel agent	N/A	Associate degree
Male	45	N/A	Center Director	Education	Fuzhou	Bachelor
Male	30	5	Business Supervisor	Meeting & exhibition company	Beijing	Associate degree
<b>Group 2</b>						
Female	37	N/A	Manager of Human Resources	Hotel company	Ruian	Associate degree
Female	34	12	Restaurant Manager	Hotel company	Hangzhou	Associate degree
Female	30	5	HR Manager	Hotel company	Shanghai	Bachelor
Female	42	21	Reservation Manager	Hotel company	Hangzhou	Associate degree
Male	36	10	Supervisor	Hotel company	Hangzhou	Bachelor
Male	45	16	General Manager	Hotel company	Wuzhen	Associate degree
Male	39	N/A	Chief Financial Officer	Hospitality investment group	Zhoushan	Bachelor
<b>Group 3</b>						
Female	30	10	General Manager	Hotel company	Chengdu	Bachelor
Female	22	2	Marketing Coordinator	Hotel company	Nanjing	Associate degree
Female	40	N/A	Vice General Manager	Hotel company	Zhoushan	Associate degree
Female	24	2	Accountant	Hotel company	Nanjing	Bachelor
Female	25	2	Trainee	Hotel company	Changzhou	Bachelor
Male	30	7	Housing Manager	Hotel company	Lasa	Associate degree
Male	38	14	Director	Hotel company	Ruian	Bachelor
<b>Group 4</b>						
Female	41	20	Chief Marketing Director	Hotel company	Beijing	Bachelor
Female	30	9	Manager of Front Office	Hotel company	Ningbo	Associate degree
Female	37	14.6	General Manager	Hotel company	Shanghai	Associate degree
Female	42	2	Vice Director	Tourism office	Zhoushan	Bachelor
Female	32	10	Senior Shop Manager	Hotel group	Shanghai	Associate degree
Male	32	7	Engineer	Hotel company	Nanjing	Bachelor
Male	35	16	General Manager	Hotel company	Hangzhou	Bachelor
Male	31	10	Senior Sales Manager	Hotel company	Hangzhou	Associate degree
<b>Group 5</b>						
Female	30	1.5	Branding Manager	Hospitality and tourism group	Chongqing	Associate degree
Female	33	6	Human Resource Manager	Hotel company	Hangzhou	Bachelor
Female	39	7	CPO	Yacht Club	Shanghai	Bachelor
Female	41	20	General Manager	Hotel company	Shanghai	Bachelor
Female	26	0.5	Manager of Front Office	Hotel company	Hangzhou	Bachelor
Male	43	7	Chairman	Hotel company	Dalian	Bachelor
Male	49	5	Chairman	Hotel management group	Shanghai	Bachelor
Male	33	12	Vice General Manager	Hotel company	Huangshan	Bachelor



## Findings

The results of this study are presented in two sections. In the first section, the causes of Chinese conspicuous consumption are interpreted and categorized. In the second section, the pursuit of conspicuous consumption among the Chinese in luxury hotels is analyzed.

### *Causes of Conspicuous Consumption*

The prevailing conspicuous consumption among the Chinese was well noted by the research participants, who provided several reasons to explain the Chinese preference for such behavior. These causes can be summarized into three major categories: environmental, social, and personal factors. The environmental factor signals the change of the economic status in Mainland China. The social factor refers to the role of others in conspicuous consumption, whereas the personal factor refers to the role of one's self in such a practice.

*Environmental Factor.* In terms of environmental factors, the change in economic status of Chinese society is considered one of the reasons for the booming conspicuous consumption in China. In the past, China was underprivileged and characterized by political instability and inadequate resources. As such, the feeling of inferiority is deeply rooted among the public. With the improved economic status of China, conspicuous consumption has become one of the means for these people to demonstrate their changed economic standing and social status. These individuals wish to reflect their self-worth by owning luxury products, which, in turn, give them a feeling of superiority and self-confidence. One participant noted that:

The Chinese people have been poor for a long time. Some of them suddenly became very rich because of the availability of resources and opportunities. However, some of these people continue to feel inferior despite the change in their economic status. They still feel insecure and worry about social acceptance. They would like to be considered part of the high social class with the help of conspicuous consumption, and they always compare what they have with others. They like to own the goods, which symbolize privilege and social status. (Group 1)

With regard to the rapidly growing economy, the sudden wealth or success of individuals is also one of the environmental factors that cause conspicuous consumption. The rapid development of the Chinese economy in recent years has allowed certain people to gain wealth within a relatively short period. The respondents suggested that causes conspicuous consumption; people tended to spend exaggeratedly on expensive products to compensate for what they lacked in the past. The desire of the people for material goods is strong because of the lack of resources in their past. When money becomes available and is no longer a concern, people tend to fulfill what they have desired for a long time by spending money on luxury goods.

Few participants mentioned that the wide financial gap between the rich and the poor leads to a social comparison through conspicuous consumption. Given the rapid development of the Chinese economy, a few people have gained more access to resources than others who are deprived from economic opportunities. Although some people have become rich, others remain living in poverty or are economically disadvantaged. Conspicuous consumers not only include the rich, but also those who lack affordability. The feeling of being underprivileged and inferior drives people with insufficient economic power to practice conspicuous consumption to improve their self-feelings and gain social approval by evidently displaying luxury goods.

*Social Factor.* The role of others is another factor that causes conspicuous consumption. People demonstrate their wealth, social status, and purchasing power through lavish spending. The social admiration toward wealth and authority has led certain people to exhibit their consumption publicly to gain social recognition. That is, luxury consumption has become a symbol of wealth, power, and social status. This changed social norm is not only applicable to luxury shopping, but also to lavish lifestyles. For example, a research participant asserted that:

I believe that conspicuous consumption is for wealth display and social comparison. For example, we frequently encounter food waste in banquets or dinners with invited guests. The waste is mainly for showing off, to contradict the frugal policy implemented by the central government. (Group 3)

Social comparison is an inevitable motive in discussing the social aspects of conspicuous consumption. In many cases, lavish consumption is unnecessary and beyond the normal consideration of a purchase. Nevertheless, people tend to engage in conspicuous consumption because it displays their ability to consume more lavishly than others. Consumption is realized not to enjoy what is being consumed, but to demonstrate how much one can afford to pay for a luxurious lifestyle. In social comparison, waste is sometimes intentionally planned because it shows affordability in conspicuous consumption. A few respondents posited that this consuming psychology reflects the low self-esteem of some Chinese people and their need to boost their self-feelings through consumption.

Gaining “face” was frequently mentioned by the research respondents as one of the social motives of Chinese conspicuous consumption. Conspicuous consumption demonstrates the wealth and status of individuals. This act is executed not only by those who can afford, but also by those who lack affordability. The informants provided various instances to illustrate the strong desire of the Chinese to gain “face” in conspicuous consumption. Such instances include having a luxury wedding banquet in a high-end hotel using money borrowed from family members and relatives, wearing only branded clothes every day to demonstrate such brand publicly despite the lack of affordability to buy other branded clothes for changing, availing of expensive services in high-end hotels because of peer pressure—not to enjoy the experience—but only to demonstrate taste and affordability, and inviting friends to restaurants that provide VIP services to show off familiarity with high-end places. Based on the discussion among the participants, “face” can be considered a prestigious feeling and upgraded social status of individuals in conspicuous consumption. Therefore, conspicuous consumption is a channel through which “face” can be obtained.

The Chinese society has long been hierarchically structured. People believe that when they belong to a high social class, they are respected by others. Wealth is regarded as a decisive factor of social class and for winning the respect of others. Conspicuous consumption leads to an image of wealth possession, and it increases the social status of individuals. Some people may carry an expensive branded

handbag in public transportation to win admiration from others. This circumstance is an example of how people can demonstrate their social status compared with those who do not own branded items. The companies of luxury goods employ famous movie or pop stars to endorse their products to entice those who like to be viewed as part of the high social class who can afford to buy such expensive items. When people own such products, their social privilege is considered equal to those of the famous endorsers representing the products.

Gaining social attention and recognition was frequently mentioned by the research respondents as another social motive of conspicuous consumption. Unlike in simple consumption, people engage in conspicuous consumption to channel the news to other people, thereby maximizing the visibility of their consumption. Various social media sites (e.g., WeChat, a popular communication application for mobile phones) are the commonly used tools to achieve this purpose. Given the extensive popularity and availability of these sites, conspicuous consumers gain attention in actual and virtual networks. People consume conspicuously and make their consumption well-known to acquire social attention and recognition, and thus confirm their status in society. Conspicuous consumption is a relatively direct and easy means to gain recognition.

Social conformity was generally cited by the participants as the key motive of conspicuous consumption. However, differentiation was mentioned by one of the participants as another purpose of such consumption. Rarity is an inherited nature of luxury products that usually carries a huge price tag. The proportion of people who can afford to buy such products is relatively smaller than those who have the means to purchase generic products. Therefore, when people buy branded handbags, visit luxurious destinations, or stay in high-end hotels, they feel proud of themselves and different from others. As such, these people opt to publicize such an experience.

*Personal Factor.* Apart from environmental and social factors, the role of self in conspicuous consumption is another dimension that was observed from the research data. The participants differentiated conspicuous consumption from luxury



consumption. They suggested that the former involves the intentional broadcast of a consumption experience, whereas not all luxury consumers prefer to do so. In this case, not all luxury consumptions are geared toward enjoying products and/or the process of consumption. For certain people, consuming luxury goods may be costly, whereas it may not be for others who have high affordability. For the latter, enjoying a luxurious lifestyle is normal and is a necessity. The participants also mentioned that low-key consumption is the major factor that differentiates those who engage in conspicuous consumption and those who do not. If one consumes only to publicize the value of a branded product or experience and thus gain social attention, then the consumption is conspicuous in nature.

Other than self-enjoyment, nonconspicuous consumers also engage in luxury consumption to express their satisfaction toward life and to convey their love to their significant others. An example of this argument is the gift-giving of expensive items to wives and parents to make them happy.

I was born to a poor family residing in a village. Now, I visit my parents during holidays every year and give them gifts, such as a nice cloth for my mom and a branded watch for my dad. They are very happy because of my gifts, which they put on to let others know that those are from their daughter. I think this is not conspicuous consumption; instead, it is an indication of change in one's living condition and life satisfaction. (Group 4)

In the past, China was poor, and most Chinese people strived for a living and purchased only necessities. The change in economic conditions at present has resulted in high affordability among several families. The old generations of Chinese are usually proud of the change in the economic status of their family and the considerable success of their children. In many families, young people typically leave their hometowns to pursue a job in cities that provide them several opportunities. Once these job-seekers have established their own career and family in a new place, they begin to contribute to the well-being of their parents by sending back money and gifts. In this case, consumption is considered an expression of satisfaction toward life.

Considering the nature of luxury consumption, the research participants generally cited that

enjoyment or expressive function is a key attraction of luxury products/services. Certain informants suggested that the utilitarian function of luxury products can explain the luxury purchasing behavior of luxury consumers. Consumers usually associate luxury products with high quality, which justifies their high price. The participants stated that the high quality of luxury products is the reason why such goods (e.g., watches, glasses, shoes, and hotels) are preferred by the public. For these informants, the practicality of products is the major concern for their luxury consumption decision. Given that luxury frequently signifies high quality, trust in the quality of products influences the purchase decision of consumers. This practice was not regarded as conspicuous consumption by the participants.

#### *Constructing Conspicuous Consumption Experience in Hotels*

Given that conspicuous consumption is only understood in a general sense, this study aims to explore how to construct conspicuous consumption experience in hotels. Participants generally mentioned that high-end hotels are in an advanced position to develop such products/services given their market positioning as well as their corresponding facilities and resources. Experiential luxury enjoyment can be provided through all the products/services offered in hotels, including different entertainments (e.g., club, spa, yacht, bar, swimming pool, and golf), food and beverage (e.g., restaurant and bar), guestrooms, gift shops (e.g., moon cake and antique), and various services (e.g., butler, beauty, and news service). Through the conducted focus groups, this study determined that Chinese consumers believe that they can enjoy a luxurious experience in hotels if their conspicuous and luxury needs are satisfied. Being a luxury hotel does not necessarily mean that the experience is satisfying to consumers. Instead, such a hotel offers an experience that can satisfy what customers are looking for in conspicuous consumption. Therefore, understanding the aspects that Chinese consumers are looking for is preminent to construct a satisfying conspicuous consumption experience in hotels. The participants of this study were probed to specify various motives for the conspicuous consumption of the Chinese in

a hotel setting on the basis of their understanding of Chinese consumers and their work experience in the hospitality industry. These motives are classified into three categories: 1) the role of others, 2) the role of self, and 3) the role of business.

*Role of Others.* Social differentiation is not a frequently mentioned cause of Chinese conspicuous consumption, but such factor may be considered important by the Chinese in their pursuit of experiential luxury enjoyment in hotels. The research participants suggested that providing customers with a unique experience that they cannot have elsewhere is the key to success. A customized service, which provides personalized and tailor-made services, can most likely lead to a luxury experience. Luxury implies rarity. Hence, personalized products or services are not available to the majority and are therefore perceived as luxury. For example, one informant noted that:

We provide our clients with fresh aboriginal food. While the food source may not be highly priced, the guests feel special to have such food in a luxury hotel. In our new hotel in Nanchang, we provide our guests with freshly made beer at the scene. We try to provide our guests with services and experience that they cannot get elsewhere, and these are usually perceived by our guests as luxury. (Group 2)

The narratives given in the preceding paragraphs reflect that understanding the fundamental needs of customers is the key in generating unique products/services, which are rare in the market and are considered luxury. However, creativity and innovation are required to develop unique luxury products and services. In the example illustrated above, integrating a healthy lifestyle, which is the recent trend in society, into luxury hotel services can bring unique and prestigious feelings to luxury consumers. Other tailor-made services include private fishing at night with a special crew serving for that purpose, live cooking that displays a clear understanding of how food can be made and served, specially prepared picnic for a private meeting in the wilderness, and butler services. One of the informants asserted that:

We are planning to establish a hotel in a village, in which organic farming prevails. . . . Our selling

point is green service. We will let our guests order organic products that are readily available in the farm and deliver the food from the farm right to their table after ordering. (Group 2)

Specialized or tailor-made services can differentiate luxury hotels from other hotels, thus providing a rare experience to customers who do not want to conform to the public. Such a unique experience requires the resources and creativity of hotels to be integrated into the needs of the customers (e.g., health concerns, quest for face, and social differentiation).

Similar to other luxury products, luxury hotel services carry an expensive price tag, are regarded as prestigious, and can be afforded and enjoyed only by the elite. People believe that they attain a high level of social class when they enjoy luxury services in hotels. The popularity of and the convenience in using social media sites have allowed people to share their luxurious experiences with the public in real time. One can easily declare his/her social status and gain admiration and respect from others by demonstrating such an experience through social media by posting pictures and videos in luxury hotels.

The one-to-one service offered by luxury hotels reflects the importance of customers in the hotel service. The high staff–guest ratio also indicates the high level of attention that hotels bestow upon their customers and even recognizes their importance. Moreover, such a ratio is implemented to make customers feel prestigious and perceive that their social status has been elevated by receiving meticulous services.

*Role of Self.* Certain respondents suggested that a luxurious experience in hotels may not be all consumed for conspicuous purposes. Luxury hotel experience is a necessity for other people because of their increasing affordability and the change in their lifestyle and mindset. In previous years, people opted to stay in the house of their friends or relatives when they made a visit. At present, people generally stay in hotels when visiting friends and relatives. The perception of luxury hotels as a necessity is true for people with economic power. Therefore, luxury hotels are considered a necessity and are closely linked with the affordability of consumers.

Luxurious services offered in hotels are generally expensive, but many people are willing to pay for them because of their high level of quality and value. Luxury hotels generally have significantly high standard of requirements for their products and services. Customers feel the hospitality of the hotel staff from the moment they enter a hotel. The high level of attention that the staff members give to customers adds value to the products and, in many cases, becomes the key attribute of the hotel that the customers are willing to pay for.

Family travelers choose to stay in a luxury hotels as they consider safety and practicality. A participant provided the reasons for her choice of high-end hotels.

We all know that hotels differ from one another based on their star ratings on different aspects such as hygiene, security, and comfort. When my kid was little, I chose five-star hotels whenever he traveled with me because high-end hotels are cleaner and more suitable for kids to stay in. (Group 3)

This statement implies a genuine concern for the well-being of children among family travelers. Such a concern facilitates the decision of consumers to opt for high-end hotels over low-class ones. This case indicates that customers believe that luxury hotels can provide their children with the best protection. Thus, they stay in such hotels during their travel.

*Role of Business.* A hotel is a place that does not only satisfy the personal needs and pleasure of individuals but also provides a venue for business activities. Choosing luxury hotels for conducting business meetings, holding banquets, and/or accommodating important clients can leave an impression that companies have financial capability and an important status in the business arena. This instance may help companies gain recognition from their clients, which can be important for business negotiations. The brand image of a luxury hotel can also contribute to the positive image of the company and leave a good impression to clients who are invited to such hotels for business activities. Luxury hotels can tailor services for private business meetings. One participant mentioned that:

The hotel can organize a private meeting for a small group of people on a boat. They can set up a buffet in a private island where no one can disturb the meeting. Some companies prefer such kind of service and are willing to pay for the arrangement as long as it is beneficial to their business. (Group 2)

Based on the conversations in the focus groups, personalization and flexibility are allowed in luxury hotels for business clients apart from the provision of regular services.

Companies also tend to choose high-end hotels as a venue for their business endeavors to show respect to their important clients. Firms can show their sincerity and respect to their clients by accommodating them in the best luxury hotel in town, and such a gesture is usually favorably perceived by clients. The research participants stated that arranging business meetings in a luxury hotel is critical to the success of business negotiations because doing so is perceived to be a norm in business.

#### Discussion

A conspicuous consumption causality model is derived from the research data to illustrate the means and ends of conspicuous consumption (Fig. 1). Chinese conspicuous consumption should be understood in the large context of China. The past Chinese society was characterized by poverty and deprived resources. Nonetheless, the improved economic status in recent years, the emergence of sudden wealth, and the existence of the financial gap between the rich and the poor have motivated the Chinese to pursue conspicuous consumption enthusiastically. The results of this study reveal that financial ability is a necessary condition for Chinese conspicuous consumption because without the capacity to fulfill their needs, the Chinese cannot spend lavishly. Conspicuous consumption is not only a way to demonstrate the financial standing of Chinese consumers but also helps them in winning admiration from the public. Social media is a convenient platform for them to publicize their conspicuous experience.

Conspicuous consumption responds to Chinese consumers' needs nicely with two key attributes: affective and functional. The former is characterized by its association with wealth, power, and

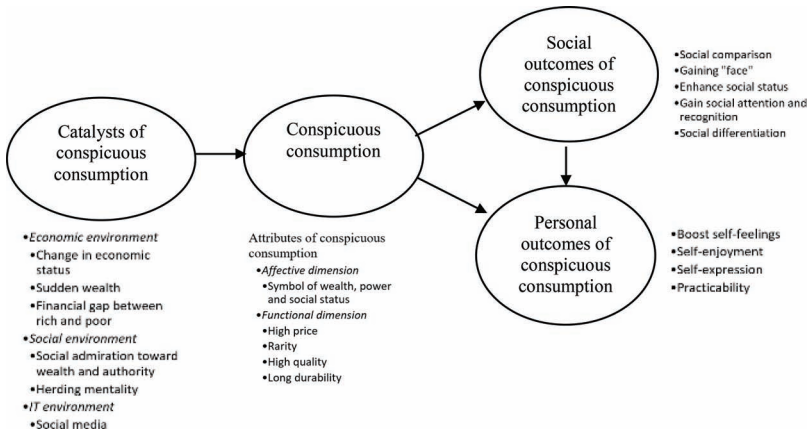


Figure 1. Conspicuous consumption causality model.

social status, whereas the latter is well supported by its utilitarian functions including high price, rarity, good quality, and long durability. This study has also determined that the roles of self and others are the fundamental motives for conspicuous consumption among the Chinese. The role of others is significant in the dialogues of sociologists that are related to the topic of self-concept. People strive to maintain or enhance their self-concept on the basis of the reactions they receive or those that they anticipate from others (Grubb & Hupp, 1968). Interactions between self and significant others can modify human behaviors that can help people gain social approval or minimize social rejection (Kaplan, 1986). When people are accepted by others, especially significant others, their self-esteem can be enhanced.

Conspicuous consumption in hospitality shares similar nature with that in general consumption (Fig. 2). Luxury hotels offer high-quality products and services. In addition, such hotels are a desirable place for constructing a conspicuous consumption experience, which can satisfy customers' needs not only personally and socially but also commercially. Having understood the personal, social, and business needs of the Chinese in conspicuous consumption, hotels are in an advantaged position in tailoring their products and services to cater such needs. To entice conspicuous consumers, customizing hotel products and services, which fit various needs of consumers, is the key. Rarity, which is one of the key attributes of conspicuous consumption,

can be achieved through tailoring the products and services in hotels. Flexibility and innovation should also be allowed in constructing a unique conspicuous consumption experience in hotels.

Based on the study results, social assimilation seems to be an important motive of conspicuous consumption in generic situations. However, social differentiation may be a significant cause of conspicuous consumption in the hotel setting. Providing unique and personalized services, which are not available elsewhere, is an effective method to entice Chinese customers to patronize luxury hotels because tangible products (e.g., branded handbags) can hardly be personalized for several shoppers. Therefore, the values of these products depend on public recognition and social response to the assimilated products. However, intangible experiential services (e.g., luxury experience in hotels) depend on the subjective feelings of customers while being served. Luxurious experience is interpreted according to the interaction between service members and customers. Thus, such an experience varies on a case-to-case basis. In addition, variability is the inherent characteristic of luxury services, and pursuing social differentiation is regarded as more important by luxury consumers than pursuing social conformity.

### Concluding Remarks

This study conceptualizes conspicuous consumption in the Chinese society by linking the

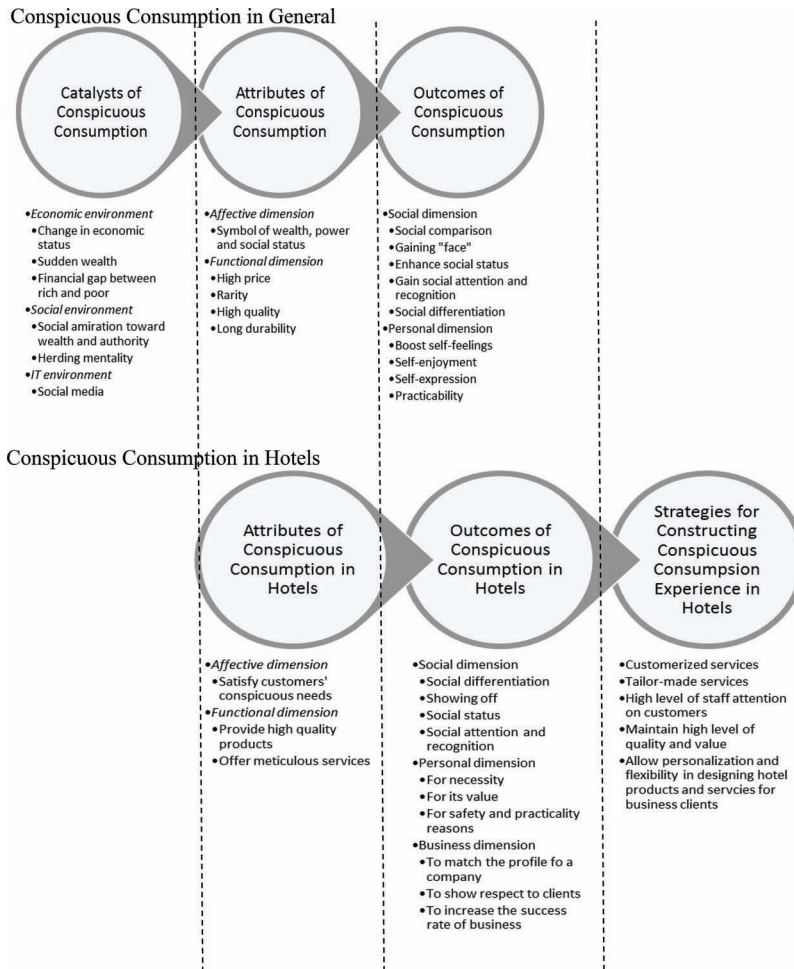


Figure 2. Conspicuous consumption in general and hospitality settings.

antecedents, attributes, and outcomes of conspicuous consumption in one model to present a full picture of such a behavior in China. The characteristics of conspicuous consumption in general and hotel settings are aligned to enhance our understanding of experiential conspicuous consumption among the Chinese. The study further illustrates that the role of others significantly influences the conspicuous consumption of the Chinese, whether in the general luxury consumption arena or in the hotel setting. However, a close look at the frequency count of data reveals that although most Chinese consumers look for social conformity in general conspicuous consumption, social

differentiation may be the key motive of Chinese conspicuous consumption in the hotel setting. Further quantitative studies should be conducted with Chinese consumers to validate the results of this study from the point of view of customers as well as to test the conspicuous consumption causality model.

#### Acknowledgment

The work described in this article was fully supported by a grant from The Hong Kong Polytechnic University, Hong Kong Special Administrative Region, China (Project No. PolyU155031/17B).



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