An Empirical Study of Consumer Attitudes Toward Software Piracy

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The primary objective of this study was to analyze the factors affecting consumers’ purchase behavior of pirated software in Thailand. A new model of pirated software purchase behavior was developed for this study. The findings indicate that social factors, such as normative susceptibility, and personality characteristics, along with value consciousness and novelty seeking, have significant influences on the attitude towards pirated software. Consumer’s purchase behavior of pirated software is strongly predicted by his or her attitude towards piracy. The research also reports a significant difference in purchasing behavior of illegal software among consumers based on gender, age, and income.

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INTRODUCTION

Status, as an intrinsic value is much sought after. People of all cultures seek status and status recognition. From the marketing perspective, it has been argued that marketing does not create these desires for status but it merely stimulates status consumption through advertisement. The desire for status is inherent as part of human behavior and preceded even before the onset of advertisement. Most individuals personally relate to social status as it can influence decision-making, social behavior and lifestyle preferences. Claassen (2008) highlighted the existence of status struggle, observed to be plaguing today’s modern consumer societies. People are caught in the web of competition seeking for positional or status goods. This trend was most apparent during the recent financial crisis which brought about decline in social status among the middle class groups when they suffered income losses from investment and unemployment. As economies start to recover from the financial crisis, consumers attempt to recover their status level prior to the crisis to compensate for status gap differences. One way consumers achieve status attainment is by way of consuming status goods to signal their status worth to others. Increased interests to consume for status emerge for social gains and social esteem (Shukla, 2010).

This fetish for status seeking has spread in the consumption world and has become notably prevalent especially among female consumers. The market for women is a potentially huge group with increasingly earning capabilities, who are status conscious and style hungry. Driven by emerging consumer culture and hedonistic lifestyle, marketers expect the emergence of female consumer’s pursuit of status in stimulating discretionary spending to help revive the slowdown in the economy (Economist, 2009). Across the Asian consumer markets, rising discretionary spending power of women is expected to be the key driver of economic growth (Euromonitor International, 2010). Across Malaysia and most parts of ASEAN, this spread of status consumption culture has become prominent. Malaysia has reached the show-off stage where status consumption is most prevalent, reflecting the level of affluence among Malaysian consumers (Danziger, 2004). If women are to drive the consumer market, it is imperative for businesses to understand their status motives that reflect their buying behavior as marketers target this emerging and important market segment.

Of significance is the issue of women seeking status through consumption which has grown in importance in light of the modern transformation of Malaysian women who have more economic and social influence. Although women react less strongly than men to a salient status symbol, they could view status differently due to situational and cultural factors (Huberman et al., 2009). New attitudes, values and lifestyles have evolved and transformed them into sophisticated and demanding consumers with higher expectations who are also vanity and status-seeking. Having experienced current high levels of education and active participation in the labor force, coupled with achieved success and rank in their work life, the status conscious and materialistic working females are likely to exhibit differing money attitudes and this could impact status purchase behavior. Against the backdrop of the looming financial crisis, there is greater need to investigate the underlying money attitudes that relate to female status consumption.

Schor (2007) contends the project of self, driven by individual traits as motive to consume for status. This study investigates the concern for vanity as personality trait that could stimulate status consumption. Vanity has become increasingly prominent in a rather shy Asian culture even in some Eastern societies with strict dictates of cultural and religious beliefs. In an image-saturated environment, where advertising is seen as display of body imagery, physical appearances have taken centre stage. In the same vein, as women gain more economic independence, the need for recognition for one's performance as an individual achievement could form the underlying motive for struggle to seek status. The role of physical and achievement vanity could explain this positional competition for status goods on the assertion of gaining status recognition. How far the role of vanity contributes to status enhancement warrants an investigation.

Malaysian women who have undergone mindset shift from the traditional role to non-traditional role could vary in their emerging status motives. As they become increasingly important spenders and active family decision makers, it would be appropriate to examine key demographic variables that influence status consumption. In the light of the transforming roles of the Malaysian women, the moderating effects of age, income levels and ethnicity on status consumption are examined.

STATUS CONSUMPTION

The fetish of status seeking has caught on in the consumption world and is not only the habit of the wealthy in developed countries but exists in all communities in the world (Kulman, 2004). Status consumption has become the cornerstone of a global consumer culture (Roberts, 2000) with consumers immersed in the pursuit of status through consumption of status products. Status consumption is defined in terms of behavioral tendency to value status, acquire and consume products that provide status to the individual (O’Cass and McEwen, 2004). The purchase of a product can increase an individual’s status through acquisition of status goods to impress others and through goods that facilitate the development of characteristics such as beauty enhancement, increase in popularity and image enhancement to the owner (Ball and Eckel, 1996).

Money Attitude

People’s attitudes toward money are a summary of their life experiences with money in the past acquired through an individual’s socialization process, education, family social class, beliefs, and monetary habits (Furnham, 1984). People perceive, value and treat money differently supporting the view that there are individual differences in the meanings people attach to money. Money has subjective and affective meanings in which people develop attitudes and behavioural tendencies toward it (Mitchell and Mickel, 1999). Money has been viewed as a valuable

Satisfying Women’s Status Desires: Role Of Money Attitude And Consumer Vanity In Status Consumption

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resource as it allows them greater independence and consequently, some amount of authority in a relationship. Money can be used to influence others and increase one’s autonomy and authority in a relationship, thus acting as a symbol of power (Lim and Teo, 1997, Tang, 1993). Power money attitude reflects an individual’s preoccupation with the importance about money and the belief that money is a source of power giving one freedom and status. Women of today have perceived themselves to be on equal financial footing with men given their improved socioeconomic status (Hira and Mugenda, 2000). Given that women attached different meanings to money and place different levels of importance of money in their life, it is anticipated that they are likely to exhibit differences in money attitudes.

Quality money attitude dimension centers on the behavior towards the purchase of quality goods. People subscribing to this attitude place a high value on quality for its own sake and believe that the more expensive the product, the higher its quality (Yamauchi and Templier, 1982). It relates to the sense of superiority and acquisitions through the use of money. Quality was cited as a major factor influencing purchase decisions among Malaysians (Ong and Chan, 1999). Urban Malaysians indicated their beliefs in buying the best and paying more to get high-quality branded and luxury products to enhance their status. Profiled as “Modern Middles”, they were found to be keen possessors of quality and prestigious goods (Teo, 2003). Females were more likely than males to express positive attitude towards quality when spending significantly, attributed to the purchase and decision making role that most modern Malaysian women perform for their family (Ong and Tee, 2004).

Money motivates people to work harder and longer and this goal-directed behavior has positive outcomes on self-sufficiency (Vohs et al., 2008). Malaysian women have been given equal education and employment opportunities and are more westernized today than before; it appears they are achievement oriented. Women have been found to score equally with the male counterparts in achievement money attitude (Lim and Teo, 1997).

Money is equated to the success, status and achievement in life. Individuals seek status goods to maintain their sought-after social position and exhibit desires to accumulate status goods. Money has been used as a tool to impress others and confers power allowing the accumulation of material possessions. The more money one has, the greater the ability to secure more possessions raising a person’s value in the eyes of the public. Acquisition of social status is associated with purchasing goods to the extent of indulging in compulsive spending (Roberts and Scull HS, 1998). Status consumption is closely related to ‘Possession-defined Success’ dimension under the materialism concept where consumers judge their own and others’ success by the number and the quality of possessions accumulated (Richins and Dawson, 1992). In line with this spending disposition that possessions are made in terms of achievement values, there is a high tendency this achievement attitude will lead to an increased interest in status consumption (Roberts, 2000). Women also use shopping as a method of celebration be it their success or others’ success (Hira and Mugenda, 2000). The need for and access to specific status products, like “dress for success” clothing or services like taking a holiday vacation or entertainment, seem obviously related to the conditions of career employment and to the socioeconomic resources associated with it (Lavin, 1993). Based on the above evidence, it is hypothesized that:

H2: Women’s achievement, power and quality money attitude have positive relationship with status consumption.

Consumer Vanity

There has been growing interest among consumer researchers to view consumer vanity as a self-identity concept that can induce not only physical but achievement views and concerns. Such predispositions are deemed as positive traits and could affect personal levels of well-being and consumption motives in the marketplace. Physical vanity comprises a somewhat excessive concern for physical appearance and/or a positive (and perhaps inflated) view of physical appearance. Similarly, in achievement vanity there is an excessive concern for and/or a positive (and perhaps inflated) view of one’s personal achievements (Netemeyer et al., 1995). Durvasula and Lysonski (2008) documented that concern for physical appearance is higher in Eastern cultures than Western cultures. It has surfaced notably among Indian and Chinese consumers in emerging economies. Physical appearance was exceptionally prominent among South Koreans (Watchravesringkan, 2008). Women across all cultures were found to be more concerned about their physical appearance than were men (Wang, 1999).

In terms of achievement vanity, individuals with higher personal achievement are likely to be driven by status and success because their achievements tend to reflect success (Netemeyer et al., 1995). In the cultural context, it has been embedded that Western consumers are more concerned with achievement than Asians, but achievement vanity is gaining popularity among the Asian societies (Durvasula, Lysonski and Watson, 2001). Asians are expressing more concerns and demonstrative about their personal achievements (Durvasula and Lysonski, 2008; Watchravesringkan, 2008). Vanity trait has shown to have strong relationships to consumption behaviour. People who are achievement-oriented tend to be price-sensitive and prestige-conscious, buying only quality and expensive goods that make them feel superior and attract people’s attention. Those who cared about achievement also cared about clothing and status and paid more attention to high-priced goods to achieve recognition by others (Chang et al., 2008). Women’s preoccupation with physical appearance involves the use clothes and cosmetics to enhance their physical appearance, thus placing more emphasis on the need to buy expensive goods to demonstrate their status (Chang et al., 2008). The concern was not only their physical features when viewed by others but also the status concern of their social standing in the community (Netemeyer et al., 1995). With more East Asian women’s obsession with physical vanity, this has supported a global cosmetic industry and it has grown swiftly into a multi-million dollar industry (Ings-Chambers, 2007) and rising discretionary spending not only on cosmetic surgery but services such fitness, beauty, travel, dining and entertainment to enhance their self-image and self-gratification (Durvasula and Lysonski, 2008). Therefore it is expected that Malaysian female consumers who have a penchant for vanity are more likely to engage in status consumption. Based on consistent evidence from past findings on vanity, it is hypothesized that:

H3: Women’s physical and achievement vanity is positively associated with status consumption.
Moderating Effects Of Demographics On Status Consumption Relationships

Individuals perceive status differently due to situational and cultural factors. Culture, age groups, gender, income levels and ethnic background influence status consumption desires (Chao and Schor, 1998; Eastman et al., 1997). In the aftermath of the recent economic turmoil, as consumers who have experienced widening income and status disparity attempted to recover their socioeconomic status, this in turn has an impact on purchasing behavior. Similarly, Malaysian women from different generations who have undergone socialization process and economic independence vary in their emerging status motives. They could differ in their purchase motivations and decision-making styles. In the light of the changes in the female consumer segment, the moderating role of female demographics is explored. Three key demographic variables namely age, income levels and ethnicity are examined. In view of the above evidence, it is hypothesized that:

H1: Women’s age, income level and ethnicity moderates the effects of money attitude and status consumption.

H2: Women’s age, income level and ethnicity moderates the effects of consumer vanity and status consumption.

METHODOLOGY

The sample of the study comprised 444 Malaysian working females from the private and public sector, concentrated in the urban areas. Working women in the services sector were used as study subjects as they represent more than one-third of female working population in Malaysia (National Statistics Malaysia, 2006). Quota sampling stratified according to urban ethnic composition, income level and job background was used to ensure sample representativeness. Samples comprised female working groups who form the major segment of consumers and are likely to have experience major transformation in their hybrid lifestyles. Data was collected using survey approach and were self-administered. The measurement comprised a composite money attitude scale by Yamauchi and Templar (1982); Furnham (1984) and Tang (1992). Consumer Vanity was measured using a modified and reduced 10-item scale by Netemeyer et al., (1995) that tapped into female concerns for physical vanity and achievement vanity. Finally Status Consumption Scale by O’Cass and McEwen (2004) and Eastman et al., (1999) measured interest to consume for status and individual purchasing behavior. Similarly, Malaysian women from a special product (33.3%), holiday vacation (54.5%) as credence service and dress (77.7%) as shopping product were the most frequently purchased status products in the last twelve months. Women regard jewelry, dress and vacation to possess high status signaling qualities that could symbolize status symbols, spending power and communicate status to others.

Exploratory Factor Analysis (EFA) was conducted to generate the underlying factors for money attitude (MA) and consumer vanity (CV). Subsequently, using a two-step approach in Structural Equation Modeling (SEM) by Anderson and Gerbing (1988), confirmatory factor analysis (CFA) was conducted on the measurement model followed by path analysis to test the structural model and hypotheses. EFA and CFA yielded a 3-factor structure comprising 10 items for MA and a 2-factor dimension for CV with 10 items. Status consumption (SC) generated a unidimensional construct with 6 items. Items with low factor loadings and error term misspecification were dropped from the analysis to improve model fit Scales were satisfactory and met acceptable limits for reliability and validity. Results show variance extracted (VE) for scale items ≥ .50 and construct reliability (CR) >.70 (Fornell and Larcker’s criteria, 1981) indicating convergent validity was achieved. Coefficient α (0.80 to 0.91) demonstrates internal consistency of the constructs. All average VE (0.57 to 0.68) between constructs was greater than squared correlations estimates (0.11 to 0.40), indicating discriminant validity. Results are as shown in Table 1.

The structural model had acceptable fit statistics: \( \chi^2(444)=524.319, \text{df}=287; \chi^2/\text{df}=1.827; \text{GFI}=0.914, \text{AGFI}=0.895, \text{TLI}=0.962; \text{CFI}=0.966; \text{RMSEA}=0.043; \text{RMR}=0.050 \). All factor loadings were significant (p<0.001) and also substantial (≥0.50). Path analysis indicates positive and significant relationships between achievement, power and quality money attitude with SC. MA dimension was positively associated to SC (β = .44, p<0.05). Thus H1 was supported. Physical and achievement vanity had positive relationships with consumer vanity. CV was found to be a significant predictor of status consumption (β = .21, p<0.01). H2 was thus supported. Figure 1 presents the structural model and Table 2 shows path coefficients on the relationships between MA and CV with SC.

Multigroup analysis in SEM with factor structure invariance was utilized to determine the moderating effects of ethnicity, income and age on status consumption relationships. Prior to testing the hypothesized model for demographic variables, items of subscales measuring the dimensions of the two second-order constructs of MA and CV were summated as indicators. Such procedures have been employed for ease of reducing parameters estimated and based on unidimensionality of components of measures in the study (see example in Bagozzi and Edwards, 1998; Nguyen, Nguyen and Barrett, 2007). Next factor structure invariance was tested by estimating two models: free and constrained model (Byrne, 2010).
Table 1: Standardised Loadings, Reliability and Validity

<table>
<thead>
<tr>
<th>Scale Items</th>
<th>Item Label</th>
<th>Standardised Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MONEY ATTITUDE (MA)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Achievement Money Attitude (AMA): $\rho_c = 0.83; \rho_{ve} = 0.55; \alpha = 0.819$</td>
<td>MA1</td>
<td>.723</td>
</tr>
<tr>
<td>Money represents one’s achievement.</td>
<td>MA2</td>
<td>.832</td>
</tr>
<tr>
<td>Money is a symbol of success.</td>
<td>MA3</td>
<td>.838</td>
</tr>
<tr>
<td>I believe that a person’s salary is very revealing in assessing their intelligence.</td>
<td>MA4</td>
<td>.537</td>
</tr>
<tr>
<td><strong>Power Money Attitude (PMA) $\rho_c = 0.58; \rho_{ve} = 0.58$: $\alpha = .805$</strong></td>
<td>MP1</td>
<td>.792</td>
</tr>
<tr>
<td>Money can give you the opportunity to be what you want to be.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money gives you independence and freedom.</td>
<td>MP2</td>
<td>.605</td>
</tr>
<tr>
<td>Money means power</td>
<td>MP3</td>
<td>.805</td>
</tr>
<tr>
<td>Money will help you express your competence and abilities</td>
<td>MP4</td>
<td>.700</td>
</tr>
<tr>
<td>Money can bring you many friends.</td>
<td>MP5</td>
<td>Deleted item</td>
</tr>
<tr>
<td><strong>Quality Money Attitude (QMA): $\rho_c = 0.81; \rho_{ve} = 0.59; \alpha = .831$</strong></td>
<td>MQ1</td>
<td>Deleted item</td>
</tr>
<tr>
<td>I am willing to pay more to get the very best.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I buy top quality products.</td>
<td>MQ2</td>
<td>.717</td>
</tr>
<tr>
<td>I pay more for things I know I have to, in order to get the best</td>
<td>MQ3</td>
<td>.730</td>
</tr>
<tr>
<td>I buy brand name products</td>
<td>MQ4</td>
<td>.836</td>
</tr>
<tr>
<td>I buy the same expensive items when I shop.</td>
<td>MQ5</td>
<td>Deleted item</td>
</tr>
<tr>
<td><strong>CONSUMER VANITY (CV)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Vanity (PV): $\rho_c = .91; \rho_{ve} = .68; \alpha = .907$</td>
<td>PV1</td>
<td>.897</td>
</tr>
<tr>
<td>The way I look is very important to me</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am very concerned about my appearance</td>
<td>PV2</td>
<td>.931</td>
</tr>
<tr>
<td>Looking my best is worth the effort</td>
<td>PV3</td>
<td>.812</td>
</tr>
<tr>
<td>It is important that I always look good.</td>
<td>PV4</td>
<td>.827</td>
</tr>
<tr>
<td>People notice how attractive I am.</td>
<td>PV5</td>
<td>.602</td>
</tr>
<tr>
<td>My looks are very appealing to others.</td>
<td>PV6</td>
<td>Deleted item</td>
</tr>
<tr>
<td><strong>Achievement Vanity (AV): $\rho_c = .88; \rho_{ve} = .60; \alpha = .883$</strong></td>
<td>AV1</td>
<td>.716</td>
</tr>
<tr>
<td>I want others to look up to me because of my accomplishments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am more concerned with professional success than most people I know.</td>
<td>AV2</td>
<td>.743</td>
</tr>
<tr>
<td>Achieving greater success than my peers is important to me.</td>
<td>AV3</td>
<td>.818</td>
</tr>
<tr>
<td>I want my achievements to be recognized by others.</td>
<td>AV4</td>
<td>.837</td>
</tr>
<tr>
<td>My achievements are highly regarded by others.</td>
<td>AV5</td>
<td>.750</td>
</tr>
<tr>
<td>Others wish they were as successful as me.</td>
<td>AV6</td>
<td>Deleted item</td>
</tr>
<tr>
<td><strong>STATUS CONSUMPTION (SC): $\rho_c = .90; \rho_{ve} = .61; \alpha = .904$</strong></td>
<td>S1</td>
<td>Deleted item</td>
</tr>
<tr>
<td>I would buy a product just because it has status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am interested in new products with status</td>
<td>S2</td>
<td>.708</td>
</tr>
<tr>
<td>I would pay more for a product if it had status</td>
<td>S3</td>
<td>.731</td>
</tr>
<tr>
<td>The status of a product is irrelevant to me</td>
<td>S4</td>
<td>Deleted item</td>
</tr>
<tr>
<td>A product is more valuable to me if it has some snob appeal (prestige)</td>
<td>S5</td>
<td>.664</td>
</tr>
<tr>
<td>Status importance to me</td>
<td>S6</td>
<td>.850</td>
</tr>
<tr>
<td>Status enhance image</td>
<td>S7</td>
<td>.818</td>
</tr>
<tr>
<td>I am interested in status</td>
<td>S8</td>
<td>.873</td>
</tr>
</tbody>
</table>

$\rho_c =$ Construct reliability; $\rho_{ve} =$ Average Variance Extracted; $\alpha =$ Cronbach’s Alpha
Table 2: Path Coefficients of Structural Model

<table>
<thead>
<tr>
<th>Paths</th>
<th>Standardised Estimates</th>
<th>t-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA → QMA</td>
<td>.67</td>
<td>9.13</td>
<td>0.001</td>
</tr>
<tr>
<td>MA → AMA</td>
<td>.84</td>
<td>8.66</td>
<td>0.001</td>
</tr>
<tr>
<td>CV → AV</td>
<td>.86</td>
<td>9.82</td>
<td>0.001</td>
</tr>
<tr>
<td>MA → SC</td>
<td>.44</td>
<td>2.45</td>
<td>0.014</td>
</tr>
<tr>
<td>CV → SC</td>
<td>.21</td>
<td>4.88</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Figure 1: Structural Model (Standardized Estimates)

Table 3: Parameter Estimates for Female Demographics

<table>
<thead>
<tr>
<th>Ethnic Groups</th>
<th>Malay</th>
<th>Chinese</th>
<th>Chi-distance test difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paths</td>
<td>Est (SE)</td>
<td>t-value</td>
<td>p-value</td>
</tr>
<tr>
<td>MA → SC</td>
<td>.19(.033)</td>
<td>5.78</td>
<td>0.01</td>
</tr>
<tr>
<td>CV → SC</td>
<td>.05(.022)</td>
<td>2.40</td>
<td>0.02</td>
</tr>
<tr>
<td>Age Groups</td>
<td>Younger Group Est (SE)</td>
<td>t-value</td>
<td>p-value</td>
</tr>
<tr>
<td>MA → SC</td>
<td>.14(.032)</td>
<td>4.313</td>
<td>.001</td>
</tr>
<tr>
<td>CV → SC</td>
<td>.07(.024)</td>
<td>2.975</td>
<td>.003</td>
</tr>
<tr>
<td>Income Group</td>
<td>Higher Income Group Est (SE)</td>
<td>t-value</td>
<td>p-value</td>
</tr>
<tr>
<td>MA → SC</td>
<td>.30(.046)</td>
<td>6.378</td>
<td>.001</td>
</tr>
<tr>
<td>CV → SC</td>
<td>.05(.02)</td>
<td>2.275</td>
<td>.023</td>
</tr>
</tbody>
</table>

*Unstandardised Estimates with Standard Errors*
MODERATING EFFECTS OF FEMALE DEMOGRAPHICS

In terms of testing the moderating effects of ethnicity, income and age, there were two distinct groups for each. Ethnic groups consist of Malays and Chinese, income was divided into higher (>RM4000) and lower income group (<RM4000) and age comprise younger group (25 to 30 years) and older group (>30 years). Results shown in Table 3 reveal no significant differences among Malay and Chinese female consumers in terms of money attitude- and consumer vanity-status consumption relationships (Δχ² = 8.40; Δdf = 16; p>.05). Young and older age groups of females (Δχ² = 8.26; Δdf = 8; p>.05) also did not differ significantly. Similarly for income groups, nonsignificant χ² difference (Δχ² = 7.78; Δdf = 8; p>.05) was obtained across both low income and high income subsamples. Thus H₁ and H₂ were not supported.

DISCUSSION AND IMPLICATIONS

Evidence suggests women’s discretionary spending commonly expended on status products such as vacation, dress, and jewelry. To women, these products had high status appeal and status signaling capabilities. Consistent with previous findings, those with high concern for physical vanity tend to be materialistic towards clothing and cosmetics to enhance their physical appearance and social identity purposes (Karpova, 2007). Individuals with high achievement vanity favored status products to gain recognition and status (Chang et al., 2008). People are willing to incur personal cost to present a desired image, hence purchase prestige goods to boost self-image, impress others and reinvent themselves with the help of novel and expensive accessories (Sedikides et al., 2007). Findings provide an insight into the relationships between vanity and status consumption behavior from a female perspective of an Eastern and Asian culture. Urban Malaysian women are not only concerned about physical appearance but equally concerned about professional achievement. One major reason could be their mindset change accounted by the impact of changes in socio-cultural environment. Globalization and westernization have also influenced how women from Eastern culture place emphasis on vanity, commonly assumed to be the domain of Western culture.

Women’s money attitudes were most related to esteem needs (Oleson, 2004). Money is used to boost their self-esteem and to reflect its symbolic ability to enhance status. To women, money is a symbol of her success and her salary reflects her intelligence and accomplishment (Lim and Teo, 1997). Findings conform to previous research that such attitudes are apparent in urban Malaysian women due to improved economic social status and urban lifestyles (Teo, 2003). Women do spend money in ways, which portray their status. Money is a symbol of success and status. High social status could stimulate excessive spending (Saad et al., 2009). One plausible explanation for this is the prosperity and affluence experienced by these urban working females.

The study lends theoretical support to the arguments by Schor (2007) on whether status models are still useful in today’s consumer society. Findings from this study offer justification that status is relevant and forms an integral part in today’s globalized, mobile and egalitarian consumer society. Findings are in support of the contention that female status consumption is not about conformism in consumption or to ‘keep up or outperform others’ but it is about identity creation and pursuit of self-concept. In this aspect individual traits such as vanity and attitude towards money are associated to status-seeking behavior.

Findings contribute to the domain of status construct with money attitude and vanity as antecedents of status consumption. The significant effect of vanity supports the marketing perspective that there is a link between vanity and status. To women, being vanity-conscious essentially lead to status-seeking. One plausible explanation is how one perceives and views about vanity. It appears Malaysian women show a stronger concern for achievement vanity than physical vanity. In this instance, vanity is perceived as a positive view of self pride and self presentation thus they strive to purchase status goods to enhance self image and impress others. This is supported by Raskin et al.,’s (1991) work on the relationship between vanity and self esteem. If an individual’s concern for vanity contributes to healthy self-esteem where independence and achievement precede one’s appearance, then consumption of status goods elevate one’s image positively with admiration and pride (Khalil, 2000).

Despite the dampening effects of the recent global financial meltdown, Malaysian women showed optimistic intentions to consume for status. In particular, Malaysian women believed strongly that money is a symbol of success, power and fascination with quality increased their interest to consume for status. This is contrary to earlier studies that showed women in general were less obsessed with money and tended not to view money as a source of power (Teo, 2003; Hira and Mugenda, 2000). Malaysian working women have experienced increase in disposable incomes and gained financial independence. This has translated into expending on status goods such as travel, entertainment, financial and health services to improve their well-being. Their personal relationships with money and status can be explained by esteem needs as part of basic human needs. Past research supported this view that money attitudes were most related to esteem needs (Oleson, 2004). Findings were also supported by past evidence in Asian females who had more symbolic views of money compared to their Western counterparts (Masuo et al., 2004; Lim and Teo, 1977). Evidence of stronger obsession with money was most notable after the Asian Financial Crisis (Lee and Lim, 2001). Hence, the current global financial crisis could have strengthened individual’s money attitudes and coupled with status decline, intensified status desires, thereby stimulating status consumption intentions.

Past studies on demographic correlates with status consumption yielded mixed results in different emerging and developing markets. Age, income and ethnicity were found to be weak moderators. Findings suggest the urban Malaysian working female as a culturally homogenous group with personality traits and attitude regarding money are indispensable to consume for status. Findings conform to previous research by Eastman et al., (1999) that status consumption is a global phenomenon that is not culture- and ethnic-specific. Conversely, the tight economic conditions that exacerbated status decline resulted in greater emphasis on the pursuit of subjective status regardless of income level, age or ethnicity influence. This could have accounted for the weak influence of demographic predictor variables. Seeking status acts as an incentive and motivating force to social behavior especially when social disparities widen (Wayment, 2009). High and low status individuals react differently in situations when their status is threatened (Henry, 2009). Thus the antecedent-status consumption relationships are influenced by situational factors. In sum, the psychology of status is intriguing. Individuals from all cultures seek status
and status recognition in which each individual react differently in their status motivations. The concept of psychology upholds that the pursuit of subjective status depends on variables (Hyman, 1942).

Findings have important marketing implications. Since women today play a much more important role as consumers than they did in the past and have secured more financial independence and the clout to participate in household purchasing decisions that had been the sole domain of men, their status motives have evolved. Of interest to marketers is the burgeoning market for status goods coming from women’s increasing share of discretionary spending on status goods and services. The female market today cannot be identified as a single market segment but an entire market. The market of status-conveying goods can be considered as a distinct female consumer segment based on the amount of discretionary income expended. Retailers and manufacturers now must consider women when marketing household goods, cars, insurance, fitness, personal travel and entertainment. Understanding women’s motives behind the predisposition to consume for status is about their self-conception, individual traits and achievement orientations. This adds to the knowledge base towards developing gender-bending marketing strategies such as gender-bending for brands that allow women to express and boosts their self and status appeal. Understanding female status motives is vital for product development, positioning strategies and marketing communication. Communicating status in the female market requires special caution with appropriate positioning appeals that depict women’s success, power, achievement and high quality.

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The Effects of Consumer Personality on Fashion Consciousness and Prestige Sensitivity
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ABSTRACT
This paper aims to propose a conceptual framework on the relationship between consumer personality traits, fashion consciousness, and prestige sensitivity in the context of Gen Y fashion market. This study put forward a number of propositions which are subject to empirical testing in future studies. First, it was proposed that there is a significant association between consumer personality and prestige sensitivity. The associated hypotheses stated possible relationships between each element of ‘The Big Five’ construct and prestige sensitivity. Second, it was proposed that there is a significant association between consumer personality and fashion consciousness. Finally, it was proposed that fashion consciousness mediates the relationship between consumer personality and prestige sensitivity.

BACKGROUND AND PROPOSITIONS
Consumer Personality: The Big Five
The marketing literature reveals mixed results in regard to the relationship between consumer personality and fashion consumption. Studies by McIntyre and Miller (1992) suggested that personality traits moderate individual behavior in fashion consumption. In addition, Goldsmith (2002a) found that frequent purchasers of clothing possess distinctive personality traits compared to consumers with lower frequency consumption patterns. Another study, however, found no significant relationship between personality and purchase intention within the context of controversial luxury fashion products (Summers et al. 2006).

The Big Five model is regarded as one of the primary benchmarks in the trait theory of personality. The model allows researchers to examine individual differences based on different trait factors that correlate each other within five distinct personality dimensions, which are as follows (Goldberg 1990): Neuroticism: Assesses emotional instability (e.g. calm vs. worried), Extroversion: Assesses the quantity and intensity of interpersonal interaction (e.g. reserved vs. sociable), Openness to Experience: Assesses the extent of proactive seeking and appreciation of experience, tolerance and exploration of the unfamiliar (e.g. conventional vs. curious), Agreeableness: Assesses the quality of one’s interpersonal orientation along a continuum from compassionate to antagonistic (e.g. suspicious vs. trusting), and Conscientiousness: Assesses an individual’s degree of organization, persistence, and motivation in goal-directed behavior (e.g. aimless vs. organized).

Prestige Sensitivity
Prestige sensitivity is originally conceptualized as part of the multi-dimensional price perception constructs which also consists of value consciousness, price consciousness, coupon proneness, sales proneness, price mavenism, and price-quality schema (Lichtenstein et al. 1993). Under Lichtenstein, et.al (1993) conceptualization, prestige sensitivity is considered as positive role of price perceptions because consumers perceive higher prices as a cue for prestige that encourages purchasing behavior. Bao & Mandrik (2004) found that consumers who are highly prestige sensitive buy fewer store brands than national brand, because store brands do not provide a feeling of prestige although it may exhibit good value. In a similar tone, Moore and Carpenter (2006) found that prestige sensitivity positively impacts patronage for the upscale department store and deters patronage for mass merchants (Moore and Carpenter 2006). Within the fashion market, prestige sensitivity was found to be significantly associated with brand preferences and mediates the relationship between consumer values and brand preferences (Mulyanegara and Tsarenko 2009).

The Big Five – Prestige Sensitivity
An overview of the literature found that at least two studies have been conducted to examine the significance of personality traits on prestige sensitivity. Xu et.al (2004) utilized Self-Confidence (SCF) and Public Self-Consciousness (SCS) to measure consumer personality traits and relate it to prestige sensitivity. The study found

INTRODUCTION
Over the past few decades, marketing researchers have attempted to examine the psychological antecedents that drive prestige brand shopping behavior. One of the most widely discussed concepts in the study of prestige brand shopping behavior is ‘prestige sensitivity’, which is defined as “favourable perceptions of price, based on the feelings of prominence and status that higher prices signal to other people about the purchaser” (Lichtenstein, Ridgway, and Netemeyer 1993, p.236). Highly prestige-sensitive consumer purchase an expensive brand of clothes not because of quality perceptions per se, but because of their perception that relevant others will perceive the purchase decision as reflective of internal traits and the socio-economic status of the purchasers (Bao and Mandrik 2004). Fashion consciousness refers to “a person’s degree of involvement with the styles or fashion of clothing..characterized by an interest in clothing and fashion, and in one’s appearance” (Nam et al. 2007, p.103). Fashion consciousness has been identified as an important dimension of a person’s lifestyle that affects purchase decision and consumption behavior (Sprules and Kendall 1986; Wells and Tigert 1971). People who are highly fashion conscious may pay more attention to the image portrayed by prestige brands and therefore may be more prestige-sensitive than those who are less fashion conscious. Despite the potential associations between fashion consciousness and prestige sensitivity, little studies have been devoted to examine the relationship between the two concepts.

Consumer personality plays an important role in fashion marketing as it is argued that consumers are highly influenced by their self-concept [which is a function of personality] when it comes to fashion shopping behavior (Piacentini and Mailer 2004). While studies in the past have attempted to use personality traits as a predictor of fashion shopping behavior (Goldsmith 2002b; McIntyre and Miller 1992; Summers, Belleau, and Xu 2006), little studies have been done to examine the role of consumer personality traits in affecting prestige preferences. With prestige sensitivity as the focal construct, this study seeks to propose a conceptual framework on the relationship between consumer personality traits, fashion consciousness, and prestige sensitivity.
that the higher the consumers’ self-confidence, the greater
their purchase intention of prestige product apparel (Xu et
al. 2004). Mandrik (2005) examined the effects of
personality traits (conformity to peers) on prestige
sensitivity and found that respondents with high ATSCI
(Attention to Social Comparison Information) tend to be
highly prestige-sensitive due to their tendencies to maintain
favorable impressions among their peers (Mandrik et al.
2005).

On the basis of self-congruity theory (Dolich 1969),
this study postulates that consumer personality is
significantly associated with prestige sensitivity. Each
personality trait of the Big Five construct possesses unique
characteristics which can be reflected in consumers’ brand
preferences (Mulyanegara and Tsarenko 2009). Consumers
with preferences for prestigious brands may favor brands
that reinforce their actual/desired self-image as a means to
communicate this image to relevant others. People who are
highly extrovert may have high level of prestige sensitivity
as they value social interaction and thus will pay more
attention to what people think of their taste of fashion
brand. Those who are high in ‘neuroticism’ dimension and
low in the ‘agreeableness’ dimension may favor prestige
brands that are reputable as a means of protection against
poor quality or image. Highly ‘conscientious’ individuals
may also have high level of prestige sensitivity to reflect
their ‘reliable’, ‘hardworking’, and ‘successful’ image
which is consistent with their self-concept. This leads us to
the first proposition and set of hypotheses:

**Proposition 1:** There is a significant association
between consumer personality and prestige sensitivity

P1a: There is a significant association between
‘neuroticism’ and prestige sensitivity

P1b: There is a significant association between
‘extraversion’ and prestige sensitivity

P1c: There is a significant association between
‘openness to experience’ and prestige sensitivity

P1d: There is a significant association between
‘agreeableness’ and prestige sensitivity

P1e: There is a significant association between
‘conscientiousness’ and prestige sensitivity

**Fashion Consciousness**

A review of the literature reveals that there are two
dominant streams of research on the subject of fashion
consciousness: (i) psychological perspective and (ii)
socio-psychological perspective. The first stream of research
emphasizes on the psychological processes of fashion
diffusion (Goldsmith and Stith 1990; Schrank 1973;
Stanforth 1995) through an examination of how people
adopted fashion. The second stream of research considers
both social and psychological aspects when examining
fashion-related concept. Within the latter stream, fashion-
conscious consumers were found to possess personality traits
such as ‘self-assertive’, ‘competitive’, ‘venturesome’,
Stanforth (1995) found that fashion innovators are related
to traits such as ‘sensation seeking’, ‘adventure seeking’,
‘susceptibility’, and ‘clothing individuality’. They were
also found to be better educated, possess higher income,
and actively engage in travel, sports, and entertainment
activities (Crask and Reynolds 1978). Other characteristics
such as self-esteem, clothing interests, innovativeness,
vanity, gender, public or private self-consciousness were
hand, a highly conscientious person with low level of
fashion consciousness may reflect their self-concept
through other means of possessions (such as cars and
also found to be related to fashion consciousness (Wan,
Yun, and Fang 2001). Gould and Stern (1989) found that
fashion conscious females tend to focus more on their own
external appearance (public self-consciousness) whereas
fashion conscious males tend to focus more on their self-
identity and internal manhood (private gender-
consciousness).

**The Big Five – Fashion Consciousness**

In lights of the findings of previous studies that linked
personality traits to fashion consciousness (Stanforth
1995; Summers 1970), this study proposes that there is
significant associations between consumer personality and
fashion consciousness. It is postulated that certain
personality traits may be significantly associated with high
level of fashion consciousness. For instance, highly
extrovert people value social interaction and thus may be
more concerned with how others perceive the way they
dressed. People who are highly conscientious may want to
reflect their ‘successful’ image through the way they
dressed and thus may see fashion shopping as a high
involvement purchase decision. This leads us to the second
proposition and hypotheses

**Proposition 2:** There is a significant association
between consumer personality and fashion consciousness.

P2a: There is a significant association between
‘neuroticism’ and fashion consciousness

P2b: There is a significant association between
‘extraversion’ and fashion consciousness

P2c: There is a significant association between
‘openness to experience’ and fashion consciousness

P2d: There is a significant association between
‘agreeableness’ and fashion consciousness

P2e: There is a significant association between
‘conscientiousness’ and fashion consciousness

**Fashion Consciousness – Prestige Sensitivity**

Shopping activities and preferences of fashion
conscious people are driven by the motives of looking more
attractive and thus enhance their self-esteem (Bloch and
Richins 1992). Prestige brands provide a means in which
consumers can express their ideal self-concept. Thus,
highly fashion-conscious consumers may pay more
attention to the prestigious image portrayed by fashion
brand than those who are less fashion-conscious. The
following hypothesis is thus proposed:

**P3:** There is a positive relationship between
fashion consciousness and prestige sensitivity

**Fashion Consciousness As The Mediating Variable**

According to Baron and Kenny (1986), a variable
performs a mediating role if it accounts for the relationship
between the antecedents and the outcome variables.
Accordingly, we contend that although certain personality
traits may be significantly associated with high level of
prestige sensitivity, it is consumers’ level of fashion
consciousness that accounts for the relationship between
consumer personality and prestige sensitivity. A person
who is highly conscientious may have tendencies to prefer
prestige brands because of the ‘successful’ image portrayed
by the brands. However, with fashion as the research
context, this argument will only be relevant if the person
also has high level of fashion consciousness. On the other
houses) and lifestyle. This leads us to the following
hypothesis:
FIGURE 1
Conceptual Model

CONCEPTUAL MODEL
Our conceptual model proposes to examine whether FCS mediates the relationship between 'personality traits' and 'prestige sensitivity.' (Figure 1).

DISCUSSION
While previous research has examined the phenomenon of 'prestige sensitivity' from various psychological and sociological perspectives, a limited amount of effort has been devoted to examine the relationship between personality traits, prestige sensitivity, and fashion consciousness. The conceptual framework provides several interesting implications for future research. In terms of theoretical implications, this study is one of the few studies (Mandrik et al. 2005; Xu et al. 2004) that observe the concept of 'prestige sensitivity' through the use of personality traits as the antecedent construct. The dynamic associations between certain personality traits, fashion consciousness, and prestige sensitivity proposed in this study have contributed to the body of knowledge in this area. In particular, this study has extended self-congruity theory (O'Cass and Choy 2008; O'Cass and Frost 2002) in the context of fashion market.

Empirical studies to follow up the conceptualization in this study could offer useful insights for managers. Personality-based segmentation can be implemented by devising and promoting different types of brand appeals to target different personality traits. For example, positioning a brand with a 'successful' or 'exclusive' image may attract people with 'conscientious' tendencies (Mulyanegara, Tsarenko, and Anderson 2009). On the other hand, highly extrovert individuals are less attracted to brands that can make them 'stand out' from their peers. Thus, managers of prestige brands targeting these individuals should portray 'fun' or 'sociable' image that, despite the prestigious appeals of the brand, can be relevant to the extrovert individuals without making them feeling 'stand out' from their peers.

Another important implication was the mediating role of fashion consciousness in the structural model. This suggests that brand appeals to 'extraversion' and 'agreeable' personality traits are only effective if the target segments have high level of fashion consciousness. Therefore, brand managers should carefully examine the fashion consciousness level of their target segment before implementing any brand positioning strategies. Directing prestige brand appeals towards those with high level of fashion consciousness could enhance the effectiveness of the brand positioning strategy as marketing efforts are directed to those who have favorable perceptions towards prestige brands.

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Bigger is not Always Better: The Influence of Spokesperson on Consumers’ Response to Conspicuous Consumption

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EXTENDED ABSTRACT

In the world of marketing, products are often demonstrated by spokespersons as a means of display, such as models wearing a certain brand of apparel. In the eyes of consumers, does the presence or absence of an individual wearing the product affect their preference and willingness to pay for the product? Furthermore, does it matter whether the product being featured is more or less conspicuous? The current research provides initial insight into these questions in relation to consumers’ subjective level of status.

Although there are many motives underlying the consumption of conspicuous products, prior work has shown that people lower in the social hierarchy prefer more conspicuous consumption as a means to attain status. As a consequence, those lower in the social hierarchy tend to prefer status-related goods (Rucker and Galinsky, 2008) and goods that are visibly seen by others (Charles et al. 2009; Rucker and Galinsky 2009). However, to date, no research has examined how conspicuous products being worn by others are evaluated by people as a function of the evaluator’s own subjective status.

The current research predicts that how people evaluate conspicuous goods depends both on how the goods are presented (i.e., alone or being worn) and the perceiver’s own level of status. It is proposed that among low-status people, they will evaluate products that are conspicuous more favorably when present alone because of their status-signaling capabilities, but less favorably when worn by others because of threat stemming from social comparison. In contrast, among high-status people, who do not require social status and are less sensitive to the potential threats of social comparison, there will be little difference.

Two experiments test the hypothesis that low-status people prefer more status-signaling products compared to high-status people. When the status-signaling product is displayed on a spokesperson, low-status people would prefer less status-signaling products compared to high-status people.

Experiment 1 adopts a 2 (high vs. low status) x 2 (logo size: big vs. small) x 2 (spokesperson presence: yes vs. no) between-subject design. Participants first took part in a status manipulation task in which participants in the high-status condition were asked to recall a time in which they had status while participants in the low-status condition were asked to recall a time without status. After the status manipulation, participants were directed to an ostensibly unrelated task in which they were asked to evaluate a polo shirt with either a spokesperson or no spokesperson. Evaluations of the polo shirts were measured as the dependent variable.

Results showed a significant two-way interaction between the presence of spokesperson and status in that low-status participants liked conspicuous products less compared to high-status participants when spokespersons were present (p=.043). Low status participants also liked conspicuous products less when spokespersons were present compared to when spokespersons were absent (p=.005). No significant difference in liking was found for high status participants when spokespersons were present or absent or between high and low status participants were spokespersons were absent. Participants’ perceived warmth and friendliness for spokespersons were also measured. Low status participants perceived the spokesperson to be less warm compared to high status participants (p=.047), supporting the account that low-status people might feel threatened by spokespersons endorsing high-status products.

The second experiment adopted a 2 (high vs. low status) x 2 (logo size: big vs. small) x 2 (logo placement: spokesperson vs. blank space) between-subject design. 100 university students were recruited online using the same procedure as experiment 1 and randomly assigned to one of the eight conditions.

After going through the status manipulation in which they were asked to recall a time with or without status, participants were directed to an ostensibly unrelated task in which they were asked to evaluate an ad for a new Lacoste sweater. The ad depicted a female spokesperson wearing a white Lacoste sweater. Half of the participants saw the ad with the Lacoste logo evident on the sweater while the other half saw the ad with the logo in the blank space of the ad and there was no logo on the sweater. In each of those two conditions, the size of the logo was either big or small. Evaluation of the spokesperson was measured as the dependent variable.

Results showed a significant three-way interaction on the evaluation of the spokesperson among status, logo size, and logo placement. When the logo is presented on the spokesperson, contrast effects showed that low-status participants had a higher evaluation of the spokesperson when the logo was small compared to when the logo is big, p=.002. There is no such difference in evaluation among high-status participants. Furthermore, when a big logo was depicted on the spokesperson, low-status participants evaluated the spokesperson less favorably than high-status participants, p=.054.

The above two studies provided evidence for the hypothesis that the presence of spokesperson alter consumers’ response to conspicuous consumption as a function of consumers’ social status. To be specific, when spokespersons are present and directly associated with the conspicuous product, people with a low level of status have a decreased evaluation of the spokesperson and the product compared to people with a high level of status. A comparison within low-status people revealed that they liked conspicuous products better when the spokesperson was absent versus present.

The current research has important marketing implications in that we propose conditions under which it is unfavorable to use spokespersons as a strategy to promote conspicuous products. Specifically, when targeting consumers with low status, it is beneficial not to use spokespersons as they would evoke social comparison and cause potential consumers to form unfavorable opinions towards the spokesperson and also the product.

It is worth noting that although the current research focuses on anonymous spokespersons instead of celebrities or well-known spokespersons, it is beneficial to control for other characteristics of the spokesperson. Although similar patterns of results were found across two studies with spokesperson of different gender, we should also control for other characteristics of the spokesperson in future.
research, such as attractiveness, familiarity, and similarity to oneself.

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"New!" Novelty Increases Diversity in Subsequent Choice and Interest in Other Products

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EXTENDED ABSTRACT

This research investigates the downstream effects of a novel experience on consumers’ preference for diversity in product choice. How does exposure to something novel affect consumers’ tendency to explore and seek variety among subsequently encountered product options? For example, do consumers consider a broader, or a narrower, range of options after having browsed through a store’s novel items first? And does the novel design of an online store’s home page or a traditional store’s décor influence the range of products consumers purchase, and their liking for those products?

We propose that experiencing novelty will lead consumers to seek variety because, in contexts that hold the possibility for reward, novelty enhances the salience of the potentially rewarding properties of items, and motivates exploration in search of valuable outcomes (Krebs et al. 2009; Whittmann et al. 2008). Finally, there is evidence that some of the cognitive effects of novelty extend beyond the novel item itself and influence responses to subsequently encountered items (Bunzek and Duzel 2006; Fenker et al. 2008). Based on these findings, we proposed that the ability of novelty to promote exploration may also extend beyond the novel item to products encountered in a subsequent context. We hypothesize that in a consumer context, the enhanced tendency to explore, after novelty, will be reflected in the choice of a more diverse set of products, but only when the available products are potentially rewarding. We test these hypotheses in three laboratory studies.

Study 1 showed that participants who had engaged in a task involving novel images subsequently selected more diverse options from a set of snacks. These participants also rated the snacks as significantly more appealing, and the enhanced appeal mediated the effect of novelty on choice diversity. Study 2 replicated these effects in the context of a series of choices, using a different novelty manipulation. It also provided support for our second hypothesis, namely that the effect of novelty on subsequent variety seeking is observed only when the choice options are potentially rewarding. Participants who had provided associates to unfamiliar words (vs. familiar words), subsequently chose more diverse snacks, but only when the snacks were appealing. When the perceived appeal of the snacks was limited, novelty participants did not differ significantly from controls in their choice. Finally, study 3 demonstrated that exposure to novelty improves evaluations and promotes exploration among less typical, but still enjoyable, members of a product category. This suggests that novelty may promote other forms of consumer exploratory behavior such as innovativeness.

Our findings have important theoretical and managerial contributions. From a theoretical perspective, they extend the existing literature on novelty by demonstrating that novelty produces extended effects that last beyond the novel context. While a significant body of research has examined how the degree of novelty influences processing, preferences, or choice of the novel item itself (e.g., Berlyne 1960; Fiske and Maddi 1961; Venkatesan 1973), the downstream effects of novelty exposure on subsequent preferences and choice have received little attention. This manuscript is the first to demonstrate that the ability of novelty to promote exploration applies not only to the novel items, but also to items encountered in a follow-up context. In addition, by bringing together several different literatures, the present research demonstrates how findings at the neurological level can be used to make predictions about effects that can be tested using traditional measures. The present manuscript also suggests potential avenues for future research on the effects of exposure to novelty - a topic that is understudied in the consumer behavior literature, but that is of clear importance in that domain.

From an applied managerial perspective, the present work indicates that novelty has powerful effects on shopping, interest in potentially rewarding products, and liking of products, and suggests why marketers and firms constantly tout newness and novelty in their products, and indeed consider it in their entire marketing mix; people like novelty and fresh ideas, and respond to it in important ways. The present research begins clarification of what some of these ways are: it suggests that when a firm introduces novelty, such as novelty in product lines, packaging, brochures, etc., this novelty may have effect on preferences, choice, and sales of existing products. Specifically, novel introductions may prompt consumers to seek variety and try a broader set of product options, even existing ones. This should benefit a firm that already has varied product lines, since novelty will likely stimulate trial and purchase of more of its existing product options. The results from our studies also suggest that a novel context such as a novel website of an online retailer, or novel décor or layout of a traditional retailer, may make consumers more open to, and may thus facilitate, trial and adoption of new products. If a firm’s existing product lines, however, are limited, novelty may decrease loyalty and prompt consumers to try competitors’ products. These, and many other questions, remain to be explored.

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The Over-Categorization Effect: How the Number of Categorization Influences Shoppers’ Perceived Variety and Satisfaction

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EXTENDED ABSTRACT

Mere categorization effect, as discovered by Mogilner, Rudnick, and Iyengar (2008), suggests that the number of categories partitioning an assortment can result in chooser satisfaction. However, is there always positive relationship between the number of categorization and chooser satisfaction? Is it possible that too much partitioning in assortment reduces satisfaction? On one hand, evidences suggest that, along with the increase of categorization number, the perceived variety is increasing too (Mogilner, Rudnick, and Iyengar 2008). Nevertheless, the effect of variety to consumers is mixed. Conventional ideas suggest that the higher the variety in choices, the better the opportunity for consumers to satisfy their preferred consumption needs (Baumol and Ide 1956). And meanwhile, as consumers very often are unable to foresee their future tastes, maintaining a certain degree of variety helps to “keep their options open” (Kreps 1979; March 1978; Kahn, Moore, and Glazer 1987; Kaheman and Snell 1992). Studies into consumer decision making also suggest that, people tend to choose a larger assortment size than the smaller ones to assure a higher variety of choices (Broniarczyk, Hoyer, and McAlister 1998; Kahn and Lehmann 1991).

On the other hand, while the categorization number satisfies consumers' need of variety seeking, it can result in consumers' additional cognitive load (Hauser and Wernerfelt 1990; Huffmanand Kahn 1998; Jacoby, Speller, and Kohn 1974; Malhotra 1982; Scammon 1977; Shu-gan 1980), hinder their decision process (Chernev 2003a, 2003b; Dhar 1997; Greenleaf and Lehmann 1995; Iyengar and Lepper 2000; Schwartz 2002), and even create the situation of overchoice (Berger, Dragsanska, and Simonson 2007; Dhar 1997; Iyengar and Lepper 2000; Iyengar, Huberman, and Jiang 2004; Tversky and Shafir 1992). Other studies echo these arguments, that is, the larger the categorization number, the higher possibility of consumers to experience post-purchase regret (Gourville and Soman 2005), and thus reduce the confidence on their final choice (Chernev 2003a, 2003b; Iyengar and Lepper 2000). That is, an increase in choice variety might diminish consumers' perceived satisfaction.

Both seem to be justifiable. When the number of categorization is getting larger, the perceived variety of choice can be increasing. This guarantees a higher autonomy in choice, and thus raises consumers' perceived satisfaction (Mogilner, Rudnick and Iyengar, 2008). However, one can also argue that, when the number of categorization is getting too large, by accompanying their perceived variety, consumers can also experience a rapid increase in decision costs. And eventually this induces a satisfaction loss on their final choice. The current study intends to reveal the relationship between categorization number and the perceived satisfaction. Although Mogilner, Rudnick, and Iyengar (2008) report that this relationship should be positive, however, this study argues that it might not be that simple. When the number of categorization steps beyond a certain threshold, the perceived satisfaction could start to decrease.

Based on an extensive literature review, the current study introduces the following hypotheses: H1: Along with the increase of categorization number, consumer perception about product variety is increasing, even the assortment size is fixed. H2: When making choices between determined options, the level of satisfaction for consumers will increase then decrease with increase in the number of categorizations. H3: The perception of variety mediates the relationship between the number of categorizations and the level of satisfaction for consumers. And based on the result of the first experiment, the current study further provides the following hypotheses: H4a: When making choices from determined options, the stress on consumers increases with the number of categorizations. H4b: When making choices from determined options, the regret felt by consumers increase with increases in the number of categorization. And H5: Consumers feel overloaded with regret, creating the “over categorization” effect.

Two experiments (Dongba Script experiment and magazine experiment) are designed to find out, under laboratory conditions, while keeping the number of choices constant and changing the number of categorizations, the level of satisfaction produced in the subject under various conditions. The results from the two experiments in this article show clearly that categorization does indeed affect, ultimately, the level of satisfaction in a consumer. In a situation where subjects are given determined choices, the number of categorizations creates an increase in the level of satisfaction in the consumer followed by a decrease. This is due to the increase in awareness to variety in the consumer as a result of the increased amounts of choices, and with it, the increased opportunity cost in making any choice, causing regret and overload, and leading to the aforementioned decrease.

Since the way a product is sold brings to the consumer sensory and behavioral changes, it is often very difficult to determine which exact stimulus leads to which result. Thus any research using only a single marketing stimuli is one which necessary has much worth in its theory and applications, such as the mere measurement effect (Janiszewski and Chandon 2007), mere exposure effect (Janiszewski 1993; Zajonc 1980), mere accessibility effect (Menon and Raghurub 2003), and so on. Mogilner, Rudnick and Iyengar (2008) found the “mere categorization effect” with “simply categorizing the product, no matter if it is of any practical use, necessarily affect the level of satisfaction for the consumer of the product”, contributing much to the field of mere-research. Yet “mere categorization effect” cannot fully determine the connections between the number of categorizations and the level of satisfaction. It only clarifies a tiny part of the theory and does not focus at all on the change in satisfaction as time goes on, or as the number of categories increase. Thus this paper has, in the above mentioned way, made accurate “mere categorization effect” and perhaps completed it, bringing it to more value is practical usage.
REFERENCE


Consumer Research, 15 (December), 374–78.
Does Variety in Packaged Goods Matter?
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EXTENDED ABSTRACT

Suppose there are two boxes of chocolates; in one box, all ten pieces are exactly the same (in the most popular flavor), while, in the other box, the ten pieces come in different flavors. The former package tastes better and provides no variety, while the latter package contains less-preferred flavors but provides variety. Which box will the consumer choose? Although existing research finds that consumers generally seek variety driven by diversified motivations (Kahn 1995; Kahn and Ratner 2005; McAlister and Pessemier 1982), it mainly examines variety across brands and over time. Relatively little research is on variety in packaged goods at a given point in time. The current research attempts to provide some insights into this question. Specifically, we examine whether consumers appreciate the presence of variety in packaged goods, and the moderating role of contextual factors such as evaluation mode and consumption goal.

Distinct from research on variety-seeking across brands, this paper focuses on variety within the same product assortment/category, and adopts the attribute-based approach (Herpen and Pieters 2002) to examine the presence of variety in packaged goods. In the context of packaged goods, the presence of variety means that items combined into a single package differ on certain attributes, such as flavor, color or shape. The absence of variety occurs when all items in a package are exactly the same. We are interested in whether and when consumers value the presence of variety in purchasing packaged goods. Thus, the present research fills an important gap in the literature by addressing the situational factors that moderate the impact of variety in packaged goods on product evaluation and purchase decision.

We hypothesize that the presence of variety in packaged goods has a positive effect on consumer perceptions of product attractiveness and purchase intention. In order to understand the underlying mechanism, we propose two moderators for this effect: evaluation mode and consumption goal. Specifically, we reason that the direct comparison available in the joint evaluation mode makes the differences between the product with and the product without variety more salient than in the separate evaluation mode, and thus induces variety to be valued more. In addition, the positive impact of variety in packaged goods is more influential when consumers have a hedonic consumption goal than when they have a utilitarian consumption goal. This is because the high perceived hedonic benefits generated by variety in packaged goods is congruent with a hedonic consumption goal. We conducted a pilot study and two experiments to test these hypotheses.

The pilot study covered five formats of variety (i.e., flavor, shape, scent, color of product, and color of package). Compared to the packaged goods without variety, those with variety were found to be more attractive and more likely to be purchased. We found that these effects were robust across different formats of variety.

In study 1, we investigated the moderating role of evaluation mode. A pair of packaged potato chips was used as stimuli, each containing five small bags of equal weight and carried the same price. The only difference between the two was the presence (i.e., five different flavors) versus the absence (i.e., only the most popular flavor) of variety on flavor. The two stimuli were evaluated separately or jointly. The results replicated the main effect of the presence of variety on product attractiveness and purchase intention. In addition, the positive effect of variety was stronger in the joint evaluation mode than in the single evaluation mode for both product attractiveness and purchase intention. Thus, comparing between the products with and without variety is instrumental for consumers to fully appreciate the value of variety. As actual shopping contexts often entail the joint evaluation mode, the information delivered by the presence of variety cannot be ignored by marketers.

In study 2, we tested the moderating role of consumption goal. Using packaged instant coffee as the stimuli, we adopted a 2 (variety: present vs. absent) × 2 (consumption goal: utilitarian vs. hedonic) mixed design with variety as a within-subject factor and consumption goal as a between-subjects factor. Participants were randomly assigned to one of the consumption goal manipulations. Then they evaluated the stimuli that came at the same price; one without variety (i.e., having six sachets of the most popular latte flavor), and the other with variety (i.e., having five sachets that each came in latte, espresso, cappuccino, mocha, and Americano flavors, respectively). Interestingly, the package with variety was considered more attractive and more likely to be purchased than that without variety, even though the latter had the advantage of greater quantity. Furthermore, as the package with variety was perceived to provide more hedonic benefits, it was more appealing for consumers with a hedonic goal than those with a utilitarian goal.

In sum, the findings from the pilot study and two experiments consistently supported the hypothesis that consumers generally desire the presence of variety in packaged goods. More importantly, the positive impact of variety on product attractiveness and purchase intention was intensified when consumers were able to evaluate the products with and without variety jointly (vs. evaluate them separately) and when consumers had a hedonic consumption goal (vs. a utilitarian consumption goal). We discussed the implications of our findings and presented several directions for future research.

REFERENCES


A Sense of Power and Uniqueness Seeking
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EXTENDED ABSTRACT
Power is perhaps one of the most omnipresent forces in consumers’ social world. On one hand, individuals are likely to have experiences of feeling powerful or powerless temporarily throughout the day (Keltner et al., 2003). For example, interviewing a job applicant, giving advice to students, or setting a curfew for one’s child might evoke the psychological state of feeling powerful (Rucker and Galinsky, 2006). On the other hand, power is a relatively stable psychological state that reflects individual differences in how people view themselves in both formal social hierarchies such as workplace, and in informal hierarchies such as family structure (Anderson and Berdahl, 2002). Despite the prevalence of power in our everyday life, its influence on individuals’ consumption behavior still remains less probed (Rucker and Galinsky, 2008). Our current research aims to further explore the influences of power in driving consumer behavior.

In particular, we are interested in how a sense of power may sway consumers’ unique seeking behaviors. According to uniqueness theory (Snyder and Fromkin, 1980), all individuals crave uniqueness to some extent. People are motivated to establish and maintain a sense of moderate self-distinctiveness, since the perception that the self is either highly similar or highly dissimilar to others arouses negative emotions (Lynn and Snyder, 2000). It is further found that the strength of need for uniqueness is determined by both internal and external factors (Berger, 2010; Imhoff and Erb, 2009). While the internal factors reflect individual differences in uniqueness motivation (Snyder and Fromkin, 1977), the external factors mainly capture various situational pressures that make individuals feel overly similar to other and motivate people to seek uniqueness (Markus and Kunda, 1986).

A great deal of extant researches offers consistent evidences that the power affects the extent to which the self or others become the focal (Rucker et al., 2010). For instance, Anderson and Berdahl (2002) found that those with greater power were more likely to express their private opinions and true attitudes free from all inhibitions, whereas low-power individuals’ own attitudes and opinions were shaped by their high-power counterparts (e.g., Berdahl and Martorana, 2006). Researches on social perception also suggest that power tends to reduce awareness of others and their individuating features, unless those features are instrumental for power-holders to accomplish their goals (Galinsky et al., 2008; Magee and Galinsky, 2008). Thus, having power, as opposed to lacking power, leads to a greater reliance on one’s own thoughts (Briloh et al., 2007).

In summary, the powerful are less affected by others’ attitudes and preferences, thus are more likely to immunize from external forces. Consequently, it is predicted that individuals experiencing a state of power are more likely to seek uniqueness, whereas those experiencing a state of powerlessness tend to seek conformity. We tested this hypothesis through three studies.

METHODOLOGY AND RESULTS
In Study 1, we examined the correlation between the chronic nature of power and need for uniqueness. One hundred and twelve undergraduates (62.5% females) took part in the survey. Generalized sense of power was measured as an individual difference using the 8-item scale (Anderson and Berdahl, 2002; Rucker and Galinsky, 2009). Respondents then completed the avoidance of similarity scale (Tian et al., 2001) and need for conformity scale (Kahle, 1995). The results revealed a positive correlation (r = 0.41, p < .001) between the chronic sense of power and need for uniqueness, which thus provided a valid basis to further investigate the impact of power on consumption behavior through experimental studies (i.e., Study 2 & 3).

It is reported that situations temporarily thrust people into feelings of powerful or powerless (Keltner et al., 2003). How would such temporal feelings of power affect people’s subsequent choices? Study 2 was designed to answer this question. Thirty-two undergraduates (19 female) participated in the study and a temporal state of power was manipulated using a recall task (Galinsky et al., 2003). Respondents were then asked to choose between popular (i.e., Coca-Cola) and less popular (i.e., shop-made soda) product alternatives. Our results showed that 86.7% participants in the high power condition selected the less popular option while only 41.2% of those in the low power condition did so (χ² = 3.06, p < 0.10).

Study 3 was developed to examine whether power is more likely to make people think of products in lines with uniqueness or differentiation. Specifically, we asked the subjects to design at least five advertisement slogans for a new cell phone brand. Fifty-one (27 females) participants joined the study where power was manipulated by a role-playing task (Galinsky et al., 2008). The results showed that participants in high power condition generated more uniqueness-related words in their slogan designs than those in low power condition did (t = 2.56, p = 0.01), which again supported our hypothesis.

CONCLUSION
Across three studies, we provided converging evidence that being or feeling powerful affected uniqueness seeking behavior. Specifically, individuals experiencing a state of power were more likely to seek uniqueness, whereas those experiencing a state of powerlessness tended to seek conformity. Since a sense of power could be activated through external cues, findings from the current research offer a number of important implications for managers to formulate effective marketing strategies.

REFERENCES


What Causes Impulse Buying Urge When Consumers Watch Television Home Shopping?
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EXTENDED ABSTRACT
This research examines the antecedents of viewers’ impulse buying urge in television home shopping (THS). Prior research usually attributes the growth of THS to the fact that people make impulse purchase on THS channels (e.g., Lee, Lennon, and Rudd 2000; Warden et al. 2008). Therefore, this study applies Beatty and Ferrell (1998)’s impulse buying model and incorporates more antecedents which are unique to THS to investigate the relationship among these antecedents and compare their relative impacts on impulse buying urge in THS.

Beatty and Ferrell (1998)’s impulse buying model shows that two situational variables (times available and money available) and two individual difference variables (shopping enjoyment and impulse buying tendency), influence the endogenous variables, including positive and negative affect and browsing behaviour, and ultimately the impulse buying urge. To fit the THS context, this study modifies this model in three ways. First, attractiveness of host and celebrity should be included due to their functions on providing information and entertainment in THS context (Park and Lennon 2006; Warden et al. 2008). Second, perceived risk also should be included because viewers usually can not inspect and compare merchandise before purchasing (Simpson and Laker 1993). Third, negative affect should be excluded in THS context because impulse buying urge, as a hedonic emotional state, is not directly influenced by negative affect (Morrin and Chebat 2005; Rook 1987). Thus, this study proposes a model in which two endogenous antecedents (positive affect, THS-channel browsing) and five exogenous antecedents (time available to go out shopping, money available, perceived risk, impulse buying tendency and attractiveness of host and celebrity).

This study posits that viewers who spend more time browsing around THS channels have a stronger impulse buying urge because they can not only learn about the specification of merchandises in detail from TV but also encounter much promotional stimuli which makes them want the products. In addition, when consumers with positive affect, they would process the information by heuristic routes so that they spend less time collecting and evaluating information (Hart et al. 2007). Thus, those consumers with positive affect from THS are more likely to experience a buying urge. Furthermore, this study also expects that browsing THS longer are more likely to experience positive affect because browsing can lead to hedonic value of shopping from displays, counters, lighting and music.

This study further examines the exogenous antecedents of THS-channel browsing behaviors and positive affect respectively. This study assumes those consumers who have less available time to go out and less available money are likely to browsing around THS channels. Those with higher perceived risk toward THS also spend less time browsing. Moreover, those consumers with high impulse buying tendency (IBT) and those who perceive that hosts and celebrities are attractive are expected to browse THS-channel longer.

This study infers that high IBT consumers in a THS setting are easily to perceive positive affect because they have a stronger motivation to anticipate more hedonic impacts from impulsive consumption (Ramanathan and Williams 2007). In addition, because attractive salespeople are helpful to strengthen positive product evaluations, it infers that they would elicit viewers’ pleasure-related responses, such as positive affect of interest, excitement and joy.

Survey data is collected from 312 consumers. In the survey, respondents were asked to provide their perception of THS in recent one year. Analysis of a questionnaire survey with 262 subjects, utilizing structural equation modelling, reveals several important findings. First, this study finds that viewers’ impulse buying urge while watching THS channels is primarily affected by their impulse buying tendency, followed by THS-channel browsing and positive affect. Viewers with a high impulse buying tendency spend more time watching THS channels and experience more positive emotions created by the channels, which in turn elicits stronger buying urge. Second, attractiveness of host and celebrity is the most important factor to raise viewers’ positive affect. Specifically, hosts and celebrities with friendly attitudes and abundant product knowledge increases viewers’ positive affect.

Third, although both perceived risk and time available to go out shopping have impacts on impulse buying urge, the former has the greater impacts. Because viewers wonder whether the merchandises offered are as good as they appear on TV and if they get the best price, they would perceive higher risk, resulting in spending less time in browsing THS channels. The finding that those viewers with less time to go out shopping are likely to spend more time on THS is consistent with results of previous studies. Finally, contrary to our expectation, the amount of available money does not influence THS channel browsing. A possible explanation is that THS channels are easily accessible at home, therefore, the viewers with different available money would not be different from browsing behaviours.

This study contributes in two ways to the literature on THS. First, through the examination of a comprehensive framework, this study demonstrates that the previously found and new factors could influence buying urge in THS contexts and compare their relative impact. Second, this study extends the applicability of Beatty and Ferrell’s (1998) impulse buying model in the THS context. Meanwhile, this study also modifies their model by identifying additional constructs, including perceived risk and attractiveness of host and celebrity, which are not discussed in their model.

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The Effects of Expertise Claims and Expertise Warrants on Attitude towards Online Product Reviews

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EXTENDED ABSTRACT

Online product reviews are seen as a persuasive source of information in the consumer-decision making process, shaping not only consumers’ attitudes but also their purchase behaviors (Bickart and Schindler 2001; Chevelier and Mayzlin 2006; Park and Kim 2008; Senecal and Nantel 2004). The persuasiveness of reviews has often been explained by its source credibility. Reviews are written by noncommercial individuals who are believed to provide a more accurate and truthful evaluation of product/brand performance than commercial sources.

The literature makes an important assumption that still remains untested: That all reviewers are equal in credibility. However, reviews are authored by different types of sources (Mackiewicz 2010; Willemsen et al. in press), ranging from individuals with little knowledge of the product under review (i.e., typical consumer) to individuals who claim to be knowledgeable about a product as part of their profession (i.e., claimed experts).

By means of two experiments, we examined the relative effects of consumers and claimed experts on source credibility and compared these with the effects of a third source commonly identified online: warranted experts. Warranted experts are sources whose expert status has been established through peer ratings. It is asserted that consumers, claimed experts, and warranted experts have differential effects on perceived source expertise and perceived source trustworthiness—i.e. two dimensions of source credibility—and that teasing apart these differential effects facilitates a better understanding of source effects in computer-mediated communication.

METHOD

Participants were asked to evaluate a product review posted on a fictitious review site which discussed a hotel or television set (study 1, n=265) or a digital camera (study 2, n=96). Product reviews were identical except for the manipulation of the source. That is, respondents were exposed to a review authored by: (1) a consumer; or (2) a self-claimed expert. Study 2 also included a third condition in which the expert status of the source was confirmed by the ratings of the review community (i.e., warranted expert). After exposure to the review, participants answered a series of questions to tap perceived source expertise and trustworthiness, and attitude towards the review.

RESULTS

Source type appeared to have differential effects on what is assumed to be the two dimensions of credibility: Perceived source expertise and trustworthiness. An expert scored significantly higher on perceived expertise than a typical consumer. A typical consumer, however, was considered to be more trustworthy than an expert. These differential effects induced two competing mechanisms when comparing a consumer source with a claimed expert source. A consumer source (vs. expert source) had a positive indirect effect on review attitude through perceived trustworthiness, and a negative indirect effect through perceived expertise. In tandem, these mechanisms suppressed the relationship between source type and attitude towards the review.

This suppression situation was contingent on the way an expert source was demarcated from a consumer source. Conform our expectations, a suppression situation only emerged when the expert status of the source was based on self-claims (i.e., claimed expert). When the expert status of the source was based on peer ratings (i.e. warranted expert), no suppression situation emerged. Warranted experts induced positive assessments of perceived expertise and trustworthiness, thereby closing the gap between the two dimensions of credibility that instigated the suppressed effect of the source type – review attitude relation.

CONCLUSION

This study shows that consumers integrate perceptions about the expertise and trustworthiness of a source into evaluations about the review provided by the source. This alleviates the societal concern that consumers adopt online content without making an effort to differentiate credible online sources from incredible online sources. As demonstrated in the present study, however, the credibility of a source is not easily discerned in the online context where perceived source trustworthiness is not always in par with source expertise, and vice versa.

Anyone can publish online product reviews under any identity, thereby inducing concerns about the identity of reviewers and their intentions to share information. These contradictory source evaluations highlights the “authenticity dilemma” (Metzger, Flanagan, and Medders 2010; Willemsen et al. in press) inherent to online media where one cannot be confident about the true identity of a source and his/her motivations to share information.

This study shows that source evaluations can be brought into line with each other when the expert status of a source is confirmed by peer ratings. In such circumstances, a source scores high on both perceived expertise and perceived trustworthiness. This implies that peer ratings, instead of authority, form boundary conditions for online credibility assessments. This notion is consistent with a growing body of literature that argues that credibility assessments move from “a model of single authority based on hierarchy to a model of multiple authorities based on networks of peers”. This insight stresses the need to develop peer rating tools/systems to gauge credibility and to take away (unwarranted) suspicion about the authenticity of reviewers. Such tools are not only of importance for consumers, but also for practitioners who use reviews as testimonials in their marketing efforts.

REFERENCES


EXTENDED ABSTRACT

CONCEPTUAL FRAMEWORK

Theories about family consumption are important because they help us answer questions of group consumer behaviour. Resources theory and unitary model are two theoretical approaches in explaining role of children in a family decision making. Wut (2008) proposes a model for the family decision making. Family members’ influences are represented by their respective buying preference;

McNeal et al. (1998, p48) add that Hong Kong children begin to be socialized as consumers as early as age four with strong emphasis on spending. Levy and Lee (2004, p334) investigate children’s influence on the purchase of a house by conducting in-depth interviews with nine real estate agents. They propose that the children’s needs, as perceived by their parents, form important criteria for the choice of a house. The authors mention children’s indirect influence at various stages of the group decision process (indirect influence being the situation whereby parents take into account the needs of the children). Age is regarded as direct influence. Their interviewees suggest that children from about age eight to fifteen years have the most influence. Children below the age of eight will follow their parents’ decision and children older than fifteen are less interested in the home and may not influence the decision, possibly as a result of their growing independence.

The influence of child on family decision making seems to increase with the child’s age (Darley and Lim, 1986; Moschis and Mitchell, 1986). It seems that there is a positive relationship between the age of the child and his or her ability to process information. Swinyard and Sim (1987, p30) find that older children (age between 12 and 19) have more influence than younger children (age between 4 and 12) in 15 of 16 durable and non-durable products. Ahuja and Stinson (1993) agree that children’s influence increases with their age. Thus, the relevant research question is listed below:

“Are children’s ages positively related to their level of influence on family decision-making?”

Thus the research hypothesis is proposed as follows:

Hypothesis: The influence of older children is greater than the influence of younger children on family buying preference.

METHOD

Samples are collected through convenience sampling. Although a convenience sample is used, specific demographic quotas are established to ensure adequate representation of families in Hong Kong. Only those families in which the husband, wife and at least one child are currently living together that would be included in the sample. Moreover, the child has to be at least seven years of age. More than half of families are living in New Territories, a quarter of families are living in Hong Kong Island and the rest are living in Kowloon side. The distribution is similar to the actual population in Hong Kong.

DATA ANALYSIS AND DISCUSSION

202 sets of questionnaires are sent out and 134 families completed the set of questionnaires. The respondent rate is 66.33%. Only 122 sets of questionnaires were suitable for further analysis. 12 sets of answers were either incomplete (at least one or more of husband, wife or child set was missing) or there were missing answers in some of questions. After discarding 36 incomplete questionnaires, there are 732 questionnaires from a total of 122 families are available for further analysis. In terms of total number of siblings, the average for respondent families is 2.03, which corresponds to the whole population in Hong Kong. Since we are intending to choose the eldest child in the family in preference, thus the age of children and the ranking cannot be compared with the whole population in Hong Kong. The gender distribution of children also approximates that of the whole population.

Four different models are established based on four different categories of children according to their ages. The four categories are: between age seven and ten, between age eleven and age fourteen, between age fifteen and age eighteen and between age nineteen and twenty-nine. The SEM’s fit indexes result is listed as table below, which suggests that all models are valid except the last category.

Path loadings suggest that all family members’ buying preference is strongly related to their own perception on family buying preference. The greatest loadings are found on the wives when compared with other members’ loadings. All t values of effect for different categories of children’s buying preferences on their family buying preference are highly significant meaning that children of different ages’ own buying preferences are highly correlated with their own family buying decisions.

ANOVA (based on the formula of condensed data set using standard error for calculating F values) are used to test the difference among path coefficients of different categories of children according to their ages. The result, showing that there is no difference among all categories (F = 1.4796, p = 0.2228). However, there is significant difference between categories of between age seven and ten and between age 15 and 18. (F = 2.8546, p = 0.0929). The above table indicates that children between age 7 and 10 and between age 19 and 29 have greater influence on family decision making.

In addition, there is a declining tendency for the children’s influence on family decision making from the age ten through nineteen. As children grow older, parents generally have more confidence in their ability to make judgments as consumers. At the same time, children have their own pocket money and their interaction with parents on family purchase decision making may decrease.

SUMMARY AND IMPLICATIONS

In summary, hypothesis that the influence of older children is greater than the influence of younger children on family buying preference is generally not supported. The influence of children has decreasing tendency with increasing ages. Family is a resource exchange system. However, resource theory assumes that family members are rational. In reality, family members may not be totally rational. They may act altruistically without expecting any reward. It is often true in parent and child as well as couple
relationship. Thus, family decision making could not be explained fully by resources theory.

REFERENCES


Buddhist values have suffused Chinese culture for the past two thousand years. Along with Confucianism and Taoism, Buddhism forms the basis for much of the Chinese world view, morals and ethics. In relation to consumption, Buddhism emphasizes the importance of eliminating desire for material goods, and the perils of becoming attached to material possessions. Indeed, “few religions have attacked the material world with the intellectual rigor of Buddhism,” (Kieschnick 2003, p. 2). Buddhism inherently recognizes that our thirst for possessions can never be quenched (Kieschnick 2003). A distinction is often made between the material objects themselves and the consumer’s relationship to them, and there is a difference between ownership of goods and attachment to them (Ross 1991). Buddhism does not say anything negative about possessions themselves (Ross 1991). Rather, it espouses frugality and moderation (Daniels 2005). One should consume as needed to follow the Middle Path (not excessive but not Spartan either), but should not become attached to objects. To cultivate non-attachment, a person must be generous and should periodically give away material possessions, and one’s possessions should not evoke pride or greed (Pryor 1990). It is believed in Buddhist thought that one’s current social and economic position is decided by accrued karma from previous lives. Generosity to the poor and in general is an important means of accumulating merit, which helps one to obtain a high social and economic position in the next life (Pryor 1991). In Buddhist thought, consumption is taken to be a limited source of happiness and satisfaction, and excessive consumption is considered to be harmful (Daniels 2005). Hence, consumption is often moderated and restrained. Buddhists are not anti-consumers, but rather conscious or mindful consumers (Loundon 2005). Importantly, Buddhism identifies three types of materialism – physical, psychological and spiritual – that unless guarded against, will co-opt our lives (Simmer-Brown 2002).

It is widely recognized that historically Buddhism has an important effect on consumer behavior and material culture in many countries (e.g., Kieschnick 2003). For example, Cornwell et. al. (2005) demonstrate that Buddhists are more relativistic in terms of the ethics they apply to consumption situations than Christians and Muslims. Pongsakonrungsipl et. al. (2011) have demonstrated how Buddhist consumers in Thailand co-create consumption experiences via their spiritual fear, faith and desire. In a Western context, Belk (2011) suggests that following a Buddhist economic path could be a way to reduce rampant over consumption in the West.

Since China has opened to the world in the 1970s, the Chinese economy has grown at an extraordinary rate. During this growth, society as a whole has put a lot of emphasis on using material objects, and in particular brands, as markers of social status. Even Buddhist monks are not immune to this focus on materialism, with monks using iPhones and eating fast food (Belk 2011). Indeed, the head monk at the famed Shaolin Temple is reported to own a luxury SUV and other cars.

At the same time as many Chinese monks are becoming materialistic and keen to acquire the latest consumer goods, Chinese consumers are having renewed interests in spirituality. Since the government relaxed its ban on religious gatherings in 2006, a religious boom has emerged, in particular among the younger generation (Lim 2010). Two thirds of those who describe themselves as religious are Buddhist or Taoist, and 62% are age 39 and younger (Lim 2010). Chinese consumers have embarked on a new march toward religious spirituality and flooded local altars to pray for material gains. Even Buddhist temples are competing with each other to build the largest Buddha statue in order to attract more followers. With Buddhist values and teachings reemerging in Chinese society, how can we understand and reconcile the Buddhist views on consumption with the conspicuous consumption that is so ubiquitous in contemporary China? Similar paradoxes also exist in other countries that recently experienced rapid social transformations. For instance, Wattranasuwon and Elliott (1999) found that instead of detaching themselves from consumption, Buddhist teenagers in Thailand devote themselves to symbolic consumption in an attempt to create their Buddhist selves.

In this roundtable, we will explore this paradox within the wider lens of global consumer culture. In particular, we will examine how Buddhism affects consumption in relation to other spiritual orientations. For example, Veer and Shankar (2011) suggest that in a Christian context, religious consumers make sense of their own materialism in relation to the non-materialistic teachings of the Bible via Justifications for materialism, such as focusing on functional aspects of a product rather than materialistic aspects like the ability to signal status. We examine how Buddhism differs or overlaps with such religious orientations, and extend this stream of research by exploring how religion influences the transition to a consumer society in Asia.

As Buddhism is so widespread throughout Asia, we anticipate a high level of interest in this topic at the conference. We also expect participation from consumer researchers interested in the intersection between religion.
and consumption in general, and those interested in Chinese consumer culture in general.

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Susceptibility to Global Consumer Culture: A Cross-Cultural Study

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EXTENDED ABSTRACT

Global Consumer Culture (GCC) refers to generally accepted beliefs and consumer tendencies toward globally shared consumption-related symbols such as brands, product categories, and consumption activities. Previous studies have shown its strategic implication for brand positioning strategies. However, the potential contribution of global consumer culture and its positioning strategy to brand value would depend on consumers’ susceptibility to global consumer culture (SGCC), a general trait that varies across individuals and is reflected in the desire or tendency for the acquisition and use of global brands.

This paper aims to use a newly developed measurement scale for SGCC to investigate the global consumption behaviour in two different globalizing contexts of Chinese societies. Questionnaire surveys were conducted in Hong Kong and Shanghai. The major dimensions were the three dimensions of SGCC (i.e., conformity to social norms, perception of product quality, and social prestige), and purchase intentions for global brands. The items used in the measurement of social and cultural dimensions of SGCC (i.e., symbolic value of social prestige and conformity to social norms) were drawn to the maximum extent possible from those that have previously been used in measuring global and foreign brand influences, while the quality perception dimension of SGCC includes the item scales that have been used in the literature of product evaluation and perceived brand globalness.

The procedure for data collection involved with young adults in Hong Kong and Shanghai. The young consumers are more subject to the influence of global and foreign consumer cultures. Two sets of samples were collected. A total of 400 university students were recruited for the study (200 from Hong Kong, 200 from Shanghai). Coincidentally, 169 valid Hong Kong samples and 169 valid Shanghai samples were collected. Among the Hong Kong sample, 99% of the Hong Kong sample aged between 18 and 24; 44.4% were males whilst 55.6% were females; 54.5% of the sample had an average monthly family income between HK$10,000 and HK$29,999. For Shanghai samples, all the respondents were between 18 and 23 years old; 38.5% were males whilst 61.5 were females; 14.8% of the sample had an average monthly family income between RMB1,000 and RMB5,000. Totally, there were 338 valid samples for the analysis.

The measurement of the items used in the questionnaire was on a 6-point scale rather than the typical 7-point scale to avoid potential measurement bias to a neutral point. The scale was labeled from 1 = strongly disagree to 6 = strongly agree. Prior to conducting the survey, a pretest was done with a small group of students to verify the face validity of the instrument. The dimension of conformity to social norms is consisted of five items: the tendency to consume global/foreign brands - “makes one look good in his/her social group”; “makes one feel a sense of belonging”; “makes good impression on others”; “makes one feel closer to modern lifestyle”, and “makes one feel to be part of the social trend”. The quality perception dimension is also composed of five items: global/foreign brands - “have a very high quality image”; “have a very high level of reliability”; “have a very high level of standard in safety”; “are associated with latest technology”, and “are associated with long-lasting quality”. The social prestige dimension contains six items: global/foreign brands - “signify one’s fashion image”; “represent the latest lifestyles”; “symbolizes one’s social image”; “are associated with the symbol of prestige”; “tell something about one’s social class”, and “are associated with wealth”.

Purchase intention is measured by two items: “like to buy/repurchase this kind of global brand”, and “like to recommend these brands to my friends and relatives”.

Structural equation modeling analyses were performed to examine the two sample groups with regard to the SGCC dimensions. Several reliability and confirmatory factor analyses were conducted on the variables to examine the SGCC dimensions with Hong Kong and Shanghai samples. All of the Cronbach’s alphas were greater than 0.70. Satisfactory results were obtained for the convergent validity and discriminant validity tests for the three dimensions of SGCC. In order to assess the adequacy of construct measures for the dimensions of SGCC across the two sample groups, confirmatory factor analysis (CFA) was performed by using AMOS5.0 with maximum likelihood as the estimation method. The goodness of fit of the model can be considered as acceptable (GFI > 0.9, RMSEA is 0.08). However, the chi-square statistic is not desirable, which may be related to sampling errors. Standardised regression weights and t-values for the structural model are shown in the table (t-values in excess of 1.96 were accepted as significant: t =2.58, significant at 0.01; 2.58>t=1.96, significant at 0.05; 1.96>t=1.65, significant at 0.10; t <1.65, insignificant). However, only two of the dimensions of SGCC (conformity to social norms and quality perception) are found to be significantly related to purchase intentions (p<0.05). Social prestige is found to be not significant. Similar findings are found for the two sample groups. Furthermore, based on a test on chi-square differences, no significant differences are found among the two sample groups with respect to the relationship between each of the three dimensions of SGCC and purchase intention.

In short, the results show a support of the reliability and validity of the newly developed three-dimensional scale of SGCC, which can help us to understand more about a specific consumer segment’s motivation in buying global brands with regard to symbolic, normative, and/or quality reasons. As such, the SGCC scale can help firms identify how a global brand may be positioned along with the three dimensions, and understanding the score for each dimension is likely to provide direction for guiding a firm’s brand positioning strategies. However, more work need to be done to assess the generalization of the SGCC in other developing countries.

REFERENCES


The Two Different Effects of Chinese Traditional Culture on Luxury Consumption: Face and Harmony

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ABSTRACT

This paper explores the different effects of two Chinese traditional cultural values on individuals’ materialism and desire towards luxury products. Specifically, face (mianzi) positively influences luxury products desire through materialism; harmony (hexie) moderates the relationship between materialism and luxury products desire in such a way that the relationship is stronger for those lower, rather than higher, in harmony. This research demonstrates the multidimensionality of cultural influence and points to the need for a sharper focus in building consumer behavior theory based on Chinese (Eastern) society.

INTRODUCTION

The largest population and fastest growing economy in the world leads to the emergence of a booming luxury market in People’s Republic of China. Now an increasing number of luxury brands appear in this huge market, some of which have entered the low-tier cities. Even during the recent economic recession period, the luxury sales amount within China staggeringlly kept going up and the market size has reached 8.6 billion U.S. dollars in 2008, ranking 2nd in the world. Moreover, Chinese people spent another 11.6 billion U.S. dollars on luxury goods in overseas markets. Hence in total Chinese consumers contributed more than 10% of luxury sales all over the world in 2008 (Bain, 2009). With the great potential, China is estimated to replace Japan as the largest luxury market after 2015 (BCG, 2009).

This booming market intrigues a lot of scholars and practitioners, and also brings about a lot of confusions. For example, Chinese (Asian) people desire luxury goods even when they earn fairly low income (Wong & Ahuvia, 1998). Different from westerners who mainly buy house wares, Chinese prefer those public visible luxuries such as watches and bags (Liu, 2006). Consumers in Asia and Western societies may purchase the same products for different reasons (Li & Su, 2007). Thus, as Redding (1990) concluded, any attempt to explain the social behavior in China without considering cultural factors would be incomplete.

Actually in consumer analysis, because of its significant impact on human behavior, culture has been widely linked to consumption (Craig & Douglas, 2006; Yaprak, 2008). In business research, culture could be assessed in three ways – ethnological description, cultural proxies and cultural values (Lenartowicz & Roth, 1999; Soares, Farhangmehr, & Shoham, 2007). Of these approaches, due to the fact that consumers make decisions largely based on the value fulfillment obtained through consumption, cultural values as the dominant societal values shared by individuals in the same cultural group (Hofstede, 1980; Schwartz, 1999) have been usually thought of the significant antecedent of consumer behavior (Lowe & Corkindale, 1998). Therefore a large number of studies have examined the influence of cultural values on specific consumer behavior (Erdem, Swait, & Valenzuela, 2006; Kacen & Lee, 2002; Lee, 2000).

However, most of the current cultural theories and constructs developed solely from Western societies might be culture bound and fail to catch the nuance in Eastern society (Chinese Culture Connection, 1987). For example, the most important cultural dimension in Hofstede’s framework ‘collectivism’ could relate to several basic indigenous values in Asian cultures, such as face (mianzi), harmony (hexie), personal connections (guanxi), social favours (renqing) and so on. As one of the few countries that were not fully colonized by Western nations, China retained much of its unique cultural characteristics (Ackerman, Hu, & Wei, 2009; Yau, 1988). Several decades ago, scholars had noticed Chinese consumers tended to buy products that met Chinese social standards (Hamilton, 1977). Even today as Western culture swarms into China, the old norms, concepts and ways of thinking are still pervasive and significant in people’s daily life (Wang & Lin, 2009). Several studies have demonstrated that the indigenous Chinese cultural values could influence various consumer issues, such as customer satisfaction (Hoare & Butcher, 2008; Yau, 1994), consumer tolerance (H. Chan, Wan, & Sin, 2009), gift purchase (R. Y. K. Chan, 2001), and pirated CD purchasing (Wan, et al., 2009). Nevertheless, the role of traditional Chinese culture in luxury consumption is completely unknown. Hence it is necessary and meaningful to explore the impacts of indigenous cultural values on luxury consumption in China.

THE ROLE OF CULTURE IN BEHAVIORAL RESEARCH

There are different functions of culture in behavioral research. It has been agreed by nearly all the (cross-)cultural psychologists that culture could play a significant role in shaping human thought and behavior (Berry, Poortinga, Segall, & Dasen, 1992; Shweder, 1990; Triandis, 1994). In cultural-behavior analysis, two major issues – does the culture play a primary or secondary role and does culture have a direct or an indirect effect on the dependent variables could decide the role of culture in behavioral research (Lonner & Adamopoulos, 1997). Firstly, culture could be viewed as the primarily significant determinant of human phenomena. In this category, researchers can treat culture as the independent variable which is similar as in experimental study (direct influence) or view culture as a contextual variable and compare specific behavior across cultures (cross-cultural comparison). Secondly, culture can be considered as an intervening antecedent variable (secondary importance) when some other variables are thought of to be more significant. Under this circumstance, culture is mostly studied as moderator to intervene the relationship between independent and dependent variables (Lonner & Adamopoulos, 1997). This study will test two traditional Chinese cultural values as independent variable and moderator respectively.
MATERIALISM AND LUXURY CONSUMPTION

Materialism is often associated with luxury consumption (Mason, 1981; Wong & Ahuvia, 1998). As a central driving force in modern consumer society (Cushman, 1990), materialism has become a popular topic in a broad range of disciplines (Burroughs & Rindfleisch, 2002). It is defined as the importance a consumer attaches to worldly possessions (Belk, 1985) and "represents a mind-set or constellation of attitudes regarding the relative importance of acquisition and possession of objects in one’s life" (Richins & Dawson, 1992, p. 307). Based on the concept that possessions are individuals’ extended self, Belk (1985) treated materialism as a personality trait with three dimensions: possessiveness referring to the inclination to retain control of one’s possessions, nongenerosity viewed as an unwillingness to share possessions with others, and envy defined as desire for other’s superior possessions. A more popular conceptualization is from Richins & Dawson (1992). They regard materialism as a value which includes the dimension of acquisition centrality, acquisition as the pursuit of happiness and possession-defined success. Acquisition centrality proposes that materialists tend to put possessions and acquisition at the centre of their lives. The pursuit of possessions would structure their lives and direct their behaviors. The second theme demonstrates the extent to which materialists view possessions as essential to their life satisfaction and well-being. Hence materialists pursue happiness through acquisition rather than through other ways. Possession-defined success suggests that materialists judge one’s own and others’ success by quality and quantity of their possessions. In capitalist culture, success is always defined in financial terms, so consumers with high level of materialism desire more money, and lay more stress on financial security (Christopher, Marek, & Carroll, 2004; Richins & Dawson, 1992).

Consumers high in materialism tend to spend money wastefully to enhance their social status (Mason, 1981). Compared to people low in materialism, they are more likely to value things that symbolize wealth and achievement (Richins, 1994a). Then they can obtain satisfaction from others’ admiration (Liao & Wang, 2009), so they usually value possessions based on price rather than utilitarian reasons and consume for the sake of consumption (Richins & Rudmin, 1994). Therefore, due to the public meaning and symbolic value (Richins, 1994b), expensive luxury products could be a natural choice for materialists (Tatzel, 2002; Wong & Ahuvia, 1998). Wong (1997) found that materialism is linked to luxury consumption through the dimensions of envy and possession-defined success. Liao & Wang (2009) discovered material values motivate consumers to purchase brand name goods.

FACE, MATERIALISM AND LUXURY CONSUMPTION

Face refers to a sense of favorable social self-worth that a person wants others to have of him or her in a relational and network context (Goffman, 1967). The concept of face (miianz) was originally from Confucian society. In 1940s, Hu (1944) first introduced face to Sociology area. She proposed that although every person defines face as different values and uses different ways to pursue it, face does exist in every society. In other words, face is a cross-cultural and universal phenomenon, but more obvious in Confucian society (Ho, 1976). It reflects one’s social self-esteem and the desire to be respected during interpersonal interactions (Ting-Toomey & Kurogi, 1998). In Western society, people consider themselves being independent to others, which is called ‘independent self’. In such culture, people tend to make decisions individually and do not care about others’ feelings. Whereas China is an extremely collectivist country where people rely upon others to live and are very concerned about how they are perceived by others (Markus & Kitayama, 1991). So the value of face becomes a fundamental principle during social interactions (Ho, 1976; Hu, 1944). In China nearly everyone confronts face-related issues everyday (Li & Su, 2007). People try to gain and maintain face while avoiding losing face (Hwang, 1987).

In Western cultures, people choose brands according to their personal preferences. Whereas in China, people tend to choose brands and products more for prestige (Wong & Ahuvia, 1998). Because expensive luxury products are the symbol of wealth and success (Richins, 1994a, 1994b), people are likely to consume them to make themselves and their sociality counterparts have face (Joy, 2001). If their behaviors do not accord with others’ expectation, they will lose face. Therefore because of face, sometimes Asian consumers are not willing to but have to buy the luxury products even when they have relatively low income (Wong & Ahuvia, 1998); Zhou & Nakamoto (2001) and Zhou & Belk (2004) also noted this indigenous construct could be a significant factor that leads to the booming luxury market in China.

In addition, both face and materialism relate to the desire for using a brand or a product to enhance social prestige (Liao & Wang, 2009). Specifically, people with strong face consciousness are likely to pursue money and material wealth regardless of how rich or poor they are to enhance their reputation and status (Wong & Ahuvia, 1998). Bao et al. (2003) found because of face Chinese consumers attach more importance to the extrinsic attributes (e.g. brand, prestige) than intrinsic attributes (e.g. value, quality) of products, which is consistent to the trait of materialists. So we could say face makes materialism stand out. Wan et al. (2009) also discovered face could positively influence materialism which leads to pirate CD purchase. It is noteworthy that in some studies researchers conceptualize face as a consumption style (face consumption) rather than a value or personality trait (Bao, et al., 2003; Li & Su, 2007). Then face becomes a consequence of materialism (Liao & Wang, 2009). In the present research, we consider face as a personal value people tend to conform to, hence we postulate that face could influence luxury consumption through materialism. H1: Face would have a positive influence on luxury products desire and this relationship is mediated by materialism.

HARMONY, MATERIALISM AND LUXURY CONSUMPTION

Compared to Western individualist countries, China is a highly collectivist nation (Hofstede, 1980, 1991). This culture emphasizes ‘we-identity’ instead of ‘I-identity’ in individualist culture. People are motivated by norms and duties imposed by the in-group, give priority to the goals of the in-group, and try to stress their connectedness with the in-group (Triandis, 1995). This leads to an indigenous value – harmony (hexie) which refers to the concept of avoiding extreme behavior or conflict to maintain and achieve harmonious relationship with other people (Kirkbride, Tang, & Westwood, 1991; Yau, 1988). As the
foundation of Chinese culture, harmony relates to several important social norms, such as reciprocation of social favors (renqing), group orientation, personal connections (guanxi), solidarity with others, face and so on. For Chinese the word ‘mature’ means one could maintain a harmonious interpersonal relationship and care about others’ feelings. Cocroft & Ting-Toomey (1994) found that Chinese tend to use indirect and mild conflict styles to keep interpersonal harmony whereas US respondents are more likely to use direct and threatening conflict styles. Even when dealing with international affairs, currently Chinese government proposes the concept of harmonious world to reduce conflicts across nations and focus on world peace and development.

In order to achieve harmonious interpersonal relationship, people should have a high degree of self-control and moderation (Yau, 1988). A daily-life example is that in Western society when one gets praised he would accept it and say ‘thank you’, whereas Chinese are prone to say ‘No’ to show humbleness, or else they would be thought of arrogance and the relationship with others might be damaged. Hence in China, low-key is a most important principle during social interactions. In collectivist cultures, the tendency to focus on group harmony requires the ability of managing and repressing personal internal emotions (Kacen & Lee, 2002). Even if a person is very talented and contributes a lot at work but behaves aggressively, he breaks the harmony and therefore would not gain popularity from others. So Asian people always repress negative emotions and only express positive emotions to their acquaintances (Gudykunst, 1993). Ho (1994) also found that children in Confucian countries tend to control the impulses at their early ages.

Figure 1 Conceptual model of this study

METHOD

The sample consisted of 100 adults from a diverse set of organizations in various Chinese cities. The data cleansing took into consideration ‘spurious’ cases in the data set that classified respondents as potentially providing false or erroneous information while completing the questionnaire. Three respondent cases were removed because of the extreme consistent responses (i.e., 3,3,3,3 etc.). Therefore the total sample size was 97. Participants included 31 males and 66 females with a mean age of 32 years (SD=10.9). Most of respondents’ monthly incomes were less than RMB8,000 (approximately US$1,200). Almost all the respondents had an education level of a university degree.

We chose five items from Zhang, Cao & Nicholas’s face scale (in press) where they measured face as a personal value rather than a consumption style. Three items were adapted from Cheung et al. (1996) and Yang et al. (1991) to measure harmony. Materialism was measured by 9 items from material value scale (MVS) (Richins, 2004; Richins & Dawson, 1992). Last, we used three items to measure individuals’ desire toward luxury products which were adapted from O’Cass (2004). The translation and back-translation method was used to ensure that the statements could be well understand by Chinese consumers (Brislin, 1980). All measures were 5 point Likert-type scales with poles from strongly disagree to strongly agree.

RESULTS

Firstly the data were factor analyzed using principle components with varimax rotation. Table 1 provides an overview of the factor structures. All the items of face, harmony and luxury products desire loaded onto their appropriate factor and their factor loadings were above 0.54. In terms of the materialism scale, two factors were extracted, which was consistent with Griffin, Babin & Christensen’s (2004) finding that the original three-factor structure of Richins and Dawson’s scale did not always work, especially in non-English speaking countries, so the
two-factor structure in our study could be acceptable. All constructs showed acceptable reliability with Cronbach’s α ranged between 0.65 and 0.84. Then a composite score was computed for each construct by averaging the items pertaining to the construct. Table 2 displays the correlations among the key constructs and demographic variables. Specifically, luxury products desire was significantly related to face (r=0.26) and materialism (r= 0.44). Face positively correlated with materialism (r=0.50). In terms of the demographic variables, only age has significant correlations with the key constructs. It was surprised that age negatively correlated with face which demonstrated this fundamental value is even more prevalent among young people. The negative relationship between age and materialism was consistent with some former studies (Hung, Gu, & Yim, 2007; O’Cass, 2004).

Table 1 Preliminary result for constructs

<table>
<thead>
<tr>
<th></th>
<th>Loadings</th>
<th>Cronbach α</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Face</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I hope people think I can do something others can not.</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td>I care about praise and compliments from others.</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>I hope to own some products others desire but can not afford.</td>
<td>0.55</td>
<td>0.77</td>
</tr>
<tr>
<td>I hope others know I have acquaintance with some big names.</td>
<td>0.73</td>
<td></td>
</tr>
<tr>
<td>I hope in other people’s mind, my life is better than most people.</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td><strong>Harmony</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I always try to get along well with everyone.</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>When I am interacting with others, I notice to consider others’ feelings.</td>
<td>0.78</td>
<td>0.65</td>
</tr>
<tr>
<td>In my life I always try to avoid the extreme behavior which might offend others.</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td><strong>Materialism</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I admire people who own expensive homes, cars, and clothes.</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>Some of the most important achievements in life include acquiring material possessions.</td>
<td>0.52</td>
<td></td>
</tr>
<tr>
<td>The things I own say a lot about how well I’m doing in life.</td>
<td>0.70</td>
<td></td>
</tr>
<tr>
<td>My life would be better if I owned certain things I don’t have.</td>
<td>0.53</td>
<td></td>
</tr>
<tr>
<td>I’d be happier if I could afford to buy more things.</td>
<td>0.76</td>
<td>0.70</td>
</tr>
<tr>
<td>It sometimes bothers me quite a bit that I can’t afford to buy all the things I’d like.</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>Factor 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I usually buy only the things I need.</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>I always spend money on things that aren’t practical.</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>I try to keep my life simple, as far as possessions are concerned.</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td><strong>Luxury products desire</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxury products are important to me.</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td>I am interested in luxury products.</td>
<td>0.76</td>
<td>0.84</td>
</tr>
<tr>
<td>Luxury products are a significant part of my life.</td>
<td>0.89</td>
<td></td>
</tr>
</tbody>
</table>

Note: *reversed score items.

Table 2 Correlations and descriptive statistics (N=97)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.Face</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.Harmony</td>
<td>0.14</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.Materialism</td>
<td>0.50**</td>
<td>0.09</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.Luxury products desire</td>
<td>0.26*</td>
<td>0.03</td>
<td>0.44**</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.Gender</td>
<td>0.04</td>
<td>0.12</td>
<td>-0.06</td>
<td>-0.11</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>6.Age</td>
<td>-0.42**</td>
<td>0.06</td>
<td>-0.41**</td>
<td>-0.13</td>
<td>-0.05</td>
<td>1.00</td>
</tr>
<tr>
<td>M</td>
<td>3.43</td>
<td>3.99</td>
<td>2.99</td>
<td>2.55</td>
<td>0.32</td>
<td>32.27</td>
</tr>
<tr>
<td>SD</td>
<td>0.58</td>
<td>0.55</td>
<td>0.52</td>
<td>0.79</td>
<td>0.47</td>
<td>10.88</td>
</tr>
</tbody>
</table>

Note: **p <0.01; *p <0.05.

1=male; 0=female.
## Table 3 Results of Regression Analysis for Mediation (N=97)

<table>
<thead>
<tr>
<th>Materialism</th>
<th>LPD β</th>
<th>LPD β</th>
<th>(\Delta R^2)</th>
<th>(\Delta R^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender a</td>
<td>-0.09</td>
<td>-0.12</td>
<td>Gender</td>
<td>-0.09</td>
</tr>
<tr>
<td>Age</td>
<td>-0.24*</td>
<td>-0.03</td>
<td>Age</td>
<td>-0.07</td>
</tr>
<tr>
<td>Face</td>
<td>0.41***</td>
<td>0.25*</td>
<td>Face</td>
<td>0.08</td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.31</td>
<td>0.08</td>
<td>(\Delta R^2)</td>
<td>0.05*</td>
</tr>
<tr>
<td>Adjusted (R^2)</td>
<td>0.28</td>
<td>0.05</td>
<td>Adjusted (\Delta R^2)</td>
<td>0.05*</td>
</tr>
<tr>
<td>F</td>
<td>13.58***</td>
<td>2.79*</td>
<td>F</td>
<td>5.95***</td>
</tr>
</tbody>
</table>

Note: LPD= Luxury products desire. 
***p <0.001; **p <0.01; *p <0.05. 
1=male; 0=female.

## Table 4 Results of Regression Analysis for Moderation (N=97)

<table>
<thead>
<tr>
<th>LPD β</th>
<th>LPD β</th>
<th>LPD β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender a</td>
<td>-0.12</td>
<td>Gender</td>
</tr>
<tr>
<td>Age</td>
<td>-0.14</td>
<td>Age</td>
</tr>
<tr>
<td>Materialism</td>
<td>0.45***</td>
<td>Harmony</td>
</tr>
<tr>
<td>(R^2)</td>
<td>0.03</td>
<td>(R^2)</td>
</tr>
<tr>
<td>(\Delta R^2)</td>
<td>0.01</td>
<td>(\Delta R^2)</td>
</tr>
<tr>
<td>(\Delta R^2)</td>
<td>0.03</td>
<td>(\Delta R^2)</td>
</tr>
<tr>
<td>F</td>
<td>1.49</td>
<td>F</td>
</tr>
</tbody>
</table>

Note: LPD= Luxury products desire. 
***p <0.001; **p <0.01; *p <0.05. 
1=male; 0=female.

### Face, Materialism and Luxury Products Desire

To test the mediating effect, the following analysis suggested by Baron and Kenny (1986) were adopted: (1) The result of the first regression in Table 3 indicated that face significantly accounted for variations in materialism which provided initial support for a mediation effect. (2) The second step showed that after controlling the demographic variables, the correlation between face and luxury products desire was initially significant. (3) When we included materialism in the final regression, the influence of face on luxury products desire was not significant. Moreover, the increased \(R^2\) value (0.12, \(p < 0.001\)) resulting from adding materialism in the equation was relatively large, demonstrating that the impact of face on luxury products desire was completely mediated by materialism (Baron & Kenny, 1986). Thus, H1 was fully supported.

### Harmony, Materialism and Luxury Products Desire

Determining the partial values of the interaction term was an important step in understanding how the variables serve as moderators (Cohen & Cohen, 1983). Hence for the moderating effect of harmony, hierarchical regression analysis was performed to test for linear and interaction effects on the relationship between materialism and luxury products desire. Variables were entered into the model in the following order: control variables, materialism and harmony, and materialism × harmony interaction.

The results of the regressions were showed in Table 4. At the first step, the two control variables did not account for a significant portion of the variance in luxury products desire (\(R^2 = 0.03\), \(ns\)). In the step 2, the main effect of materialism (\(\beta = 0.45, p < 0.001\)) was significant, but harmony had no significant influence on luxury products desire. Finally, step 3 obtained a significant incremental variance represented by the interaction term of materialism and harmony (\(\Delta R^2 = 0.04, p < 0.05\)), and the F-value for the overall regression model is 5.75 (\(p < 0.001\)). As predicted, a negative interaction was observed (\(\beta = -0.20, p < 0.05\)), indicating the lower in harmony, the stronger the relation between materialism and luxury products desire.

Moreover, Champoux & Peters (1987) proposed that a graphical depiction may better interpret the moderating effect. Thus, following Cohen & Cohen (1983) we computed simple standardized regression slopes for individuals high (+1SD) and low (-1SD) in harmony, and plotted the two slopes. In Figure 2, as predicted the relationship between materialism and luxury products desire is stronger for those lower, rather than higher, in harmony. Thus H2 was fully supported.
CONCLUSION

The present study systematically tested the impacts of two most basic traditional cultural values -- face (mianzi) and harmony (hexie) on materialism and luxury products desire in China. First, the finding showed that face could positively influence individuals’ desire toward luxury products through the mediation of materialism, which could better explain the existing luxury fever in China and other Eastern countries. Different from the former relevant research (Bao, et al., 2003; Li & Su, 2007; Liao & Wang, 2009), this study firstly treated face as a personal value which exerts direct impact on consumption. In addition, we found that the value of harmony could moderate the relationship between materialism and luxury products desire, which could help explain why attitude-intention and attitude-behavior are weaker in collectivist than in individualist cultures (Bagozzi, et al., 2000; Kashima, et al., 1992; Lee, 2000).

The sample of this study is relatively small. In the next step, the research should be conducted among a larger sample. Moreover, behavioral measures were not included in this paper and there might be different relationships if the research is repeated in the context of the intended purchases of specific luxury brands for social conscriptions products such as luggage, clothing, mobile phones and watches. Lastly, one issue should be addressed: the cross-cultural generality and specificity of the findings in the present study. Although these values are developed from Chinese society, they are not cultural-specific. For example, several studies have demonstrated that the value of face also exists in Western cultures (H. Chan, et al., 2009; Goffman, 1967; Ting-Toomey, 1988; Ting-Toomey & Kurogi, 1998), so testing the theory in western nations and make a cross-cultural comparison to build a culturally universal theory would be very much the focus of future research by the authors.

REFERENCE


How Acculturation Influences Chinese Consumers’ Relational Behavior in Banking Relationships

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EXTENDED ABSTRACT

Relationship building is a complex phenomenon that should be addressed within its specific context because exchange relationships vary in the interface, motivation, and context in which they are established. As interest grows in marketing practices targeting ethnic communities, there is a need to expand what is known about the impact of acculturation on consumer relational behavior. This study contributes to this debate by considering how the degree of consumer acculturation influences relationships between relational bonding and banking service providers.

Contemporary literature posits that consumer acculturation affects ethnic consumers’ buying behavior and decision-making (Lerman, Maldonado, & Luna, 2009; Perry, 2008; Podoshen, 2006; Sekhon & Szemigin, 2009). Several researchers suggest that the degree of acculturation may more strongly influence consumer behavior than the country in which a consumer was born (Ogden, Ogden, & Schau, 2004; Palumbo & Teich, 2004; Seitz, 1998). In the financial services industry, forging strong customer relationships is important because of the interpersonal nature of the service delivery process. However, the successful implementation of long-term relationships requires a clear understanding of the underlying factors that encourage customer commitment and loyalty. Therefore, a better understanding of the impact of acculturation on consumer relational commitment and loyalty is needed.

This study investigates the impact of acculturation on Chinese consumers’ relational bonding and loyalty behaviors in banking relationships. This study employs the concept of targets of commitment in the relationships between acculturated Chinese consumers and their banking service provider (bank or banking consultant). Targets of commitment (or commitment foci) are the entities an individual is psychologically committed to in a relationship. These multiple targets of commitment are the service company, a regular service employee, or a friend who is an employee at the service company (Jones, Taylor, & Bansal, 2008).

Although previous studies have documented the components of services and relationship marketing, such as structural bonding, social bonding, service company commitment, interpersonal commitment, advocacy, and long-term behavioral intention (Baumann et al., 2007; Dash, Bruning, & Guin, 2009; Jones et al., 2008), investigations of the interrelationship of these variables in relational exchange studies have not been undertaken. This study fills that gap, argues that these relational variables are interrelated and significantly influence each other, and examines the impacts of each target of commitment in a bi-dimensional model of acculturation. The investigation of these relationships can be used to predict ethnic consumer loyalty toward the banking service provider (or target of commitment).

The study is set in the financial services sector and focuses on Chinese consumers living in New Zealand. In the collectivist Chinese culture, building personal relationships based on guanxi is of primary importance (Ambler, 1994; Arias, 1999; Lee, Pae, & Wong, 2001; Leung, Lai, Chan, & Wong, 2005; Wang, 2007). Therefore, understanding the interplay between relational behavior and guanxi in this group’s relationship commitment is fundamental. The study examines the drivers of relationships in the Chinese banking relationship in the host culture and applies Western and Chinese relationship concepts to capture the influence of acculturation on Chinese consumers’ relational bonding and loyalty-related behavioral intentions.

This study examines Chinese bank customers’ relationships with two distinct role-based targets of commitment: (1) a bank, where the role is economic exchange and provision of service (service company commitment), and (2) a banking consultant acting as a friend, where the role is social exchange and provision of friendship (interpersonal commitment). A customer’s commitment toward the bank or banking consultant centers on the exchange-based role, the decision logic underlying that role, the relational orientation, and the exchange benefits.

Mail surveys were distributed to 2,000 Chinese residents in New Zealand, yielding a final valid sample of 368. The study employed a seven-point Likert Scale and measurement items adapted from previously tested scales including structural and social bonding, targets of commitment, advocacy and long-term behavioral intentions, and acculturation level consisting of language preference and cultural involvement. Structural equation modeling and multiple-group analysis were employed to assess the interrelationships among model constructs. A chi-square difference test was used to compare an unconstrained model (original model) and a constrained model (nested model) to corroborate acculturation’s moderating effect on the relationships between bonding and target of commitment. The results indicate that level of acculturation positively moderates the relational bonding on targets of commitment. Structural bonding between customers and the bank and social bonding between customers and the banking consultant are significantly correlated with consumer commitment to the banking service provider. The findings show that acculturated Chinese consumers, when committed to their banking consultant, are more likely to provide positive word-of-mouth and encourage friends and relatives to do business with their banking consultant. On the other hand, acculturated Chinese consumers, when committed to their bank, are more likely to remain in long-term relationships with their bank.

The study suggests the importance of measuring the influence of consumer acculturation on the distinct targets of commitment and loyalty outcomes. Acculturation levels significantly influence the Chinese consumers’ relational behavior to their banking service provider. Personal relationship or friendship plays an important role in forming consumer interpersonal commitment to the banking service provider and reinforcing consumer loyalty. This study concludes that personal relationship or commercial friendship is desirable in relationship building with Chinese bank customers. Insights are provided for practitioners seeking to design effective segmentation strategies for ethnic groups. An understanding of the influence of consumer acculturation on ethnic consumer
behavior can help to shape ethnic marketing strategies in relation to positioning, segmentation, and the design of marketing communications. The present research contributes theoretical and managerial knowledge to the literature on relationship marketing, services marketing, and ethnic marketing.

REFERENCES
An Empirical Study of Consumer Attitudes Toward Software Piracy
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Howard Combs, San Jose State University, USA*

ABSTRACT
The primary objective of this study was to analyze the factors affecting consumers’ purchase behavior of pirated software in Thailand. A new model of pirated software purchase behavior was developed for this study.

The findings indicate that social factors, such as normative susceptibility, and personality characteristics, along with value consciousness and novelty seeking, have significant influences on the attitude towards pirated software. Consumer’s purchase behavior of pirated software is strongly predicted by his or her attitude towards piracy. The research also reports a significant difference in purchasing behavior of illegal software among consumers based on gender, age, and income.

INTRODUCTION
Software piracy has become a major problem, which annually costs millions of dollars to the software industry. Software piracy has been defined as the illegal copying of an organization’s internally developed software or illegal duplication of commercially available software to avoid fee (Wagner and Sanders, 2001). This problem becomes more alarming as previous studies suggest that individuals do not think of pirated software as something unethical (Im and Van Epps, 1991; Reid et al., 1992); they consider it socially and ethically acceptable (Solomon and O’Brien, 1990). Pirated software, therefore, continues to be a threat to the growth of global economies. All firms experiencing this situation must establish strategies to counteract piracy (Jacobs et al., 2001). The problem of pirated software will not eliminate as long as users have intentions to use illegal software copies.

According to a study by the Business Software Alliance (BSA, 2009), a US-based industry association, Thailand is one of the countries that have high piracy rates in Asia-Pacific Region. Similarly, BSA reported that 76% of software used in Thailand in 2008 was illegal, with estimate losses of $609 million for software manufactures. Accordingly, understanding why people continue to purchase unauthorized software and learning how to discourage the purchase of unauthorized software are increasingly important issues for management and practice in Asian markets. To better assess whether or not pirated software is economically harmful or helpful to both software manufactures and consumer welfare, it is necessary to think about consumer behavior in this regard (Kreie and Cronan, 1999). Accordingly, this study aims to develop and test a model examining the antecedents of consumer’s attitude towards piracy and purchase behavior of pirated software.

Therefore, with respect to pirated software, the primary objective of this study is to analyze the factors affecting consumers’ purchase behavior of pirated software in Thailand. What would be the factors influencing consumers’ purchase behavior of unauthorized software? The proposed model of pirated software purchase behavior in this study is drawn from the theory of planned behavior (TPB) which developed by Ajzen (1985), which has been extensively validated and successfully applied in variety of instances of human behavior (Liao et al., 2010). According to TPB, behavioral intention, which determines actual behavior, is a result of individual’s attitude, subjective norm and perceived behavioral control over the target behavior. However, the behavioral intention has been found to have a weak relationship to actual behavior (Limayem et al., 2004; Kim and Malhotra, 2005). Thus, this study departs from TPB by relating individual’s attitude, subjective norm, and perceived behavioral control directly to behavior. In addition, this study also aimed to examine how social and personality factors, such as normative susceptibility, collectivism, novelty seeking and value consciousness, influence Thai consumers’ attitude towards piracy, which in turn, affect on purchase behavior of consumers. The results of this study will provide an in-depth understanding of Thai consumers’ attitude towards pirated software as well as towards social consequences. Moreover, this study also indicated that factors influencing pirated software purchase behavior in this country which the government administration and software firms can used in designing appropriate policy and strategy for combating pirated software.

RESEARCH OBJECTIVES
The major purpose of this study is to test the influences of consumers’ attitude towards piracy, subjective norm, and perceived behavioral control on their purchase behavior of pirated software. Additionally, this study also examines how social and personality factors, such as normative susceptibility, collectivism, value consciousness and novelty seeking, influence consumer’s attitude towards piracy. Moreover, the difference in term of pirated software purchase behavior when segmented by different demographic factors such as gender, age levels, and income levels will be investigated in this study. The specific objectives of this research are posed as follows:

1. To find the relationship between subjective norm and consumers’ pirated software purchase behavior.
2. To identify the relationship between perceived behavioral control and consumers’ pirated software purchase behavior.
3. To investigate the relationship between attitude toward piracy and consumers’ pirated software purchase behavior.
4. To test the relationship between normative susceptibility and consumers’ attitude toward piracy.
5. To clarify the relationship between collectivism and consumers’ attitude on piracy.
6. To examine the relationship between novelty seeking and consumers’ attitude on piracy.
7. To analyze the relationship between value consciousness and consumers’ attitude toward piracy.
8. To identify the difference in purchasing behavior of pirated software by gender.
9. To identify the difference in purchasing behavior of pirated software by age levels.
10. To identify the difference in purchasing behavior of pirated software by income.
LITERATURE REVIEW AND RESEARCH HYPOTHESES

Based on the research objectives, ten hypotheses were developed and divided into three groups. Group A consisted of eight hypotheses, which test influences of social factors (normative susceptibility and collectivism), personality factors (novelty seeking and value consciousness) on consumers’ attitude towards piracy (attitude towards pirated software and social consequences). Group B was composed of hypothesis nine, ten, eleven, and twelve which analyze the effects of attitude towards piracy, subjective norm and perceived behavioral control on purchasing behavior of consumers toward pirated software. Group C comprised of hypothesis thirteen, fourteen and fifteen which compare the consumer’s pirated software purchase behavior when segmented by demographic factors such as gender, age and income levels.

Group A: The purpose of the eight hypotheses in group A was to test the influences of social factors and personality on the attitude towards piracy (which consists of attitudes towards pirated software and social consequences). Wang et al., (2005) concluded that as self-image play an important role, purchasing a pirated product does not enhance a good impression. The researchers found that consumers tend to have unfavorable attitude towards pirated products or counterfeits. According to the prior research, normative susceptibility is expected to have negative influence on consumers’ attitude towards piracy (Deutsch et al., 1955; Park et al., 1977; Cohen et al., 1972; Bearden et al., 1982)

H1: Normative susceptibility has a statistically significant relationship with consumers’ attitude toward pirated software.

H2: Normative susceptibility has a statistically significant relationship with consumers’ attitude toward social consequences.

In addition to normative susceptibility, collectivism has been discussed as one of the social factors in this study to influences consumer attitudes towards piracy. As Hsu et al., (2008) found that collectivism is target-specific. It could be that certain individuals are collectivistic to certain group of people and individualistic towards others. Moreover, Hofstede (2001) found that slower economic development countries are more collectivistic as compared to developed countries. Many researchers such as Simpson, Banerjee, and Simpson (1994); Logsdon, Thompson, and Reid (1994) concluded that collectivism is one of the major factors in influencing consumer attitude toward pirated software which, in turn influences purchase behavior.

H3: Collectivism has a statistically significant relationship with consumers’ attitude towards pirated software.

H4: Collectivism has a statistically significant relationship with consumers’ attitude towards social consequences.

The first personality factor to be investigated in this study is novelty seeking. Hawkins et al., (1980) defined novelty seeking is curiosity of individual to seek for variety and difference. A consumer who likes to try new products would probably have favorable attitude towards pirated products. Similarly, Wang et al., (2005) found that novelty seeking is the most important determinant that affected consumers’ attitude toward piracy which leads to purchase intention of pirated software. To examine whether there is a relationship between novelty seeking and consumers’ attitude towards piracy, the following research hypotheses are developed:

H5: Novelty seeking has a statistically significant relationship with consumers’ attitude towards pirated software.

H6: Novelty seeking has a statistically significant relationship with consumers’ attitude towards social consequences.

In addition to novelty seeking, value consciousness also tested in this study, which is conceptualized as a concern for paying lower price and the customers may value the product based on the benefits they gain as compared to the cost of buying it (Monroe, 1973). As Cordell et al., (1996) found that consumers will select a counterfeited product over an original product when there is a price advantage. In other words, the significant difference in price between pirated version and original one seem to be an important factor of purchasing pirated products. Based on this analysis, the researchers postulated the following hypotheses.

H7: Value consciousness has a statistically significant relationship with consumers’ attitude toward pirated software.

H8: Value consciousness has a statistically significant relationship with consumers’ attitude toward social consequences.

Group B: The purpose of the four hypotheses in group B was to analyze the effects of attitude towards pirated software, attitude towards social consequences, subjective norm, and perceived behavioral control on consumers’ pirated software purchase behavior. Wee et al., (1995) examined the influence of attitude towards piracy on customers’ purchase behavior of pirated products (such as software, leather wallets and purses, and watches) and concluded that attitude towards piracy was positively related to purchase behavior for all pirated products. This means that the customers who have favorable attitude towards piracy will tend to purchase more counterfeit products in a variety of categories. Additionally, Kwong et al., (2002) indicated that attitude towards piracy has a significant impact on purchase behavior of pirated software among consumers in Hong Kong. In line with this, the study of Wang et al., (2005) found that consumers’ attitude toward pirated software and social consequences are the major factors in determining the purchase intention of pirated software in the future. This means that consumers who viewed piracy positively were likely to purchase pirated software themselves and recommend to their friends. Thus, the researchers established the following two hypotheses:

H9: Attitude towards pirated software has a statistically significant relationship with consumers’ pirated software purchase behavior.

H10: Attitude towards social consequences has a statistically significant relationship with consumers’ pirated software purchase behavior.

Ajzen (1991) suggested that consumers’ behavioral intention is also driven by subjective norm, which refers to the perception of social pressure regarding to specific behaviors such as pirated software purchase behavior. Additionally, Nancy (1999) found that peer pressure is one of the antecedents of buying counterfeited products. People are more likely to purchase a counterfeited product if there is peer pressure to do so.

H11: Subjective norm has a statistically significant relationship with consumers’ pirated software purchase behavior.
Perceived behavioral control was also investigated in this study. According to Ajzen (1991), perceived behavioral control is defined as the individual’s perception of how easy and/or difficulty inherent in performing a specific behavior, and it was found to be positively related to behavior intention, which in turn, influences actual behavior. This means that the more an individual finds it to be easy to perform a specific behavior the more likely this individual will display the intention to such behavior. In the case of pirated software, Moores et al., (2009) conceptualized perceived behavioral control in terms of the ease that individuals believe they can find, purchase, make, or use pirated software and found that perceived behavioral control is strongly related to consumer’s behavior such as buy and use pirated software among American students. Therefore, the following hypothesis was created:

H15: Perceived behavioral control has a statistically significant relationship with consumers’ pirated software purchase behavior.

Group C: The purpose of the three hypotheses in group C was to compare the consumers’ pirated software purchase behavior when segmented by demographic characteristics consisting of gender, age and income levels. There are many previous studies have shown that different gender tend to vary in purchasing pirated software. Tan (2002) revealed that purchasing intention of pirated software is moderated by gender. The researcher found males have higher purchase intention in comparison to females, since males tend to have favorable attitude towards piracy than females. This is in line with Cheung (2006) who identified gender as a significant variable to influence the purchasing behavior of pirated software

H13: There is a difference in consumers’ pirated software purchase behavior when segmented by gender.

Many prior literatures have reported the effect of age levels on piratical behavior. For instance, Wickham et al., (1992) found that younger academics tend to purchase and use more pirated software as compared to older ones. Similarly, Tan (2002) stated that younger consumers have higher purchasing behavior of pirated software than older consumers. Additionally, Kwong et al., (2003) also showed that age is negatively related to intentions to purchase pirated products. This implied that older consumers would exhibit more ethical belief, and thus less likely to engage in purchasing pirated products. Based on prior studies, pirated software purchase behavior is expected to be different when determined by age levels. Therefore, the researchers postulate the following hypothesis:

H14: There is a difference in consumers’ pirated software purchase behavior when segmented by age levels.

In addition to gender and age levels, several researchers have been argued that people of different levels of income tend to vary in their willingness to buy and use pirated products. As Tom et al., (1998) mentioned that consumers who earned less income tend to purchase and use more counterfeit or pirated products as compared to those who earned high income. This is consistent with the findings of Wang (2005) who explained that price and cost benefits will place priority and increase the intention to purchase a pirated product. Based on this realization, this allows the researchers to arrive at the final hypothesis of this study.

H15: There is a difference in consumers’ pirated software purchase behavior when segmented by income levels.

CONCEPTUAL FRAMEWORK

Based on the literature reviews, the researchers created a new research model. According to the conceptual framework, the independent variables of this study consisting of normative susceptibility, collectivism, novelty seeking, value consciousness, subjective norm, perceived behavior control, and demographic characteristics such as gender, age levels and income levels. The intervening variable is consumer’s attitude towards piracy which composed of attitude towards pirated software and attitude towards social consequence. The dependent variable of this study is consumers’ purchase behavior of pirated software. The conceptual framework is shown in Figure 1.

RESEARCH METHODOLOGY

In this study, the researchers applied descriptive research by utilizing the survey method. As survey technique is used by distributing questionnaires to respondents in Bangkok, Thailand from January to February, 2010. The target population of this study was consumers who had purchased illegal software copies and live in the Bangkok metropolitan area. For each item of each variable, the respondents had to indicate their level of agreement or disagreement on a seven-point Likert scale with anchor points strongly disagree and strongly agree. To collect the data, the researchers designed two-steps sampling plan of non-probability sampling to reach the sampling unit. The research hypotheses in this study will be tested by path analysis using Structural Equation Modeling (SEM), One-way Analysis of Variance (ANOVA), and Independent T-Test.

MEASUREMENT MODEL ASSESSMENT

Following the confirmation factor analysis for each construct in the model, the overall construct measurement model should be assessed for the psychometric properties and unidimensionality of the measures. The quality and adequacy of the measurement model can be evaluated on the overall model fit to the data, and investigating the reliability, convergent and discriminant validity.

First, the researchers used seven common criteria which consist of chi-square to degree of freedom ratio ($\chi^2$/df), the root mean square error of approximation (RMSEA), the goodness of fit index (GFI), the adjusted goodness of fit index (AGFI), the normed fit index (NFI), the nonnormed fit index (NNFI) and the comparative fit index (CFI) in order to evaluate the fitness of the measurement model with the sample data. For the measurement model, comparison of all fit indices, with their corresponding recommended values, indicated a good model fit ($\chi^2$/df = 1.117, RMSEA = 0.018, GFI = 0.918, AGFI = 0.900, NFI = 0.926, NNFI = 0.990, CFI = 0.992). The results are shown in Table 1. Second, convergent validity was assessed based on the criteria that the indicator’s estimated coefficient was significant on its posited underlying construct factor. The measurement scales was evaluated using the three criteria recommended by Fornell and Larcker (1981):
Figure 1: The Modified Conceptual Framework of Factor Affecting Consumers’ Pirated Software Purchase Behavior.

Table 1: Fit indices for measurement model

<table>
<thead>
<tr>
<th>Fit indices</th>
<th>Recommended value</th>
<th>Measurement model</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$/df</td>
<td>$\leq 3.00$ (Carmines and McIver, 1981)</td>
<td>1.117</td>
</tr>
<tr>
<td>RMSEA</td>
<td>$\leq 0.05$ (Hair et al., 1998)</td>
<td>0.018</td>
</tr>
<tr>
<td>GFI</td>
<td>$\geq 0.90$ (Hu and Bentler, 1999)</td>
<td>0.918</td>
</tr>
<tr>
<td>AGFI</td>
<td>$\geq 0.80$ (Segars and Grover, 1993)</td>
<td>0.900</td>
</tr>
<tr>
<td>NFI</td>
<td>$\geq 0.90$ (Schmacker and Lomax, 1996)</td>
<td>0.926</td>
</tr>
<tr>
<td>NNFI</td>
<td>$\geq 0.90$ (Schmacker and Lomax, 1996)</td>
<td>0.990</td>
</tr>
<tr>
<td>CFI</td>
<td>$\geq 0.90$ (Schmacker and Lomax, 1996)</td>
<td>0.992</td>
</tr>
</tbody>
</table>
(1) All indicator factors loading should be significant and exceeded the recommended value of 0.50.

(2) Construct reliabilities should exceed the recommended threshold value of 0.70 (Nunnally and Bernstein, 1994).

(3) Average variance explained (AVE), it should be at least 0.50 or approximately 50% of the total variance to exhibit convergent validity.

The Cronbach’s alpha of all constructs were ranged from 0.83 to 0.91 for Thai sample which exceed the recommended value of 0.70 (Nunnally and Bernstein, 1994), thus each construct in the model exhibited strong internal reliability. In addition, all indicator factor loadings surpassed the minimum recommended threshold of 0.50 (Fornell and Larcker, 1981). Moreover, the average variance extracted (AVE) ranging from 0.59 to 0.75 for Thai sample which was greater than the minimum recommended value of 0.50 (Fornell and Larcker, 1981). In conclusion, all three conditions for assessing convergent validity were achieved; therefore the results indicated that the measurement model has sufficient convergent validity.

In this study, Structural equation modeling (SEM) was employed to assess the data-model fit and to test the hypothesized relationships between theoretical constructs (from hypothesis one to hypothesis twelve) by using AMOS 16.0. SEM is known as latent variable analysis or causal modeling as it provides parameter estimates of the direct and indirect links between observed variables, and has ability to accommodate and test multiple interrelated dependence relationships in a single model (Hair et al., 2006). In Figure 2, the boxes represent the variables, whereas the circles indicate latent or unobserved variables. According to the model as shown in Figure 2, the exogenous variables ($\xi_1$) were measured by X variables. There are four indicators used for the construct of normative susceptibility ($\xi_1$); four indicators used for the construct of collectivism ($\xi_2$); four indicators used for the construct of novelty seeking ($\xi_3$); four indicators for construct of value consciousness ($\xi_4$); three indicators for the construct of subjective norm ($\xi_5$) and three indicators for the construct of perceived behavioral control ($\xi_6$). In similar, the endogenous variables ($\eta_1$) in the model were measured by Y variables. There are three indicators used for the construct of consumers’ attitude towards pirated software ($\eta_1$); four indicators used for the construct of consumers’ attitude towards social consequences ($\eta_2$); and four indicators which were used for the construct of the consumers’ purchase behavior of software ($\eta_3$). As shown in Table 2, the results indicated a good fit between the hypothesized model and the data. The Chi-Square to degree of freedom ratio is 1.326, within the recommended reasonable fit level of between 2 and 1 (Carmines and McIver, 1981). Other measure of fit also indicated adequate model fit statistics: the goodness-of-fit index (GFI) = 0.902 (>0.90), the adjusted goodness-of-fit index (AGFI) = 0.886 (>0.80), the normal fit index (NFI) = 0.908 (>0.90), the Tucker-Lewis index (TLI or NNFI) = 0.973 (>0.90), the comparative fit index (CFI) = 0.975 (>0.90), and the root mean square error of approximation (RMSEA) = 0.031 (<0.05). All the model-fit indices exceeded their respective common acceptance levels, thus indicating the model fit the data well.

CONCLUSION AND DISCUSSION

The results of the hypotheses tests are shown in Table 3. The findings indicate that social factors, such as normative susceptibility, and personality characteristics, along with value consciousness and novelty seeking, have significant influences on the attitude towards pirated software. Conversely, consumer’s attitude towards social consequences was not found to be influenced by these factors. Normative susceptibility is shown to strongly influence consumer’s attitude towards pirated software. This means that as self-image plays a huge role, normative susceptibility consumers may possess the desire to own original or legal software instead of the pirated one in order to impress others. By contrast, collectivism did not show any effect on consumers’ attitude towards pirated software. The results show that value conscious consumers are more likely to have favorable attitude towards pirated software as compared to less value conscious consumers. Thus, the greater level of value consciousness, the more favorable attitude towards pirated software. There is a positive relationship between novelty seeking and consumer’s attitude towards pirated software. This implies that consumer who is inclined to try new software products would properly have positive attitudes towards pirated software since the low cost of illegal software is well suited to satisfying his or her curiosity and the need for experimentation.

Consumer’s purchase behavior of pirated software is strongly predicted by his or her attitude towards piracy. The factor structure of attitude toward piracy in this study consists of two components, including attitude towards pirated software and towards social consequences, each of which had a distinct affect on purchase behavior of pirated software.

This study finds that social influences, such as subjective norm, also play an important role in explaining consumers’ purchase behavior of unauthorized software. This implies consumers are more likely to purchase illegal software copies under the influence of their peers. If the individuals’ significant others, such as their family members, relatives, and friends, encourage them to purchase unauthorized software, they would be more likely to engage in purchasing behavior of unauthorized software.

Based on the findings of this study, the researchers found a significant difference in purchasing behavior of illegal software among consumers based on gender, age, and income. Although all consumer were found to engage in purchasing of pirated software, males, younger consumers, and lower income individuals were more likely engage in purchasing behavior of unauthorized software.
Figure 2: The structural model for Thailand sample

Table 2: Summarized Results of Hypothesis

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>β</th>
<th>t-value</th>
<th>p-value</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₁: Normative Susceptibility → Pirated Software</td>
<td>-0.30</td>
<td>-5.271</td>
<td>***</td>
<td>Yes</td>
</tr>
<tr>
<td>H₀₂: Normative Susceptibility → Social Consequences</td>
<td>-0.08</td>
<td>-1.304</td>
<td>0.192</td>
<td>No</td>
</tr>
<tr>
<td>H₀₃: Collectivism → Pirated Software</td>
<td>0.06</td>
<td>1.047</td>
<td>0.295</td>
<td>No</td>
</tr>
<tr>
<td>H₀₄: Collectivism → Social Consequences</td>
<td>0.07</td>
<td>1.157</td>
<td>0.247</td>
<td>No</td>
</tr>
<tr>
<td>H₀₅: Novelty Seeking → Pirated Software</td>
<td>0.28</td>
<td>4.893</td>
<td>***</td>
<td>Yes</td>
</tr>
<tr>
<td>H₀₆: Novelty Seeking → Social Consequences</td>
<td>0.04</td>
<td>0.630</td>
<td>0.529</td>
<td>No</td>
</tr>
<tr>
<td>H₀₇: Value Consciousness → Pirated Software</td>
<td>0.28</td>
<td>4.893</td>
<td>***</td>
<td>Yes</td>
</tr>
<tr>
<td>H₀₈: Value Consciousness → Social Consequences</td>
<td>-0.05</td>
<td>-0.795</td>
<td>0.426</td>
<td>No</td>
</tr>
<tr>
<td>H₀₉: Pirated Software → Purchase Behavior</td>
<td>0.35</td>
<td>5.848</td>
<td>***</td>
<td>Yes</td>
</tr>
<tr>
<td>H₁₀: Social Consequences → Purchase Behavior</td>
<td>-0.17</td>
<td>-3.149</td>
<td>***</td>
<td>Yes</td>
</tr>
<tr>
<td>H₁₁: Subjective Norm → Purchase Behavior</td>
<td>0.25</td>
<td>4.522</td>
<td>0.002**</td>
<td>Yes</td>
</tr>
<tr>
<td>H₁₂: Behavioral Control → Purchase Behavior</td>
<td>0.30</td>
<td>5.028</td>
<td>***</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Model Goodness-of-fit statistics:

- Chi-Square = 640.478
- Degree of freedom = 483
- RMSEA = 0.031
- GFI = 0.902
- AGFI = 0.886
- NFI = 0.908
- NNFI = 0.973
- CFI = 0.975

Notes: Standardized estimates are shown; p < 0.01 (**); p < 0.001 (***)

Table 3: The summary of hypothesis testing results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Null Hypothesis</th>
<th>Result of Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₅: There is no relationship between normative susceptibility and consumers’ attitude towards pirated software.</td>
<td>Reject H₀₅</td>
<td></td>
</tr>
<tr>
<td>H₀₆: There is no relationship between normative susceptibility and consumers’ attitude towards social consequences.</td>
<td>Failed to reject H₀₆</td>
<td></td>
</tr>
<tr>
<td>H₁₀: There is no relationship between collectivism and consumers’ attitude towards pirated software.</td>
<td>Failed to reject H₁₀</td>
<td></td>
</tr>
<tr>
<td>H₁₁: There is no relationship between collectivism and consumers’ attitude towards social consequences.</td>
<td>Failed to reject H₁₁</td>
<td></td>
</tr>
<tr>
<td>H₁₅: There is no relationship between novelty seeking and consumers’ attitude towards pirated software.</td>
<td>Reject H₁₅</td>
<td></td>
</tr>
<tr>
<td>H₁₆: There is no relationship between novelty seeking and consumers’ attitude towards social consequences.</td>
<td>Failed to reject H₁₆</td>
<td></td>
</tr>
<tr>
<td>H₁₈: There is no relationship between value consciousness and consumers’ attitude towards pirated software.</td>
<td>Reject H₁₈</td>
<td></td>
</tr>
<tr>
<td>H₁₉: There is no relationship between value consciousness and consumers’ attitude towards social consequences.</td>
<td>Failed to reject H₁₉</td>
<td></td>
</tr>
<tr>
<td>H₂₀: There is no relationship between attitude towards pirated software and consumers’ pirated software purchase behavior.</td>
<td>Reject H₂₀</td>
<td></td>
</tr>
<tr>
<td>H₂₁: There is no relationship between subjective norm and consumers’ pirated software purchase behavior.</td>
<td>Reject H₂₁</td>
<td></td>
</tr>
<tr>
<td>H₂₂: There is no relationship between perceived behavioral control and consumers’ pirated software purchase behavior.</td>
<td>Reject H₂₂</td>
<td></td>
</tr>
<tr>
<td>H₂₃: There is no difference in consumers’ pirated software purchase behavior when segmented by age levels.</td>
<td>Reject H₂₃</td>
<td></td>
</tr>
<tr>
<td>H₂₄: There is no difference in consumers’ pirated software purchase behavior when segmented by income levels.</td>
<td>Reject H₂₄</td>
<td></td>
</tr>
</tbody>
</table>

**RECOMMENDATIONS**

The research findings have shown that consumers’ purchase behavior of pirated software is positively influenced by their attitude towards pirated software and significant others’ affects. Therefore, creating a negative attitude towards pirated software and building a consensus among their peers is one way of preventing pirated software purchasing. This study suggests that software companies might effectively differentiate their products from pirated products by emphasizing on warranties and
after-sale service in order to increase favorable attitude towards original software. Additionally, the possible solution for reducing pirated software purchasing is educating teenagers to enhance their understanding toward copyrights. Other methods, such as creating effective anti-piracy campaigns and developing educational program to enhance people awareness of the social cost of piracy would also appear to be appropriate for changing consumers’ attitude towards piracy.

In order to reduce consumers’ purchase behavior of pirated software, the government authorities and software manufactures should work together to educate the masses on the negative impacts of pirated software and the serious hazards it will cause. Punishments should be imposed on both sellers and purchasers of illegal software copies in order to ensure that the copyright owners are properly protected. Such strategies should be in place to discourage the “demand” and “supply” side of pirated software. Therefore, an awareness of the punishments involved and a fear of the legal consequences may impact on consumer’s purchase behavior of unauthorized software. By publicizing the actual levels of punishment more clearly, it may be possible to increase consumers’ perceptions of the punishment, which in turn, reduce the purchasing of pirated software.

Promotion can be employed in order to encourage consumers to purchase the original software and software companies should focus on designing stronger differentiating product attributes and other innovations as fast as possible to be “a step ahead” of pirated software. Such approaches will also strengthen the belief that consumers are paying high prices for innovative and quality products. Price discrimination is suggested as a strategy for combating software piracy if the software firms can use lower-pricing to encourage consumers to purchase original software. When the price of original software is reasonable for software consumers, the intention to purchase and use pirated software not only reduce, it also enhances consumers’ favorable attitudes towards original software.

REFERENCES


Liao, C., Lin, H.N. and Liu, Y.P. (2010), “Predicting the Use of Pirated Software: A Contingency Model Integrating Perceived Risk with the Theory of Planned...


