

THE CHINESE CONSUMERS' CHANGING VALUE SYSTEM,
CONSUMPTION VALUES AND MODERN CONSUMPTION BEHAVIOR

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DISSERTATION ABSTRACT
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China is traditionally regarded as a collectivistic society, in which the linkage between individuals is close and strong; people treasure tradition, benevolence, and conformity. However, as a result of economic growth and modernization processes, China is undergoing a dramatic cultural and social transformation from a collectivistic society to one which embraces some aspects of individualistic and materialistic society. This research examines how Chinese consumers' changing value systems affect their modern consumption behavior through mediating variables of consumption values.

An intercept survey was conducted in a large shopping center and three office buildings in downtown Shanghai during a two week period in 2005. A total of 714 respondents participated in the survey; the data from 695 usable respondents were

included in the data analysis. Exploratory factor analysis was first conducted for preliminary analysis to examine and to reduce the data. Then, a two-step structural equation analysis produced a measurement model and a structural model to confirm the structures of constructs and to examine the causal relationships among constructs.

The current study found that modern Chinese consumers are pursuing individualistic goals as well as collectivistic goals. It was also found that individualism, collectivism, and materialism were all positively related to the consumption values, i.e., functional value, social value, emotional value, and epistemic value. The results showed that collectivists held stronger connections with each of the four consumption values than did individualists. Individualistic-oriented individuals were comparable to collectivistic-oriented people in putting more emphasis on emotional value than on functional, social, and epistemic values. People high in materialistic-oriented value generally had stronger positive relationships with consumption values than did individualistic-oriented and collectivistic-oriented individuals. For materialistic consumers, emotional value was the most essential attribute. This research found that social and epistemic values were found to relate to consumer modernity positively; functional, emotional and epistemic values were found to significantly affect modern consumption behavior.

It is believed that this research will provide insights concerning the changing Chinese consumers' value system and their consumer behavior. This research will help multinational marketers develop effective market strategies to serve China's expanding market; the expanded market options will also help Chinese consumers by improving their standard of living.

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CHAPTER I. INTRODUCTION

Since the introduction of economic reforms and an open door policy in the late 1970s, the Chinese economy has enjoyed rapid growth over the past two decades. After an average 9% annual growth rate for more than 20 years, China's gross domestic product (GDP) has reached 13.65 trillion Yuan or over 1.65 trillion US dollars in the year of 2004, ranking seventh in the world (The World Bank, 2005). Some researchers predict that China's GDP will surpass that of the United States by the year of 2015, even without taking the economic strength of Hong Kong and Macao into consideration (Li, 1998).

Influenced and mediated by its increased affluence and ongoing modernization process, China is now experiencing a major change in its cultural and social value systems as well. China is primarily regarded as a collectivistic society, in which people pursue the balance between "Yin" and "Yang", and stress spiritual harmony. This traditional thinking originated from Confucian philosophy. Confucianism assumes that the life of each individual is only a link in that person's family linkage, and that an individual is a continuation of his or her ancestor (Lu, 2002). This teaching puts one's family right in the center of one's entire life, and emphasizes the harmonious relationship between the individual and the social group he/she belongs to.

However, the ongoing economic development has had a dramatic impact on Chinese individuals' values and value systems. A study of Shanghai youth, media, and cultural identity revealed that the young generation uses media strategically to achieve a range of individual objectives (Weber, 2001). In doing so, the youth engage individualistic values of ambition, progress, change, wealth, and materialism within a foundational framework of Chinese collectivist values of harmony, responsibility, and sacrifice for realistic purposes relating to personal, business, educational, and social goals (Weber, 2001 & 2002).

China is also experiencing a consumer revolution. The World Factbook (2005) estimates that Chinese consumers' purchasing power would reach US\$7.3 trillion in 2004. Given the advantage of economic growth, more and more consumers are able and willing to buy more goods and services at higher prices on a sustained basis which significantly influences suppliers to respond by satisfying consumer demands at lower prices and with greater choices; these in turn, service as a powerhouse for more consumer spending.

Among these profound changes of cultural, social and economic values, there exists a rapidly growing and influential group in the big cities of Shanghai, Beijing, Shenzhen and Guangzho. This is the group that has most benefited from China's economic reform; it encompasses people from all walks of life, from celebrities, senior-level government officials, entrepreneurs, employees of joint ventures, professionals, skilled technicians and service workers. The average yearly earning of this group is from

US\$2,500 to US\$ 10,000 (Frederick, 2002). These Chinese consumers are traveling around the world, drinking Starbucks coffee, using Estee Lauder cosmetics, and carrying the latest Motorola mobile phones. Although the government is still reluctant to use the word “middle class”, preferring to use the words such as “white-collar” or “middle incomer” to describe these groups of people, the growing predominance of the middle class in China’s society is notable (Frederick, 2002).

Researchers suggest that for consumerism to be effective, a society needs a critical mass of middle-class to spearhead the consumerism movement (Ho, 1997). Middle-class consumers play a major role of consumerism because these are the people who are most capable of feeling and expressing their dissatisfaction in the exchange process and thereby bring consumerist activities to the society (Ho, 1997). What does all of this mean for the multinational-marketers who have long dreamed of selling products and services to each of China’s 1.3 billion consumers? Can those marketers find such a nationwide consumer market composed mainly of the middle class as in the U.S., Japan, and other developed countries?

Those who have thoroughly researched China’s market potential understand that the consumption behavior of Chinese consumers tends to vary greatly according to regions, cohorts, and social class (Cui, 1997; Wu & Wu, 1997; Li, 1998; Chow, Fung & Ngo, 2001). Considering that nearly 70 percent of the Chinese population is still living in rural areas and is considered to have low income and standards of living, and that many city residents are not earning enough to afford imported luxuries, the middle-class

consumers who can afford imported consumer goods and services is limited to 65 million, about one-twentieth of the national population (Frederick, 2002). By Chinese standards then, members of this middle class are still a tiny minority. Their rapid expansion in numbers over the past two decades, the degree to which they have benefited from economic reforms, their optimism about the future, and the extent to which they influence Chinese culture and society, make them far more important to economic success than such statistics might indicate (Frederick, 2002).

Objectives of This Study

McGregor (2000) contended that a country's cultural values have much to do with the values that will develop among consumers in that culture. Peter and Olson (1987) argued that understanding the underlying social value shifts is critically important to understanding current and future consumer behavior. Although cultural and social values have been studied in different areas of applied psychology, such as charity contributions (Manzer & Miller 1978), media usage (Becher & Connor, 1981; Rokeach & Ball-Rokeach, 1989), religious behavior (Feather, 1986), the tendency to smoking and drug usage (Toler, 1975; Grube, Weir, Getzlaf & Rokeach, 1984), and political preference (Rokeach, 1973; Tetlock, 1986), few studies have reported the relations of cultural and social values to consumer behavior. Yet when some researchers attempted to relate the values to consumer choices, the results were not encouraging (Munson, 1984; Tse, Wong & Tan 1988).

In an effort to better understand how the cultural-social value transformation is shaping and reshaping Chinese consumers' attitudes and consumer behaviors, this study introduces the mediating factor of consumption values. It is expected that consumption values play a crucial role to bridge consumers' underlying cultural-social value systems and their consumer behavior. Therefore, the primary purpose of the current research is to examine how Chinese consumers' changing value systems affect their modern consumption behavior through mediating variables of consumption values. The two specific research objectives are as follows:

- 1) To examine the extent to which the cultural-social value system the Chinese consumer consumers have, for instance collectivism, individualism, and materialism, influence their consumption values.
- 2) To examine the extent to which consumption values held by Chinese consumers affect their consumer attitudes and consumption behavior.

It is believed that this research will help multinational corporations to better understand how individual consumers cope with economic growth and market system changes, and how cultural and social values impact consumers' consumption behavior in Chinese society. Multinational marketers, therefore, can gain insights of changing consumer behavior and design effective strategies, accordingly, to serve China's expanding market.

This research is also considered to benefit consumers in both developed and undeveloped countries. Today, as a result of even wider and more intense globalization,

the world is getting smaller and more interdependent. Consumers in the developed countries can benefit through buying foreign goods at a lower price and higher quality, and that improves their standard of living. Consumers in the undeveloped countries can also benefit from the economic development in their countries, which can also improve their standard of living.

CHAPTER II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

This chapter is presented in three sections. The first section reviews the literature and provides a theoretical framework for the study of Chinese consumers' changing value systems, consumption values and modern consumption behavior. The second section introduces the conceptual model. The third section explains the hypothesis development process.

Review of Literature

Values and Value System

Rokeach (1968, 1973) defined value and value system as follows: “a value is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. A value system is an enduring organization of beliefs concerning preferable modes of conduct or end-states of existence along a continuum of relative importance”. According to Rokeach (1973), there are two kinds of end-state existence or terminal values: personal and social. People vary reliably from one another in the priorities they place on such social and personal values; an increase in one social value will lead to an increase in other social values and decreases in personal values. Conversely, an increase in a personal

value will lead to increases in other personal values and to decreases in social values. In terms of the two kinds of modes of conduct or instrumental values, i.e., moral values and competence, the competence values have a personal, rather than an interpersonal, focus and do not seem to be especially concerned with morality.

One of the most important concepts in Rokeach's (1973) theory of values and value systems is that, after a value is learned it becomes integrated into a value system in which each value is ordered in priority with respect to other values. This value system is believed to be an important tool that the individual uses for conflict resolution and decision making. Since most situations in life will activate more than one value and often involve a conflict between values, the individual relies on his or her value system to resolve the conflict so that self-esteem can be maintained or enhanced. Therefore, a value system, rather than a single value, provides a more complete understanding of the motivational forces driving an individual's beliefs, attitudes, and behavior (Kamakura & Novak, 1992).

Rokeach (1968) argued that the variations in personal, societal, and cultural experience not only generate individual differences in value systems, but also lead to individual differences in the stability of the value systems. Both individual differences in value systems and differences in stability can reasonably be expected as a result of differences in such variables as intellectual development, degree of internalization of cultural and institutional values, identification with sex roles, political identification, and religious upbringing. In arguing the importance of the value construct over the attitude

construct to consumption behavior, Rokeach (1968) found that values are determinant of attitudes as well as of behavior, i.e., values seem to proceed to attitudes. Additionally, since it is assumed that an individual possesses many fewer values than attitudes, then using the value concept is a more parsimonious way of describing and explaining the similarities and differences among individuals, groups, nations, or cultures (Rokeach, 1968; Long & Schiffman, 2000).

Given that values and value systems are important principles guiding individuals' attitudes, judgments and actions, they have been used in consumer research to explain a variety of consumer behaviors including automobile purchasing (Henry, 1976; Vinson & Munson, 1976), leisure activities (Jackson 1973; Beatty, Kahle, Homer & Misra, 1985), media usage (Becher & Conner, 1981; Ball-Rokeach, Rokeach & Grube, 1984), clothing attributes (Prakash, 1984), and durable goods ownership (Corfman & Lehmann, 1991).

The most commonly used methods for measuring value and value systems are the Rokeach's (1973) Value Survey (RVS), Mitchell's (1983) Values and Life Style (VALS) and Kahle's (1983) List of Values (LOV). The Rokeach Value Survey (RVS) is designed to measure two sets of values; one set consists of eighteen terminal values, and the other consists of eighteen instrumental values; both of them are measured with ranking scales. Respondents are presented with a set of terminal or instrumental values and asked to rank them according to their importance on their lives. Values and Life Style (VALS) and List of Values (LOV) were developed by Mitchell (1983) and Kahle (1983) respectively by reviewing the relevance of Rokeach's values to consumer behavior. VALS provides a

systematic classification of American adults into nine value and lifestyle typologies that have been useful for developing marketing strategy and predicting consumer behaviors (Bearden, Netemeyer & Mobley, 1993).

Schwartz's Value Framework

Schwartz and Bilsky (1987, 1990), modifying Rokeach's (1973) definition, defined values as "desirable trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity". Implicit in this definition of values as goals is that (1) they serve the interests of some social entity, (2) they can motivate action giving directions and emotional intensity, (3) they function as standards for judging and justifying action, and (4) they are acquired both through socialization to dominant group values and through the unique learning experiences of individuals (Rokeach, 1973).

Schwartz and Bilsky (1987, 1990) suggested that the crucial content aspect that distinguishes among values is the type of motivational goal they express. They derived a typology of the different contents of values by reasoning that values represent, in the form of conscious goals, three universal requirements of human existence: biological needs, requisites of coordinated social interaction, and demands of group functioning. Groups and individuals represent these requirements cognitively as specific values about which they communicate in order to explain, coordinate, and rationalize behavior. Schwartz and Bilsky (1987, 1990) conducted an extensive series of studies across more

than 40 countries, and identified ten motivationally distinct types of values from the three universal requirements. In fact, studies in different cultures revealed somewhat similar value types, therefore demonstrating that these ten values are recognized and used across cultures to express value priorities.

In addition to the suggestions regarding the content of values, Schwartz and Bilsky (1990, 1992) organized ten value types in two dimensions, these dimensions are composed of high-order value types that combine the types. The first dimension “openness to change” vs. “conservation” represents opposite values. Openness to change emphasizes one’s own independent thought and action and favoring change (self-direction and stimulation types), while conservation emphasizes submissive self-restriction, preservation of traditional practices, and protection of stability (security, conformity, and tradition). The second dimension “self-enhancement” vs. “self-transcendence” also represents opposite values. Self-enhancement emphasizes the pursuit of one’s own relative success and dominance over others (power and achievement) vs. the self-transcendence in which emphasis is placed on acceptance of others as equals and concern for the welfare of other’s (universalism and benevolence). Value type “hedonism” is related both to “openness to change” and “self-enhancement”. Schwartz and Bilsky’s (1987, 1990) motivational types of value, along with the definitions, and the single values that represent those value types are presented in Table 2-1. The structure of Schwartz and Bilsky (1987, 1990) value systems is shown in Figure 2-1.

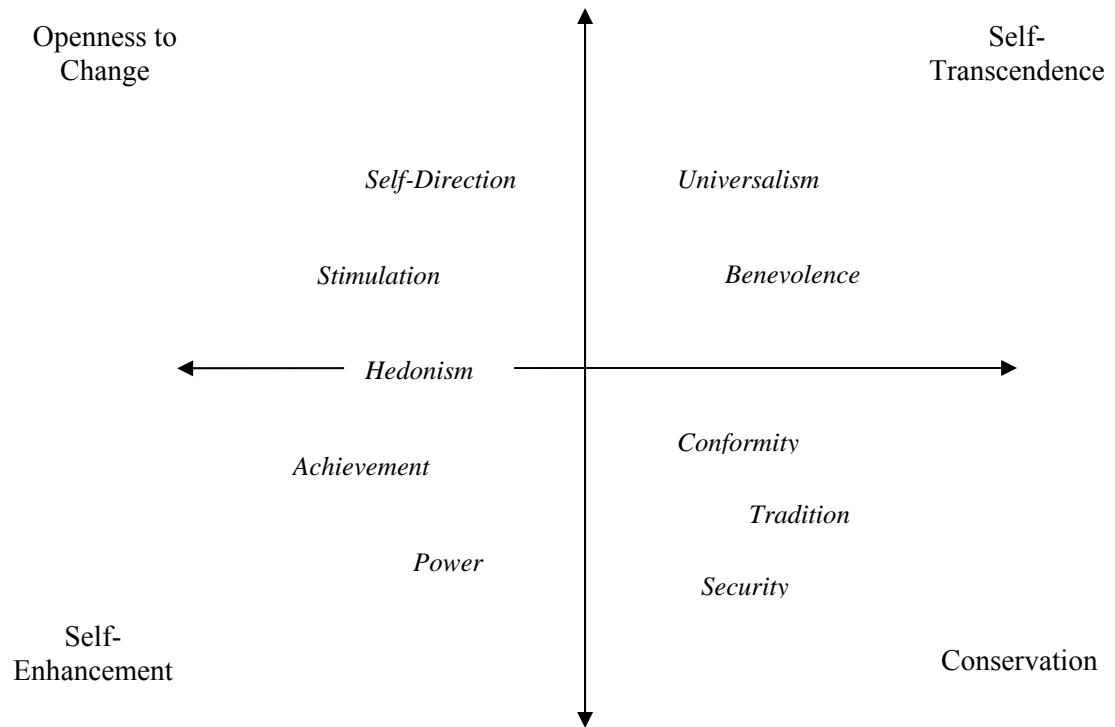


Figure 2-1. The Structure of Value Systems
Sources: Schwartz and Bilsky (1987, 1990)

Table 2-1. Motivational Types of Values and Definitions

Motivational Types of Value	Definitions	Single Values that Represent Value Types
Power	Social status and prestige, control or dominance over people and resource.	social power, authority, wealth
Achievement	Personal success through demonstrating competence according to social standards.	successful, capable, ambitious, influential
Hedonism	Pleasure and sensuous gratification for oneself.	pleasure, enjoying life
Stimulation	Excitement, novelty, and challenge in life	daring, a varied life, an exciting life
Self-Direction	Independent thought and action-choosing, creating, exploring.	creativity, freedom, independent, curious, choosing own goals
Universalism	Understanding, appreciation, tolerance and protection for the welfare of all people and for nature.	broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment
Benevolence	Preservation and enhancement of the welfare of people with whom one is in frequent personal contact.	helpful, honest, forgiving, loyalty, responsible
Tradition	Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provide the self.	humble, accepting my portion in life, devout, respect for tradition, moderate
Conformity	Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms.	politeness, obedient, self-discipline, honoring parents and elders
Security	Safety, harmony, and stability of society, of relationships, and of self.	family security, national security, social order, clean, reciprocation of favors

Sources: Schwartz and Bilsky (1987, 1990).

Individualism and Collectivism

The terms individualism and collectivism were created by social theorists as far back as the 19th-century (Watson & Morris, 2002). More recently, Hofstede (1980) and Triandis (1990, 1995) made an important contribution to provide a conceptual framework for individualism and collectivism as value systems. According to Hofstede (1991), individualism stands for a society in which the ties between individuals are loose; everyone in a individualistic society is expected to look after himself or herself and his or her immediate family. On the other hand, collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty. Triandis (1990, 1995) defined individualism as a social pattern that comprises loosely linked individuals who view themselves as independent of collectives and are primarily motivated by their own experiences, needs, and rights and the contracts that they have established with others. By contrast, he defined collectivism in terms of the close linkage among individuals who see themselves as parts of one or more collectives and are primarily motivated by the norms and duties of those collectives, emphasizing connectedness with other members of the collectives (Triandis, 1990, 1995).

Hofstede (1980) pioneered the research which recorded more than 50 countries on their individualism-collectivism level. He administered questionnaires to a large number of employees of the international branches and subsidiaries of a multinational corporation. The responses to the 14 work-goal items were then factor analyzed and four

dimensions, i.e., power distance, individualism-collectivism, masculinity-femininity, and uncertainty avoidance were derived. The United States, Australia, and Great Britain reported the highest individualism dimensions, whereas countries with a Chinese background (Hong Kong, Taiwan, Singapore) were regarded as more inclined towards the collectivism end of the scale (Hofstede, 1980).

Triandis (1995) argued that collectivists have strong ties to the collective, such as family, country, and so forth. For the collectivist-oriented person, self is defined in terms of others, and behavior is regulated by group norms. Strong distinctions are made between in-group and out-group members. When collective and individual goals conflict, sacrifice for the collective is common. In contrast, individualists have flexible ties to social groups, and their behavior is often guided by self-interest. The distinction between in-groups and out-groups often overlaps, and similar behavior patterns may be exhibited towards both. In individualist cultures, when group and individual goals conflict, personal goals often serve primacy.

While Hofstede (1980)'s work on national data is concerned primarily with cultural difference (Yamaguchi, Kuhlman & Sugimori, 1995), Triandis's (1995) research on individual differences focuses on whether the person's values are individualist or collectivist. It is now believed that research should be done at both the cultural and the individual level while recognizing that cultures and individuals are two different units of analysis (Kim, 1994; Yamaguchi et al., 1995).

Schwartz and Bilsky (1990) have made important contributions to the conceptualization of both the collective and individual aspects of motivational types of value. Schwartz (1990) suggested that if values are viewed as goals, then their attainment must serve the interests of the individual and/or of the collective. Values that serve individual interests are postulated to be opposed to those that serve collective interests.

Schwartz (1994) studied the value types in seven countries and confirmed that five values of power, achievement, hedonism, stimulation, and self-direction served primarily individual interests; and three value types of benevolence, tradition, and conformity served primarily collective interests. From the perspective of individualistic values, the values of power and achievement both emphasized social superiority and esteem. Hedonism stressed pleasure and sensuous gratification for oneself, stimulation stresses living an exciting, novel, and challenging life; whereas, self-direction expresses reliance upon one's own judgment and comfort with the diversity of existence. For the perspective of the collectivistic values, benevolence, tradition and conformity all promoted devotion to one's in-group. Benevolence was concerned with the enhancement of the well-being of significant others in everyday interactions by being helpful, loyal, and forgiving to them when they commit transgressions. Tradition involved a respect, commitment, and acceptance of the group's customs and ideas, whereas conformity involved an endorsement to being polite, obedient, and self-disciplined and to respect one's parents and elders. Security focused on the interest to feel safe, to live in a stable country, and to be a part of a family in which one feels accepted.

In consumer research, individualism and collectivism have been frequently used to explain a variety of behavior phenomena. For instance, Tse, Francis & Walls (1994) studied the cultural differences in conducting negotiation. Their results revealed that home culture orientation (collectivism vs. individualism) affected executives' responses to conflicts. Dutta-Bergman & Wells (2002) suggested that the life style of an individual within a culture is often related to the extent to which the individual is individualistic or collectivistic in orientation. Compared to the collectivists, individualists tend to have a higher level of life satisfaction and financial satisfaction, and were more brand conscious and try to stick to well-known brand names; they also bought favorite brands (Dutta-Bergman & Wells, 2002). Schwartz and Bilsky's (1987, 1990) value structure has also been used, and has been supported in a variety of studies across cultures (Menezes & Campos, 1997; Moore, 1999; Trail & Chelladurai, 2002; Aygun & Imamoglu, 2002; Ryckman & Houston, 2003).

Materialism

World-wide economic evolution has led to drastic changes in consumer behaviors. These behavioral changes are often linked with modifications of consumer ideology, and particularly, attitudes towards business marketing practices. Materialism has emerged since the 1980s as a major topic in consumer research (Griffin, Babin & Christensen, 2004); it is widely viewed as an important life value (Kasser & Ryan, 1993; Mick, 1996; Richins and Dawson, 1992; Burroughs & Rindfleisch, 2002). According to

Evrard and Boff (1998), there are two main approaches of consumer research on materialism. One with a predominantly psychological orientation has conceptualized materialism as a personality trait rooted in the importance of the role of objects in the subjective personality (e.g., Belk, 1985). The other utilizes a predominantly cultural orientation to characterize materialism as a value that is a part of a general value system (e.g., Richins & Dawson, 1992).

Belk (1985) viewed materialism as the importance a consumer attaches to worldly possessions. At the highest levels of materialism, possessions assume a central place in a person's life and are believed to provide the greatest sources of satisfaction and dissatisfaction (Belk, 1985). Richins and Dawson (1992) viewed materialism as a consumer value in that it involves beliefs and attitudes so centrally held that they guide the conduct of one's life. In other words, materialism can be viewed as the value a consumer places on the acquisition and possession of material objects. An essential feature of highly materialistic individuals is a belief that well-being can be enhanced through one's relationship with objects (Burroughs & Rindfleisch, 2002).

Based on the review of materialism, Richins and Dawson (1992) identified three themes concerning materialism. These themes reflect the values consumers place on material goods and the role that these material goods play in the consumers' lives:

- 1) Possessions as defining "success" - is the extent to which one uses possessions as indicators of success and achievement in life.

- 2) Acquisition centrality- is the extent to which one places possessions and their acquisition at the center of one's lives.
- 3) Acquisition as the pursuit of 'happiness' is the belief that possessions are essential to satisfaction and well-being in life.

Materialism has emerged as a topic of great interest through a broad wide range of research across a variety of disciplines. A stream of researchers (e.g., Belk, 1984 &1985; Richins, 1995; Sirgy, 1998; Kasser & Ahuvia, 2002;) have examined the relationship between materialism and well-being, and found that materialism was negatively associated with psychological life satisfaction. Other researchers (e.g., Tse, Belk & Zhou, 1989; Zhu &He; 2002) investigated the links between materialism and consumer attitudes and behavior toward business marketing.

Consumption Values

Consumption value has been defined as the consumers' perceived attribute importance of the product or service (Tse et al., 1988; Sin & Yau, 2001). O'Shaughnessy (1987) explored the reasons consumers' choose a particular brand over a competing one, and found five criteria influencing consumers' decisions: (1) technical criteria, which is associated with products' physical attributes and performance, (2) legalistic criteria, which focuses on felt obligation to others, (3) integrative criteria, which focuses on ego enhancement or sense of community, (4) adaptive criteria, which relates to coping with

uncertainty, and (5) economic criteria, which is linked to the requirements of time, money, and effort.

A study of consumption values and market choice theory by Sheth, Newman & Gross (1991a, 1991b) suggested that market choice is a multidimensional phenomenon involving multiple values. Consumers attach different values to product groups and these, in turn affect their motivation to purchase. Sheth et al. (1991a & 1991b) identified five values, which are shown in Figure 2-2, that make differential contributions to market choice behavior. These values are functional value, social value, emotional value, epistemic value and conditional value.

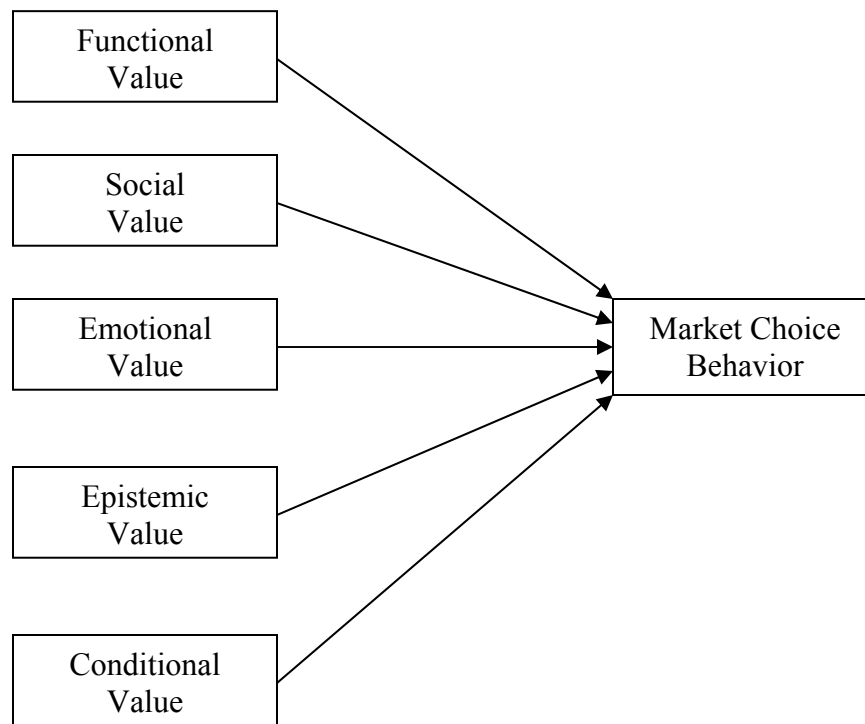


Figure 2-2. The Consumption Values and Market Choice Model
Sources: Sheth, Newman & Gross (1991a, 1991b)

The five consumption values developed by Sheth et al. (1991a, 1991b) are explained as follows:

Functional Value

Market choice has traditionally been regarded as influenced primarily by functional value. According to Sheth et al. (1991a, 1991b), functional value derives from the perceived utility of the object in the choice situation, and generally relates to such attributes as performance, reliability, durability, and price. A consumer who chooses a

product type and brand, and makes a purchase decision based on functional value would consider whether the functional physical attributes inherent in the product are needed, and if the product possesses desired functional attributes (Sheth, et al. 1991a, 1991b).

Social Value

Many market choices are also influenced by social value which attaches to a product from its association with social groups. The attribution of social value occurs most frequently for very visible items of consumption. Market choices such as product type, brand choices, and purchase decisions are influenced by social value in that consumers' perceive that various product classes are either congruent or incongruent with the norms of the reference groups to which they belong or aspire (Sheth et al., 1991a & 1991b).

Emotional Value

Market choice may also be based on emotional values related to the alternative's ability to arouse desired emotions. Many products are associated with or facilitate the arousal of specific emotions or feelings. Emotional value relates to the individuals' affective response to the product (Sheth et al., 1991a, 1991b). Again, all three levels of market choice - purchase decision, product type and brand- may be influenced by the individuals' emotional response to the product.

Epistemic Value

Market choices are also sometimes based on the ability of alternatives to satisfy curiosity, knowledge, and novelty needs (Sheth et al., 1991a & 1991b). Epistemic value

is a need to obtain a product in order to satisfy curiosity, novelty or knowledge seeking. A brand name or a type of product selected according to its epistemic value may be anything perceived by the consumer as new or different. A purchase decision may also be made because the consumer is bored, even though satiated with her or his current brand; is curious about a potential experience; or desires to learn more about the alternatives.

Conditional Value

Finally, conditional value is a need attributed to an object through circumstance of use. According to Sheth (1991a, 1991b), the conditional value is defined as the perceived utility acquired as a result of the specific situation or the context faced by the choice maker. Thus, conditional value often influences the decision choice maker to deviate from their typical or planned pattern of behavior.

Sheth et al.'s (1991a, 1991b) consumption value theory has been used by researchers to explain many consumer attitudes and behaviors. For example, Long and Schiffman (2000) used consumption value theory to explore the range of values which motivate consumers' reaction to airlines' frequent flyer programs. Pope (1998) adapted the consumption value scales developed by Sheth et al. (1991a, 1991b) to discriminate products between brands and to identify those individuals who were aware or not aware of a corporation's sponsorship activities. Consumption value theory has also been used in the study of Chinese women and consumer values (Sin & Yau, 2001; Sin, So, Yau & Kwong, 2001) and Sweeney and Souter's (2001) consumer behavior research.

Conceptual Framework

As described in chapter one, the primary objective of this research is to understand how changing value systems affect Chinese consumers' modern consumption behavior through mediating factors of consumption values. Based on the review of the literature relevant to the research objectives, a proposed conceptual model has been proposed. As shown in Figure 2-3, the conceptual model consists of three components. The first component of the conceptual framework focuses on values and value systems, which consists of three sections of individualism, collectivism, and materialism. The second component explores how consumption values (i.e., functional value, social value, emotional value, and epistemic value) attached to the products make contribution to consumers' market choice behavior. The third component of modern consumption behavior examines the extent to which consumers purchase foreign brand products, and the consumer attitudes toward these behavioral outcomes. The conditional value of consumption values is not included in this model because it only functions based on certain unique situations. In the following section, each component in the conceptual framework is discussed in detail.

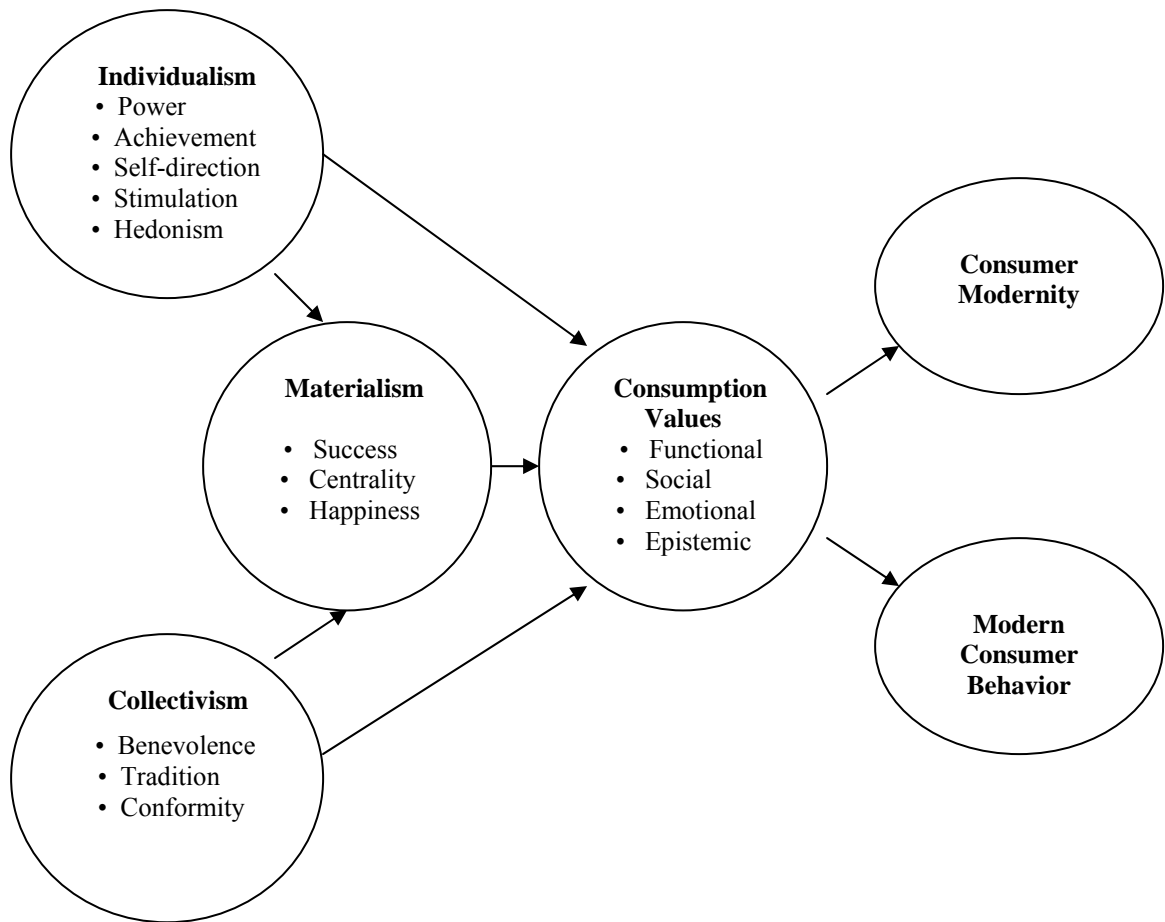


Figure 2-3. The Conceptual Model of Chinese Consumers' Value Systems, Consumption Values, and Modern Consumption Behavior

Individualism and Collectivism

Schwartz and Bilsky (1987, 1990) studied values types in different cultures and identified five value types of power, achievement, hedonism, stimulation, and self-direction as being focused primarily on individual interests. Three other value types of

benevolence, tradition and conformity mainly focus on collective interests. Three power value types were defined as symbolizing social status and prestige, as well as control or dominance over people and resources. The achievement value type referred to personal success through demonstrating competence according to social standards. The hedonism value type was associated with individual's pleasure and sensuous gratification. The stimulation value type related to excitement, novelty, and challenge of one's life. The self-direction value type represented independent thought and action-choosing, creating and exploring. The benevolence value type concerned preservation and enhancement of the welfare of people. The conformity value type involved a restraint of actions which are likely to upset or harm others and violate social norms. The tradition value type represented respect, commitment and acceptance of the customs and ideas of traditional culture or religion.

Research by Pecotich and Yang (2005) revealed that individualism and collectivism captured the nuances in Chinese culture more adequately when compared to other Chinese traditional values. Schwartz and Bilsky (1987) suggested that reformulating values at a higher level would allow consumer attitudes and behavior to be explained and predicted more effectively and reliably. Therefore, the second-order individualism and collectivism value structure by Schwartz and Bilsky (1990, 1992) was employed in this study to examine the influence of changing values and value systems on consumers' attitudes and behavior.

Materialism

Richins and Dawson (1992) identified three important themes of materialism based on a review of the materialism literature in a variety of disciplines and on popular notions concerning materialism (Rokeach, 1973; Belk, 1984; Kahle, Beatty & Homer, 1986; Richins & Dawson, 1990; Fournier & Richins, 1991). These three dimensions of materialism are “possessions-defined success”, “acquisition centrality”, and “acquisition as the pursuit of happiness.” A number of researchers have suggested (Belk, 1985; Richins & Dawson, 1992; Kasser & Ryan, 1993) that materialism can be considered the value consumers place on material possessions. Rokeach (1973) and Schwartz (1992) argued that the study of values should be studied in the context of the larger value system held by individuals. Therefore, it is reasonable to view materialism as a value influenced by individuals’ value system, such as individualism and collectivism, but closely related to consumers’ consumption values and their attitudes and consumer behavior.

Richins and Dawson’s (1992) high level materialism measures are adopted for this research based on the following reasons: First, Richins and Dawson’s (1992) value structure measures materialism among individuals, which not only provides insights into the roots of materialism at a cultural level, but permits the study of interactions between materialism and various activities (Richins & Dawson, 1992). Second, Richins and Dawson’s Likert-scale avoids the practical problems in ranking and rating procedures, such as those used in Rokeach’s (1973) Value Survey (RVS). Third, a hierarchical construct can explain and predict consumer attitudes and behavior more effectively and

reliably than a single-level construct (Schwartz and Bilsky, 1987). Above all, Richins and Dawson's (1992) value scales have been demonstrated to have a stronger reliability as compared other materialism scales used in previous studies (e.g., Micken, 1995; Schroeder & Dugal, 1995).

Consumption Values as Mediating Variables

Value has long been recognized as a powerful force to shape consumer's attitudes and behavior. However, Kahle (1980) argued that values have only an indirect effect on consumer behavior through less abstract mediating factors such as domain-specific attitudes. Other researchers have confirmed the role that mediating factors have in linking abstract values and specific behaviors (e.g., Tse et al., 1988, Kim, Forsythe, Gu & Moon, 2002).

Hawkins, Best, and Coney (2004) suggested that social values reflect the core of an entire culture's mindset shared by a society, while consumer values are related to individual or cohort behavior, during and after market transaction. Cultural value and consumption value, therefore, can be related in a way that social or cultural values are seen to act as justification for acquiring goods and services and to stimulate interest in, desire for, acceptance, patronage of, or the actual purchase of goods and services. Sheth et al.'s (1991a, 1991b) consumption values were chosen as mediating variables in this study because consumption values are affected by people's cultural and social

environment (Tse et al., 1988), and they measure consumers' motivation behind their market choices.

Consumer Modernity

Individual modernity has become a debated topic in social science research after Inkeles & Smith's (1976) and Inkeles's (1983) cross-cultural studies of contemporary social change as a form of modernization. Inkeles and Smith (1976) interviewed more than 6,000 individuals in six countries aimed at creating a cross-culturally valid measure of individual modernity. The primary variables used to explain modernity included education, mass media exposure, years of urban experience since age fifteen, months of factory experience, and father's education. However, Inkeles and Smith (1976) and Inkeles's (1983) definitions of modernization and the measures of individual modernity were controversial. Many arguments were made over the composition of the sample, the methodology used in the surveys, and the representativeness of the data now after more than two decades of time have passed (Wallimann, 1986; Teune, 1975).

Inkeles and Smith (1976) suggested the defining features of modernization are taken to include mass education, urbanization, industrialization, rapid communication and transportation. De Grazia (1997) contended that the common standard of living in Western societies or the term "Americanization" have been used interchangeably with "modernization" in many societies. Therefore, a modern consumer is considered to be well-educated, up-to-date, and satisfied with his or her current standard of living and

financial situation. In this research, consumer modernity examines consumers' overall satisfaction with various domains of their lives, such as their standard of living, level of education, information accessibility, and sense of being up-to-date.

Modern Consumer Behavior

In consumer behavior research, consumer behavior refers to the actual purchase of a product or service, and is frequently measured by purchase frequency or the amount of purchase (Homer & Kahle, 1988; Shim & Eastlick, 1998; Kim et al., 2002). Given that the goal of this research is to help both consumers and multinational corporations to better understand the Chinese market and Chinese consumers' consumption behavior, the actual consumer behavior in the present study is defined as the amount of foreign products or services purchased, and shopping frequency for foreign products and services.

Four product categories of drinking imported wine/coffee/beer, use of foreign brand cellular phones, purchase of imported clothing/accessories, and foreign travel were chosen because they were presumably consumed among Chinese middle-class consumers and are believed to represent different dimensions of consumers' needs (e.g., food, clothing, appliances, and services). In an effort to maintain homogeneity of the samples across all four products, the study was designed to be as similar as possible by using identical scales and identical rating methods for measurements.

Hypotheses Development

The main objectives of this research are to understand how cultural-social value systems impact Chinese consumers' consumption values, and how consumption values held by consumers affect their consumer attitudes and consumer behavior. To achieve the research goal, the hypotheses are developed based on the conceptual model and relevant literature related to the components in the model.

Individualism, Collectivism, and Materialism

Material values result from economic development and are strongly affected by people's individual and collective ideas (Inglehart 1971, 1977; Easterlin, 1980). Richins and Dawson (1992) studied the relationships between material values and a set of values drawn from the List of Value (LOV) scale (Kahle et al., 1986). They found that individuals higher in materialism were more likely to value "financial security", "self-fulfillment", "fun and enjoying life" and "being well-respected" and less likely to value "warm relationships with others" than were individuals low in materialism (Richins & Dawson, 1992). Keng, Jung, Juan & Wirtz (2000) found that people with a high materialistic inclination were more likely to value success, wealth, social status and power, but less likely to choose love, security, friendship and peace of mind. Similar results were observed by Burroughs and Rindfleisch (2002), who found that materialism was negatively related to such collective-oriented values as benevolence, conformity, and universalism. The significant influence of individualism and collectivism on materialism

is more clearly demonstrated in Wong's (1997) conspicuous consumption and materialism research, in which individualism was found to be positively correlated with the all dimensions of materialism, while collectivism was negatively related to materialism. Therefore, it is posited that:

H1: Individualism will be positively related to materialism.

H2: Collectivism will be negatively related to materialism.

Individualism, Collectivism, and Consumption Values

The strong linkage between cultural-social values and consumption values has been demonstrated by previous studies (Williams, 1979; Yau, 1994; Tse et al., 1989; Allen, 2001; Kim et al., 2002; Gary, Munch & Peterson, 2002). Yau (1994) suggested those consumers' decisions of choice or preference for a certain product or brand over others were influenced by their social values.

Wong (1997) argued that individualists are conspicuous shoppers because they invest more emotions in the objects. Research by Gregory, Munch and Peterson (2002) examined the moderating role of attitude in the value-attitude relationship for advertising appeal. Their study showed that values were associated with attitudes when attitudes fulfilled a social-identity function based on collectivist values. The significant relationship between social values, such as individualism and collectivism, and consumption values was more evident in Kim et al.'s research (2002), in which the individualistic value (i.e., self-direction) was found to significantly affect consumers'

functional, social and experiential (similar to emotional and epistemic values in this study) needs for apparel product purchase.

The results of the above cited research (Wong, 1997; Gregory et al., 2002; Kim et al., 2002) suggest that consumers who hold individualistic or collectivistic values may demand different consumption values when they choose to purchase certain products or services. Given that individualists tend to emphasize social superiority, personal pleasure, and the living of novel experiences, while collectivists are inclined to promote their devotion to one's in-group, it was hypothesized that individualism will be positively associated with consumption values of functional value, social value, emotional value, and epistemic value, while collectivism will be negatively related to consumption values of functional value, social value, emotional value, and epistemic value as follows:

H3: Individualism will be positively related to functional value, (b) social value, (c) emotional value, and (d) epistemic value.

H4: Collectivism will be negatively related to functional value, (b) social value, (c) emotional value, and (d) epistemic value.

Materialism and Consumption Values

Materialism is regarded as an important life value and has been related to consumer ideology and attitudes in previous research. Richins (1995) suggested that those high in materialism were more likely to value possessions, status, and utilitarian meanings. Other studies found that materialists were more involved with conspicuous consumption, and the possessions they owned tended to be valued according to their costliness, prestige, and public visibility (Holt, 1995; Wong, 1997). The implication of these arguments is that materialists can fulfill their consumption values through different dimensions when they engaged in a certain product/brand purchase. Thus, it is hypothesized that materialism will be positively related to consumption values of functional value, social value, emotional value, and epistemic value as follows:

H5: Materialism will be positively related to (a) functional value, (b) social Value, (c) emotional value, and (d) epistemic value.

Consumption Values, Consumer Modernity, and Modern Consumer Behavior

Consumption value refers to consumers' perceived importance of the product or service (Tse et al., 1998; Sin & Yau, 2001). Sheth et al. (1991a, 1991b) viewed market choice as a multidimensional phenomenon involving multiple consumption values. Consumers attach different values to product groups and these in turn affect their motivation to purchase. These consumption values (e.g., functional value, social value, emotional value, and epistemic value) are believed make different contributions to market

choice behavior. Hence, it is expected that all consumption values significantly influence consumers' purchase behavior.

An important purpose of this research is not only to understand the influence of cultural-social values on actual consumption behavior, but also to understand how China's recent economic and financial success and value changes affect people's perception as modern consumers. Therefore, Sheth et al.'s (1991a, 1991b) consumption values and market choice theory is expanded to include the consumer modernity factor. It is assumed that the extent to which consumers' perceptions as modern consumers is closely related to their consumption values. People will satisfy their needs and desires with their modern possessions and view themselves as modern consumers because different consumption values have been fulfilled. Therefore, it is expected that consumption values will be positively related to both consumer modernity and modern consumer behavior. Consumption values of functional value, social value, emotional value, and epistemic value are posited to associate with consumer modernity and modern consumer behavior as follows:

H6. (a) Functional value, (b) Social value, (c) Emotional value, and (d) Epistemic value will be positively related to consumer modernity.

H7. (a) Functional value, (b) Social value, (c) Emotional value, and (d) Epistemic value will be positively related to modern consumer behavior.

CHAPTER III. METHODOLOGY

This chapter is presented in three sections. The first section gives details of measurement and scale development. The second section explains the data collection procedures and describes the sample used in this research. The third section addresses the rationale of choosing the statistical analytical methods for hypotheses testing.

Scale Development

Based on the review of literature and the conceptual model developed in this study, five constructs were identified. Therefore, the survey used in this study consisted of five sections of (1) collectivism and individualism, (2) materialism, (3) consumption values, (4) consumer modernity, and (5) modern consumer behavior, and one demographic section. The construction of the survey instrument began with a careful review of the relevant literature to find measures for the key constructs. The scales for collectivism, individualism, materialism and consumption values were adapted from existing measures which have been used and validated from past research. The measures for consumer modernity and modern consumer behavior were developed based on similar research to comply with the research objectives in this study.

Measures

Collectivism and Individualism

Measures for the collectivism and individualism constructs were adapted from Schwartz and Bilsky's (1987, 1990) value framework. Schwartz and Bilsky (1987, 1990) conducted an extensive series of studies across more than 40 countries, and identified 52 single values representing 10 motivationally distinct types of values, postulated to be recognized implicitly in all cultures. Among 10 motivational types of value, hedonism, achievement, self-direction, power, and stimulation values were viewed as serving the self-interest of the individual. Conformity, benevolence, and tradition values were considered to focus on promoting the interests of others.

Schwartz and Bilsky's (1987, 1990) value measures have been widely used in psychological research and consistently display a good reliability and validity (Rychman & Houston 2003; Aygun & Imamoglu, 2002). A pretest with 69 undergraduate students was conducted to check the reliability and validity, and to reduce the number of items in the measurement scales for this study.

Participants were asked to rate the importance of each value guiding principle in their lives. Each value was evaluated on a seven-point likert-type scale; with 1 representing the value is very unimportant and 7 representing the value is very important in their daily life. Following the preliminary factor analyses and the deletion of items that exhibited low factor loading or high cross-loading, twenty-nine value items were selected for the final form of the survey. Of the final items, fourteen items (i.e.,

creativity, choosing own goals, curious, authority, social power, wealth, ambitious, successful, capable, daring, an exciting life, a varied life, pleasure, and enjoying life) were posited to measure individualism; and nine items (i.e., humble, respect for tradition, moderate, honest, forgiving, helpful, self-discipline, honoring parents and elders, and politeness) were used to measure collectivism.

Materialism

Richins and Dawson (1992) viewed materialism as a consumer value and identified three important themes (i.e., possessions- defined success, acquisition centrality, and acquisitions as the pursuit of happiness) concerning materialism. The material value scales used in the present research consisted of nine items encompassing three dimensions of materialism, namely success, centrality and happiness. The items were evaluated on a seven-point Likert format from strongly agree to strongly disagree.

Success included three items: “I admire people who own expensive homes, cars, and clothes”, “the things I own say a lot about how well I am doing in life”, and “some of the most important achievements in life include acquiring material possessions”.

Centrality was measured by three items of “buying things gives me a lot of pleasure”, “I like a lot of luxury in my life”, and “I enjoy spending money on things that aren’t practical”. Three items for happiness were “my life would be better if I owned certain things I don’t have”, “it sometimes bothers me quite a bit that I can’t afford to buy all the things I’d like”, and “I would be happier if I could afford to buy more things”.

Consumption Values

Sheth et al. (1991a & 1991b) suggested that consumers attach different values (i.e., functional value, social value, emotional value, and epistemic value) to product groups and these, in turn, affect motivation to purchase. The instruments of consumption values used in this research were developed following Sheth et al.'s (1991b) guidance for application measurement.

Participants were queried about the main reasons they choose to purchase foreign brand products. Scales of functional value include statements such as, "they are trustful", "they are everywhere and easy to get", and "I like the taste of these brands." Social value scales include statements of "they are prestigious", "they give me social status", and "the rich and successful people are using these brands". Three items represented emotional value "they make me feel happy", "they make me feel sophisticated", and "they make me feel good"; other three items of "I am bored with domestic brands", "I am curious about these foreign brands" and "I like to experience things that are new and different" represented epistemic value. Each consumption value item was evaluated on a seven-point Likert-type scale, ranging from 1 equal to strongly disagree, to 7 equal to strongly agree.

Consumer Modernity

Consumer modernity examined consumers' overall satisfaction with various domains of their lives. The consumer modernity scales were developed in this study to measure how satisfied Chinese consumers were with the current situation in terms of “the amount of money they earn”, “the types of job they work”, “the transportation they use, “the home appliances they own”, “their level of education”, “their housing and living environment”, “their information and media access abilities”, and “their sense of being sophisticated and up-to-date”. All statements were rated by a seven-point Likert-type scale with one representing most satisfied and seven representing least satisfied.

Modern Consumer Behavior

Modern consumer behavior was measured by the frequency and the amount of the actual foreign products/services purchased, which includes two questions of “How many times do you think you have purchased foreign brand products or services during a given time period?” “what was the average amount you have spent each time?”

A summary of the research constructs and items employed in this study is presented in Table 3-1.

Table 3-1. A Summary of Research Constructs and Measurement Items

Construct	Survey Item
Individualism	
Self-Direction	creativity, choosing own goals, curious
Power	authority, social power, wealth
Achievement	ambitious, successful, capable
Stimulation	daring, an exciting life, a varied life
Hedonism	pleasure, enjoying life
Collectivism	
Tradition	humble, respect for tradition, moderate
Benevolence	honest, forgiving, helpful
Conformity	self-discipline, honoring parents and elders, politeness
Materialism	
Successful	I admire people who own expensive homes, cars, and clothes. The things I own say a lot about how well I am doing in life. Some of the most important achievements in life include acquiring material possessions.
Happiness	It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like. My life would be better if I owned certain things I don't have. I'd be happier if I could afford to buy more things.
Centrality	I like a lot of luxury in my life. Buying things give me a lot of pleasure. I enjoy spending money on things that aren't practical.
Consumption Values	
Functional Value	They are trustful. They are everywhere and easy to get. I like the taste of these brands.
Social Value	They are prestigious. They give me social status. The rich and successful people are using these brands.
Emotional value	They make me feel happy. They make me feel good. They make me feel sophisticated.
Epistemic Value	I am curious about these foreign brands. I am bored with domestic brands.

I like to experience things that are new and different.

Consumer Modernity

The amount of money you earn.

The type of job you work.

The transportation you use.

The home appliance you own.

The level of your education.

Your housing and living environment.

Your information and media access ability.

Modern Consumer

The frequency of the foreign products or services purchased.

Behavior

The amount of the foreign products or services purchased.

Preliminary Efforts

Initially, two graduate students who were familiar with both American and Chinese cultures reviewed the instrument for the purpose of content validity evaluation. Based on respondents' recommendations, several item deletions and modifications were then made. Later, an in-class pretest was conducted with sixty-nine undergraduate students at a large southeastern university. Items that did not adequately contribute to the reliability and validity of the proposed scales were eliminated.

Since the questionnaires were developed in English, and the actual survey would be conducted in China, the questionnaire translation was considered to be critical. Followed Behling and Law's (2000) four step suggestion, a translation/back-translation method was employed to achieve the translation equivalence. The detail of the translation/back-translation process is explained as follows: (1) a bilingual graduate student was first asked to translate the English-version questionnaires into Chinese, (2) a second bilingual graduate student with no knowledge of the wording of original English questionnaires then translated the Chinese draft questionnaires back into English, (3) then, the original and back-translated versions were compared, (4) if the two English versions of an item differed substantially, another translation was attempted.

The Chinese-version questionnaires were then finalized and were administered to a group of Chinese graduate students who are currently studying at a large southeastern university in the U.S. No major problems were found during the survey, therefore it was deemed to be ready for use in data collection. The English version questionnaires are

available in Appendix A; and the Chinese version questionnaires used in this study are in Appendix B.

Data Collection

Shanghai as Research Site

The ultimate goal of this research is to help both consumers and multinational marketers to understand how Chinese consumers' changing value system shapes their consumption behavior. Therefore, the middle-class Shanghai consumers were chosen as the target group for the current research for the following reasons:

(1) Shanghai is the powerhouse of the recent economic development in China; it has been recognized as the industrial, financial and commercial center of China for decades. Great Shanghai District covers Jiangsu, Zhejiang and Anhui provinces and the City of Shanghai. The region's GDP was nearly US\$ 375 billion in 2003, accounting for roughly 25 percent of China's total GDP, and is roughly equivalent to the economic size of the Philippines (U.S. China Business Council, 2004). With per capita GDP in excess of US\$4,500 (Hong Kong Trade Development Council, 2003) Shanghai ranks first among all cities and provinces in China and its residents are a strong spending power.

(2) Compared to other regions, middle-class consumers constitute a relatively large proportion of Shanghai's population.

(3) Shanghai is suitable to serve as a test market when multinational marketers consider entering into China's big market.

Given the reasons that the middle class is a social group in which cultural change is likely to be the most rapid, and they have great influence on other consumers, the results of a study of middle-class consumers is considered to benefit both consumers and multinational marketers. In particular, middle class consumer research should provide insights into the basis of the consumerism movement, predicting consumer behavior, and developing a marketing strategy to serve China's big market.

Data Collection

The data were collected in a large shopping center and three office buildings located in downtown Shanghai. The shopping center and office building were chosen as survey sites because these are the places middle-class consumers frequently gather. The survey was conducted from 9:00 a.m. to 7:00 p.m. over a two-week period of time, including two weekends in 2005. Upon agreements, a table was set up in the main lobby of each office building, and the main entrance of the shopping mall.

In each site, potential respondents were intercepted and recruited by a trained interviewer to ask their willingness to participate in a survey related to their values and consumer behavior. Participants were also informed that the information obtained in connection with this survey is only for research purposes. Any information they would provide would be strictly voluntary and completely anonymous. On their agreement, participants were randomly given and asked to complete self-administered questionnaires for one of the four categories of product/service (i.e., drinking wine/coffee/beer, use of

foreign brand cellular phone, purchase of imported apparel/accessories, and foreign travel). The participants were asked to put the survey into a prepared box when they completed the survey. After completing of the questionnaire, respondents were given small incentives for their participation in the study.

A total of 714 respondents participated in the survey. After the elimination of unacceptable or incomplete surveys, the final sample consisted of 695 usable respondents, which includes 175 respondents for the drinking survey; 172 respondents for the cell phone survey, 177 respondents for the apparel and accessory survey, and 171 respondents for the travel survey.

Methods for Data Analysis

In this study, exploratory factor analysis was first conducted for preliminary analysis to examine and to reduce the data. Then, following Anderson and Gerbing's (1988a) suggestion, a two-step approach of a measurement model and a structural model was performed using structural equation modeling analysis techniques.

The preference of structural equation modeling (SEM) analysis to other multivariate techniques (e.g., multiple regression and multiple covariance analysis) was based on the following reasons which have been suggested by Byrne (1998). First, SEM performs a confirmatory factor analysis rather than an exploratory analysis. Second, in the SEM criteria one dependent variable can be treated as an independent variable in the subsequent data analysis, and thus SEM can examine a series of dependent relationships

simultaneously, whereas other multivariate processes can examine only a single relationship at a time. Third, as the pattern of inter-variable relations should be specified a priori, SEM lends itself well to the analysis of data for inferential purposes, whereas other multivariate procedures are essentially descriptive by nature.

A two-step approach of measurement model and structural model over a one-step modeling analysis is adopted because a two-step approach tests the significance for all pattern coefficients, and allows an assessment of structural model fit (Anderson & Gerbing, 1998a). A two-step approach also provides a particularly useful framework for formal comparisons of the substantive model of interest with the next most likely theoretical alternative, and research can make an asymptotically independent test of the theoretical model of interest (Anderson & Gerbing, 1998a).

The statistical software SPSS12.0 for Windows was used to examine the descriptive statistics of the sample and to perform the preliminary analysis (exploratory factor analysis). The structural equation modeling statistical program AMOS 5.0 was utilized for the measurement model (confirmatory factor analysis) and structural model (structural equation modeling) analysis.

CHAPTER IV. RESULTS

This chapter is presented in three sections. The first section describes respondents' demographic characteristics. The second section presents the results of the data analysis. The third section examines the hypothesized model and reports the results of hypotheses testing.

Demographics

The results of the survey reveal the values and consumer behaviors of a sample of middle class Chinese consumers residing in metropolitan Shanghai. The majority of the respondents were married (67.6%) and below the age of 46 (70.0%), slightly more than half (51.8%) of the respondents were female. About two-thirds of the respondents (63.6%) had received some college education; 15% of them had post graduate education. Most respondents were either employees of state-owned companies (27.4%) or joint venture companies (23.2%), or they were professionals (12.4%) or managers (8.3%). A majority of the respondents (66.5%) had family incomes between US\$3,500 and US\$16,000 per year; about one-fifth of the respondents had annual income exceeding US\$16,000, and about one-tenth of the respondents (11.7%) had incomes below US\$3,500. Compared to China's national population statistics (The World FactBook, 2005), the respondents in this study were relatively young, and had higher education and

family income, which reflects the characteristics of middle-class residents in big cities like Shanghai. The respondents' demographics are presented in Table 4-1.

Table 4-1. Demographic Characteristics of the Respondents (n=695)

Demographic Characteristics	Valid Percent (%)
Gender	
Male	48.2
Female	51.8
Age	
<22	6.3
23-29	23.9
30-45	39.8
46-60	25.6
>61	4.4
Marital Status	
Single	29.8
Married	67.6
Divorced/Separated/Widowed	2.6
Education	
Less than high school	2.9
High school graduated	26.1
College graduated/College student	48.6
Post Graduate	15.0
Occupation	
Government Official	1.3
Manager	8.3
Joint venture employee	23.2
Professional	12.4
Self-employment	6.7
State-owned company employee	27.4
Service worker	5.4
Student	3.6
Stay at home/Retired	7.1
Others	4.5
Annual Family Income (US\$)	
< 3,500	11.7
3,501-8,000	27.5
8,001-16,000	39.0
16,001-26,000	14.8
>26,000	6.9

Data Analysis

In this study, the exploratory factor analysis was first conducted for preliminary analysis to examine and reduce that data. Then, a two-step approach of a measurement model and a structural model was performed using structural equation modeling analysis techniques.

Preliminary Analysis with Exploratory Factor Analysis

According to Gerbing and Hamilton (1996), exploratory factor analysis provides a useful first step for confirmatory factor analysis, especially when an a priori theoretical model has been used to generate the data. A principal components factor analysis with varimax rotation was conducted in this study to examine and to reduce data. The varimax rotation method was chosen because rotation of the factor matrix can generally achieve a simpler, theoretically more meaningful factor pattern, and varimax rotation could give a clearer separation of the factors than other rotation methods (Hair, Anderson, Tatham & Black, 1998).

Individualism Scale

Results of the exploratory factor analysis procedure revealed three factors with eigenvalues of one or higher. These three factors reflected different dimensions of individualism (i.e., stimulation, power, hedonism, self-direction/achievement), which

explained 63.68% of the cumulative variance in the scale. Given that the factor loading indicates the degree of correspondence between the item and factor, scale items exhibiting low factor loadings ($<.60$) and high cross-loadings ($>.40$) were eliminated (Hair et al., 1998). Two items of “authority” and “ambitious” were dropped because they had low factor loading to a single factor ($<.60$). The item “curious” did not load to the expected factors, so it was also eliminated. The “self-direction” items were found to load together with “achievement” items to generate one factor. Therefore, a total of eleven items were retained for further analysis.

A reliability test with Cronbach’s alpha coefficients was then performed to examine the internal consistency within each factor. All of the Cronbach’s alpha values were above 0.70 indicating acceptable reliability levels for factor analysis for the individualism scale. Table 4-2 presents the results of exploratory factor analysis - including item mean, factor loading, coefficient alpha, and factor mean- for the individualism scale.

Table 4-2. Exploratory Factor Analysis of the Individualism Scale

Factor and Item	Item Mean	Factor Loading	% of Variance	Coefficient Alpha	Factor Mean
Self-direction/Achievement			38.74	.81	5.97
capable	6.12	.72			
creativity	5.43	.71			
choosing own goals	6.19	.71			
daring	5.93	.70			
successful	6.15	.70			
Stimulation			9.01	.86	5.20
a varied life	5.21	.82			
an exciting life	5.10	.72			
Power			8.51	.70	5.54
wealth	5.54	.82			
social power	5.53	.61			
Hedonism			7.45	.77	5.17
pleasure	6.11	.82			
enjoying life	5.91	.76			

(Scale: 1 = very unimportant; 7 = very important)

Collectivism Scale

Three dimensions of collectivism, i.e., conformity, benevolence and tradition, were identified through exploratory factor analysis; these factors explained a total of 62.20% of the variance in the scale. The item “moderate” was not loaded on the “tradition” factor at the satisfactory level, therefore it was eliminated from scale items. The remaining eight items were subjected to the further analysis. The coefficient alpha values ranged from 0.75 to 0.82, indicating acceptable reliability levels for factor analysis. The results of the exploratory factor analysis for the collectivism scale are shown in Table 4-3.

Table 4-3. Exploratory Factor Analysis of the Collectivism Scale

Factor and Item	Item Mean	Factor Loading	% of Variance	Coefficient Alpha	Factor Mean
Conformity			27.80	.76	6.41
politeness	6.34	.82			
honoring parents and elders	6.57	.81			
self-discipline	6.32	.77			
Benevolence			20.51	.82	6.25
honest	6.52	.77			
helpful	6.17	.73			
forgiving	6.06	.70			
Tradition			13.89	.75	5.36
humble	5.31	.88			
respect for tradition	5.41	.82			

(Scale: 1 = very unimportant; 7 = very important)

Materialism Scale

The three-dimensional structure of materialism was not identified in the exploratory factor analysis. Only one factor was extracted, which explained 50.49% of the cumulative variance. The results of the exploratory factor analysis for the materialism scale and the mean value of each item are shown in Table 4-4.

Table 4-4. Exploratory Factor Analysis of the Materialism Scale

Factor and Item	Item Mean	Factor Loading	% of Variance
I admire people who own expensive homes, cars, and clothes.	3.88	.70	50.49%
My life would be better if I owned certain things I don't have.	4.45	.79	
Buying things give me a lot of pleasure.	4.86	.68	
It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	4.02	.70	
I like a lot of luxury in my life.	3.99	.72	
I'd be happier if I could afford to buy more things.	4.75	.82	
The things I own say a lot about how well I am doing in life.	4.75	.72	
I enjoy spending money on things that aren't practical.	3.00	.56	
Some of the most important achievements in life include acquiring material possessions.	4.47	.69	

(Scale: 1 = strongly disagree; 7 = strongly agree)

Consumption Values Scale

The exploratory factor analysis of twelve scale items measuring consumption values extracted four factors with eigenvalues higher than 1.0. One item “I am not familiar with any other domestic brand” cross-loaded to both functional and epistemic value factors, so it was dropped from measurement items. The results of iteration reflect the four dimensions of consumption values-functional value, social value, emotional value and epistemic value, and these four dimensions accounted for 65.62% of the total variance in the scale. The coefficient alpha values of each factor were between 0.71 and

0.81, which are considered an acceptable level of reliability. The results of exploratory factor analysis for the consumption values scale are presented in Table 4-5.

Table 4-5. Exploratory Factor Analysis of the Consumption Values Scale

Factor and Item	Factor Loading	% of Variance	Coefficient Alpha	Factor Mean
Social Value		35.68	.81	4.16
They are prestigious.	.823			
They give me social status.	.823			
The rich are using these brands.	.740			
Function Value		11.68	.79	4.90
They are trustful.	.87			
They are everywhere and easy to get.	.77			
I like the taste of these brands	.66			
Emotional Value		10.42	.77	5.16
They make me feel happy.	.80			
They make me feel good.	.73			
They make me feel sophisticate.	.65			
Epistemic Value		7.84	.71	3.94
I am curious about these brands.	.82			
I like to experience things that are new and different.	.62			

(Scale: 1 = strongly disagree; 7 = strongly agree)

Consumer Modernity Scale

Two factors with eigenvalues of one or higher were identified through the exploratory factor analysis of the consumer modernity scale. These two factors explained 71.45% of the cumulative variance. The six items extracted in the first factor revealed individuals' overall life satisfaction with various domains (i.e., money, job, education,

home appliance, transportation, and living environment), hence this factor is named as “life satisfaction”. The two items for the second factor reflected people’s sense of being up-to-date and their information access ability, therefore it was labeled as “life up-to-date”. The results of the exploratory factor analysis for the consumer modernity scale are revealed in table 4-6.

Table 4-6. Exploratory Factor Analysis of the Consumer Modernity Scale

Factor and Item	Factor Loading	% of Variance	Coefficient Alpha	Factor Mean
Life Satisfaction		54.43	.89	4.17
The amount of money you earn.	.86			
The type of job you work.	.84			
The transportation you use.	.81			
The home appliance you own.	.80			
The level of your education.	.68			
Your housing and living environment.	.67			
Life Up-to-Date		17.02	.83	4.13
Your information and media access ability.	.89			
Your sense of sophistication and being up-to-date.	.90			

(Scale: 1=very unimportant, 7=very important)

Measurement Model with Confirmatory Factor Analysis

Though exploratory factor analysis can provide useful preliminary analyses, it does not directly assess unidimensionality. Hence, the assessment of unidimensionality provided by confirmatory factor analysis represents an important step in the establishment of meaning of the estimated factors (Anderson & Gerbing, 1988a). The purpose of the measurement model is to define the relations between the observed indicator variables and the underlying unobserved latent variables, and thereby specifies the pattern by which each measure loads on a particular factor. In building measurement models, multiple-indicator second-order measurement models are preferred because they allow the most unambiguous assignment of meaning to the estimated constructs (Anderson & Gerbing, 1988b).

One primary interest in structural equation modeling for both measurement model and structural model analysis is the extent to which a hypothesized model fits, or adequately describes the sample data. The model fit can be assessed by chi-square (χ^2) or (CMIN) in AMOS, degree of freedom (DF), and series of model-of-fit statistics such as the Goodness of Fit Index (GFI), the Normed Fit Index (NFI), the Comparative Fix Index (CFI), and the Root Mean Square Error of Approximation (RMSEA). In the following section, these fit statistics are described in detail according to Byrne's (1998, 2001) definition and explanation of these fit statistics.

The CMIN (minimum discrepancy) represents the discrepancy between the unrestricted sample covariance matrix and the restricted covariance, which is more

commonly expressed as likelihood ratio test statistic of χ^2 . However, the chi-square statistic is very sensitive to sample size, and sometimes generates significantly poor fit even though the model explains the data well. To solve this problematic aspect of the chi-square statistic, it is more common to use the ratio of chi-square to the degree of freedom (χ^2/df) in the empirical studies. The ratio value (χ^2/df or CMIN/DF) less than 5 (< 5) is considered a good fit of the model (Byrne, 2001).

The values of Normed Fit Index (NFI = .91) and Comparative Fix Index (CFI) are derived from the comparison of a hypothesized model with the independence model, and each provides a measure of complete covariance in the data (Byrne, 2001). The Goodness-of-Fit Index (GFI) is a measurement of the relative amount of variance and covariance in the unrestricted sample covariance matrix, they can be classified as absolute indexes of fit because they basically compare the hypothesized model with no model at all (Hu & Bentler, 1995; Byrne, 1998). A GFI, NFI, and CFI value greater than .90 ($>.90$) is considered representative of well-fitting model, with value close to 1.00 being indicative of good fit.

The RMSEA refers to the root mean square error of approximation, which is recognized as one of the most informative criteria in covariance structural modeling. The RMSEA takes into account the error of approximation in the population and measures how well the model fits the population covariance matrix. A RMSEA value less than .05 ($<.05$) and .08 ($<.08$) represents a good fit and reasonable good fit respectively; a RMSEA value ranging from .08 to .10 indicate a mediocre fit (Byrne, 1998).

Given findings of an inadequate goodness of fit, the next logical step is to detect the source of misfit in the model. In AMOS, the most effective way to detect model misspecification is to examine the modification indices (MIs). However, the respecification or reestimation of a model based on the MI must be used as cautious, because the researchers should determine whether the estimation of the target parameter is substantively meaningful (Joreskog & Sorbom, 1993), and they need to consider whether or not the respecified model would lead to an overfitted model (Byrne, 2001).

Measurement Model of Individualism

The eleven scale items that related to power, achievement, hedonism, stimulation, and self-direction for individualism were measured by second-order confirmatory factor analysis. In reviewing the goodness-of-fit statistics ($\chi^2 = 277.03$, $\chi^2/df = 8.40$, GFI = .93, NFI = .88, CFI = .89, RMSEA = .103), it appeared that there was some degree of misfit in the hypothesized second-order structure. Although a review of the modification indices (MIs) for the regression weights revealed five parameters indicative of cross-loading, the highest value (MI = 64.12) was between item “daring” and the construct “self-direction”, which represented the cross-loading of “daring” on the “self-direction” factor.

After the removal of item “daring”, the goodness-of-fit statistics were significant improved and all indices were above the satisfactory level. Both the Normed Fit Index value of .91 (NFI = .91) and Comparative Fix Index value of .92 (CFI = .92) were then

above the acceptance level of .90. The Root Mean Square Error of Approximation had a value of .072 (RMSEA = .072), which fell in the acceptable range of .08 or less. All of these goodness-of-fit statistics indicated the sample data fitted the whole model well. Although the chi-square was statistically significant at the 0.01 level, given that the chi-square statistic is very sensitive to sample size, and with a very large sample (>200) it can generate significantly poor fit even though the model explains the data well (Bagozzi & Yi, 1998). The ratios of chi-square to the degree of freedom (χ^2/df) fell into the range of 1 to 5 which suggested that the data fitted the model well.

The results of the measurement model parameter estimates revealed that all estimated values, including factor loadings and variance/covariance were both reasonable and statistically significant. There were no negative error variances, no above 1.00 standardized correlations, and no very large standard errors found from the estimated values, which confirmed the five dimensions structure of individualism. The measurement model parameter estimates for individualism is shown in Table 4-7. The measurement model of second-order factor structure for individualism is presented in Figure 4-1.

Table 4-7. Second-order Measurement Model Parameter Estimates for Individualism

Construct/ Item	Construct	Standardized Estimate	Unstandardized Estimate	Standard Error	t- value
First-order analysis					
power	<--- individualism	0.89	0.69	0.05	13.89
achievement	<--- individualism	0.92	0.80	0.04	19.00
hedonism	<--- individualism	0.88	0.64	0.04	15.20
stimulation	<--- individualism	0.73	0.86	0.06	15.17
self-direction	<--- individualism	0.88	0.65	0.05	12.11
Second-order analysis					
social power	<--- power	0.61	1.00		
wealth	<--- power	0.70	1.05	0.08	12.72
capable	<--- achievement	0.68	1.00		
successful	<--- achievement	0.76	0.83	0.05	15.61
pleasure	<--- hedonism	0.62	1.00		
enjoying life	<--- hedonism	0.66	0.92	0.07	12.41
a varied life	<--- stimulation	0.77	1.00		
an exciting life	<--- stimulation	0.79	0.91	0.06	15.16
creativity	<--- self-direction	0.55	1.00		
choosing own goal	<--- self-direction	0.72	1.06	0.09	11.56

$\chi^2/df = 4.89$, NFI = .91, CFI = .92, RMSEA = .072

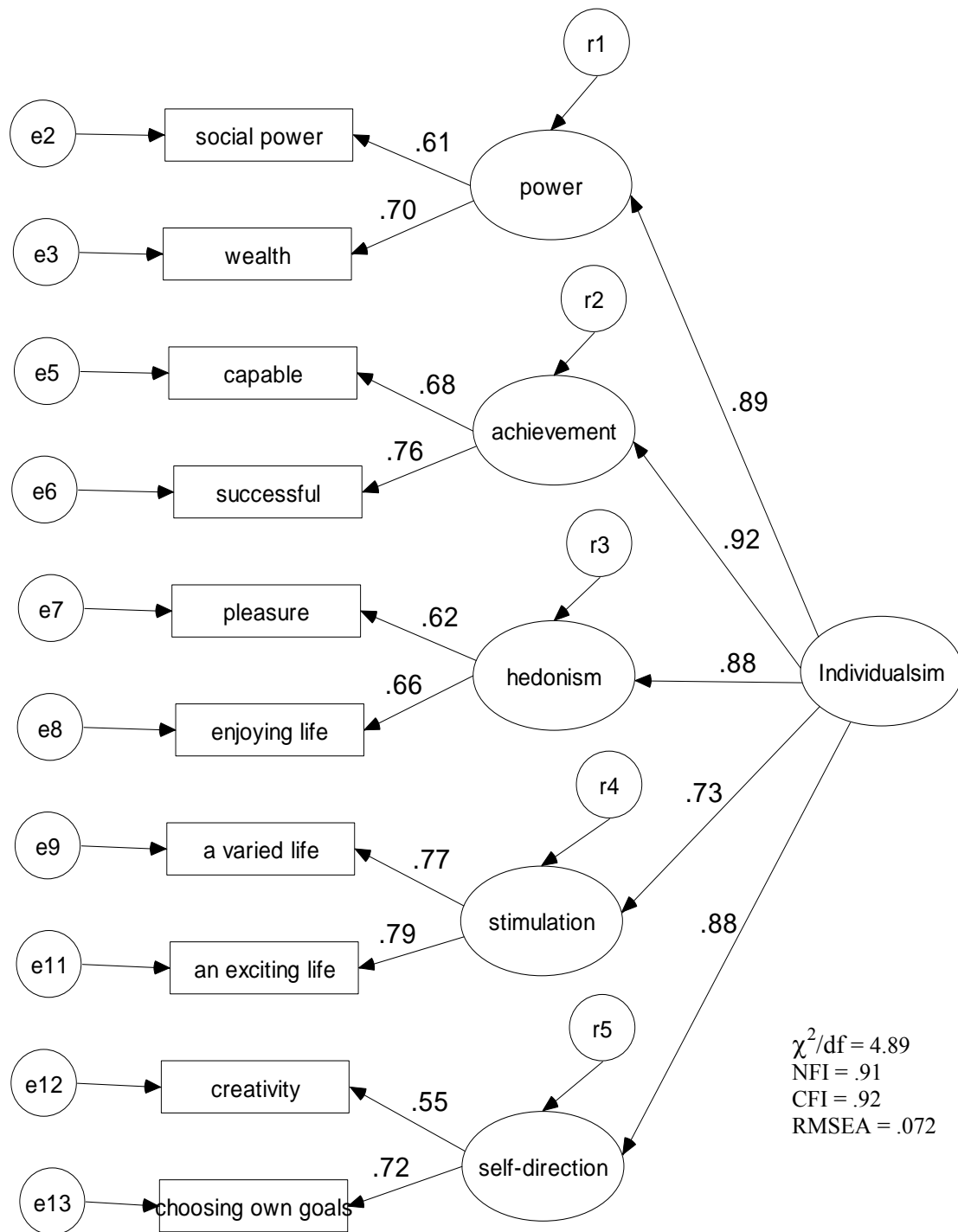


Figure 4-1. Measurement Model of Second-order Factor Structure for Individualism

Measurement Model of Collectivism

The three dimensions of collectivism (i.e., conformity, benevolence and tradition) were measured through the second-order confirmatory factor analysis. An assessment of the goodness-of-fit statistics ($\chi^2/df = 5.31$, GFI = .96, NFI = .96, CFI = .96, RMSEA = .079) revealed that the sample data fitted the measurement model well. The results of the measurement model showed that all estimated values, including factor loadings and variance/covariances were both reasonable and statistically significant. The modification indices (MIs) were predominantly low and there was no justification for freeing up parameters on the basis of the MIs. The model can be considered to best present the structure of scale items for collectivism. The measurement model parameter estimates for collectivism is shown in Table 4-8. The measurement model of second-order factor structure for collectivism is presented in Figure 4-2.

Table 4-8. Second-order Measurement Model Parameter Estimates for Collectivism

Construct/ Item		Construct	Standardized Estimate	Unstandardized Estimate	Standard Error	t- value
First-order analysis						
tradition	<---	collectivism	0.97	0.62	0.04	14.10
benevolence	<---	collectivism	0.98	0.81	0.04	20.46
conformity	<---	collectivism	0.98	0.83	0.03	24.33
Second-order analysis						
humble	<---	tradition	0.54	1.00		
respect for tradition	<---	tradition	0.43	0.92	0.10	9.13
honest	<---	benevolence	0.75	0.89	0.05	18.29
helpful	<---	benevolence	0.72	1.00		
forgiving	<---	benevolence	0.67	0.88	0.05	16.40
self-discipline	<---	conformity	0.75	1.01	0.05	20.96
honoring parents/elders	<---	conformity	0.75	0.84	0.04	21.11
politeness	<---	conformity	0.82	1.00		

($\chi^2/df = 5.31$, GFI = .96, NFI=.96, CFI=.96, RMSEA= .079)

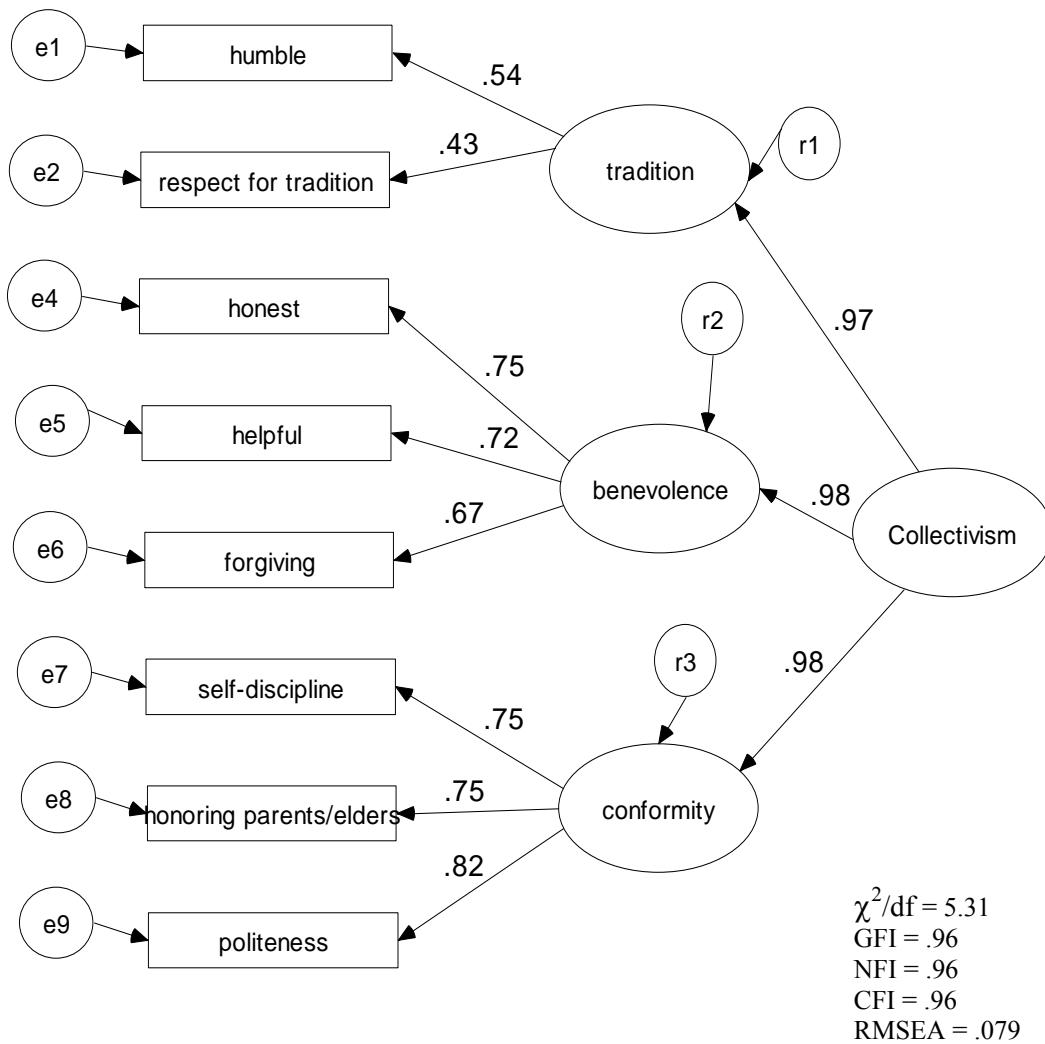


Figure 4-2. Measurement Model of Second-order Factor Structure for Collectivism

Measurement Model of Materialism

The three-dimensional structure of the materialism scale did not appear in the exploratory factor analysis, but was confirmed in the second-order confirmatory factor analysis. Although the various fit indexes for the initial model (GFI =.93, CFI =.94, NFI =.94, RMSEA = .08) were beyond satisfactory level and revealed the model fit the data well, there was still some evidences of misfit in the model. In reviewing these misspecification statistics, it showed that the model could be further improved if the item of “I enjoy spending money on things that aren’t practical” was deleted. The improvement of the model fit after the item deletion was evident by improved CFI value of .98 (vs. .94), NFI value of .98 (vs. .94), and the drop in RMSEA (.06 vs. .08) value. The measurement model parameter estimates for materialism is shown in Table 4-9. The measurement model of second-order factor structure for materialism is presented in Figure 4-3.

Table 4-9. Second-order Measurement Model Parameter Estimates for Materialism

Construct/ Item	Construct	Standardized Estimate	Unstandardized Estimate	Standard Error	t- value
First-order analysis					
success	<--- materialism	1.04	1.01	0.06	18.32
centrality	<--- materialism	1.04	1.00	0.05	18.50
happiness	<--- materialism	1.02	1.25	0.05	26.11
Second-order analysis					
suc3	<--- success	0.62	1.00		
suc2	<--- success	0.68	1.11	0.07	15.30
suc1	<--- success	0.62	0.86	0.06	14.26
cen2	<--- centrality	0.62	1.00		
cen1	<--- centrality	0.61	0.92	0.06	14.26
hap3	<--- happiness	0.75	1.00		
hap2	<--- happiness	0.62	0.76	0.05	17.04
hap1	<--- happiness	0.81	0.89	0.04	21.69

$\chi^2/df = 3.50$, NFI = .98, CFI = .98, RMSEA = .06

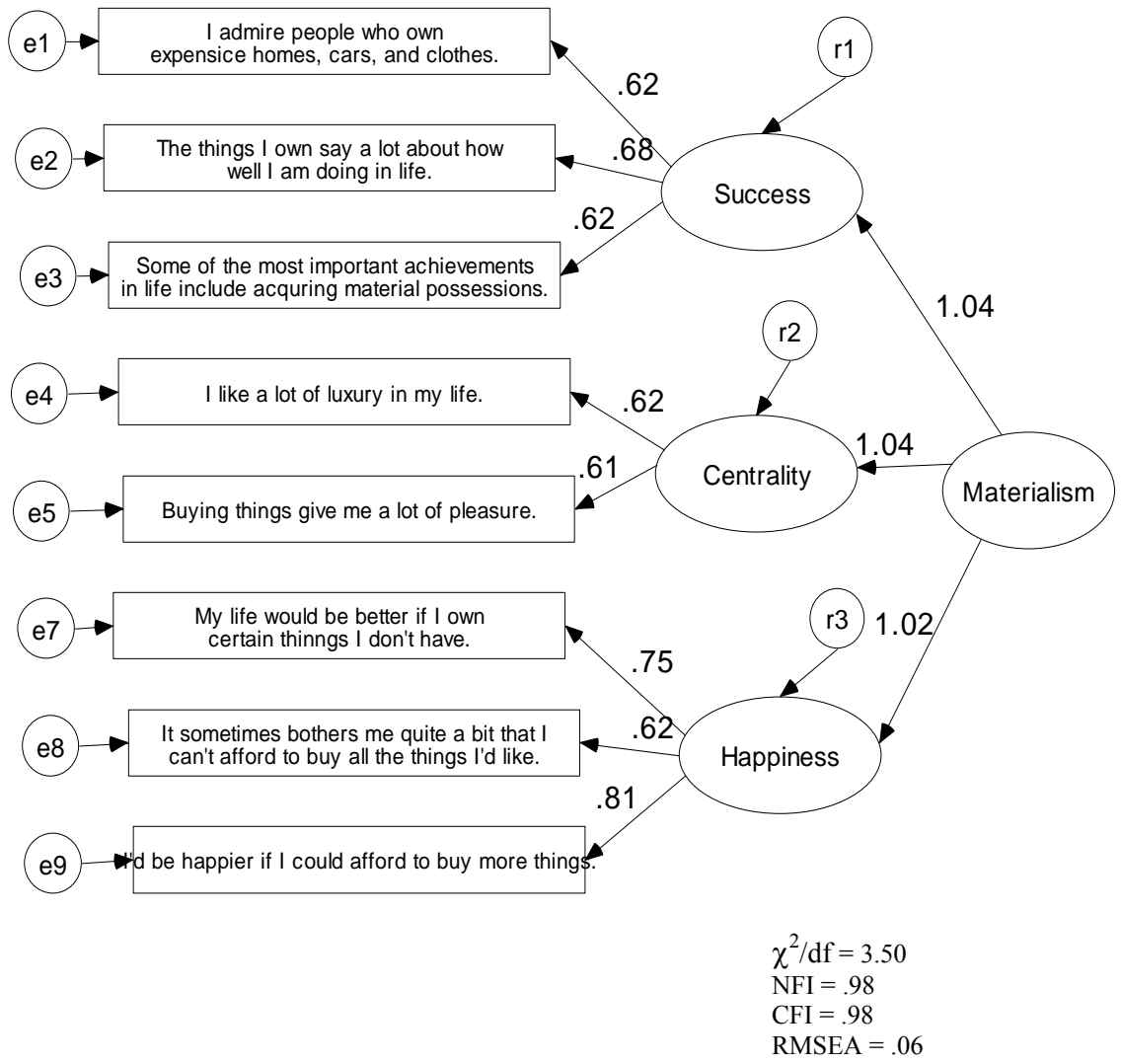


Figure 4-3. Measurement Model of Second-order Factor Structure for Materialism

Measurement Model of Consumption Values

The four dimensions of consumption values (i.e., functional value, social value, emotional value, and epistemic value) were estimated through second-order confirmatory factor analysis. The item “they make me feel sophisticated” was dropped from further analysis because the factor loading to the expected factor was lower than 0.6. A reviewing of the goodness-of-fit statistics ($\chi^2/df = 4.58$, NFI = .95, CFI = .96, RMSEA = .09) of the final model revealed the indices generally exceed the acceptable level although the RMSEA was somewhat above the recommended level of .08. The results of the measurement model showed that factor loadings and variance and covariances were both rational and statistically significant. The measurement model was considered to present the structure of consumption values well. The measurement model parameter estimates for consumption values is shown in Table 4-10. The measurement model of second-order factor structure for consumption values is presented in Figure 4-4.

Table 4-10. Second-order Measurement Model Parameter Estimates for Consumption Values

Construct/ Item	Construct	Standardized Estimate	Unstandardized Estimate	Standard Error	t- value
First-order analysis					
function value	<--- consumption value	0.82	0.73	0.06	11.26
emotional value	<--- consumption value	0.88	0.92	0.07	13.14
social value	<--- consumption value	0.88	0.96	0.08	12.46
epistemic value	<--- consumption value	0.81	0.71	0.08	9.47
Second-order analysis					
fuva1	<--- function value	0.60	1.00		
fuva2	<--- function value	0.62	0.94	0.09	10.47
fuva3	<--- function value	0.63	0.99	0.10	10.14
sova1	<--- social value	0.77	1.00		
sova2	<--- social value	0.67	0.95	0.07	13.87
sova3	<--- social value	0.71	1.03	0.08	13.15
emva1	<--- emotional value	0.82	1.00		
emva2	<--- emotional value	0.66	1.20	0.09	12.81
epva1	<--- epistemic value	0.56	1.00		
epva2	<--- epistemic value	0.83	1.25	0.12	10.10

$\chi^2/df = 4.58$, NFI = .95, CFI = .96, RMSEA = .09

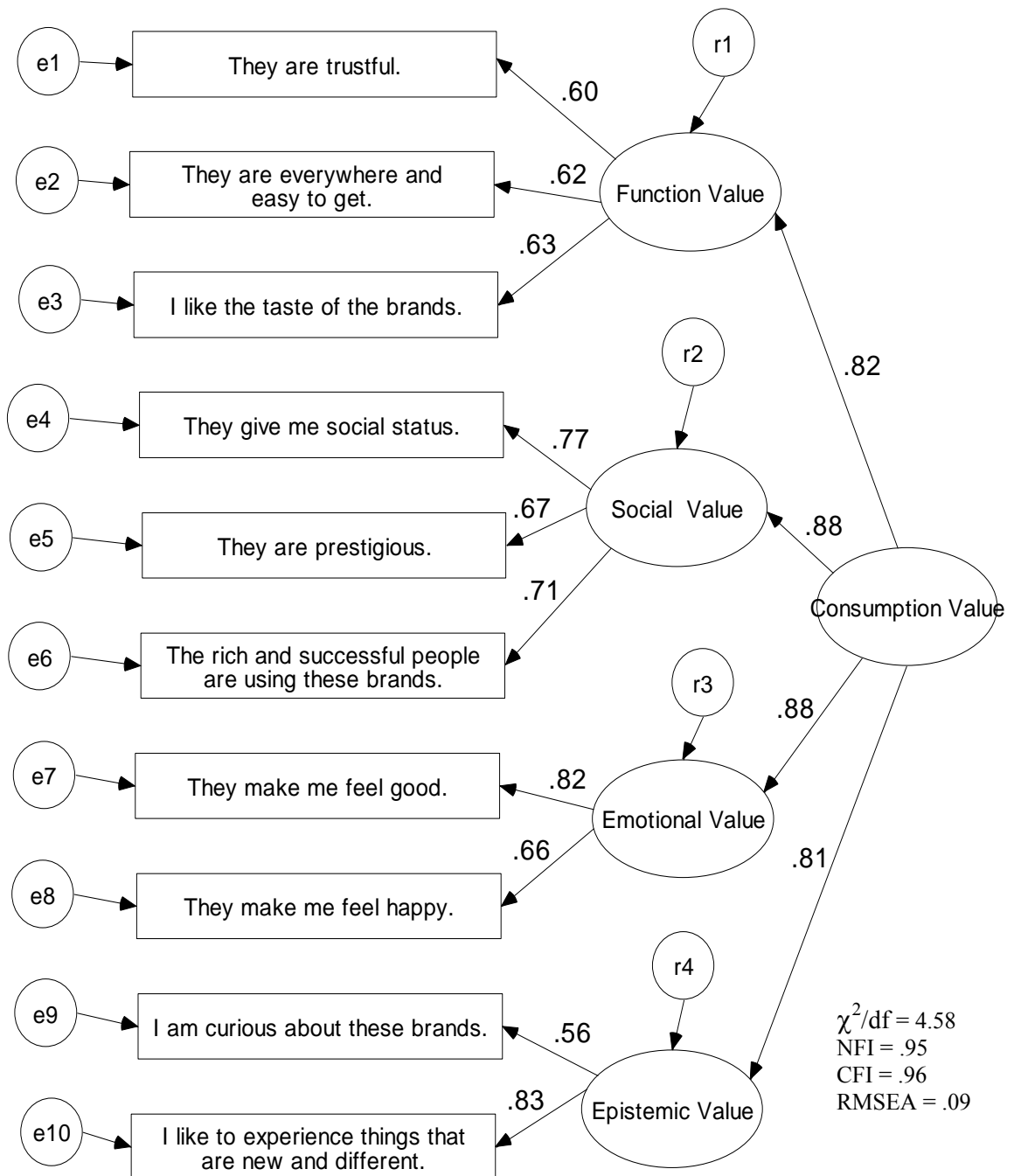


Figure 4-4. Measurement Model of Second-order Factor Structure for Consumption Values

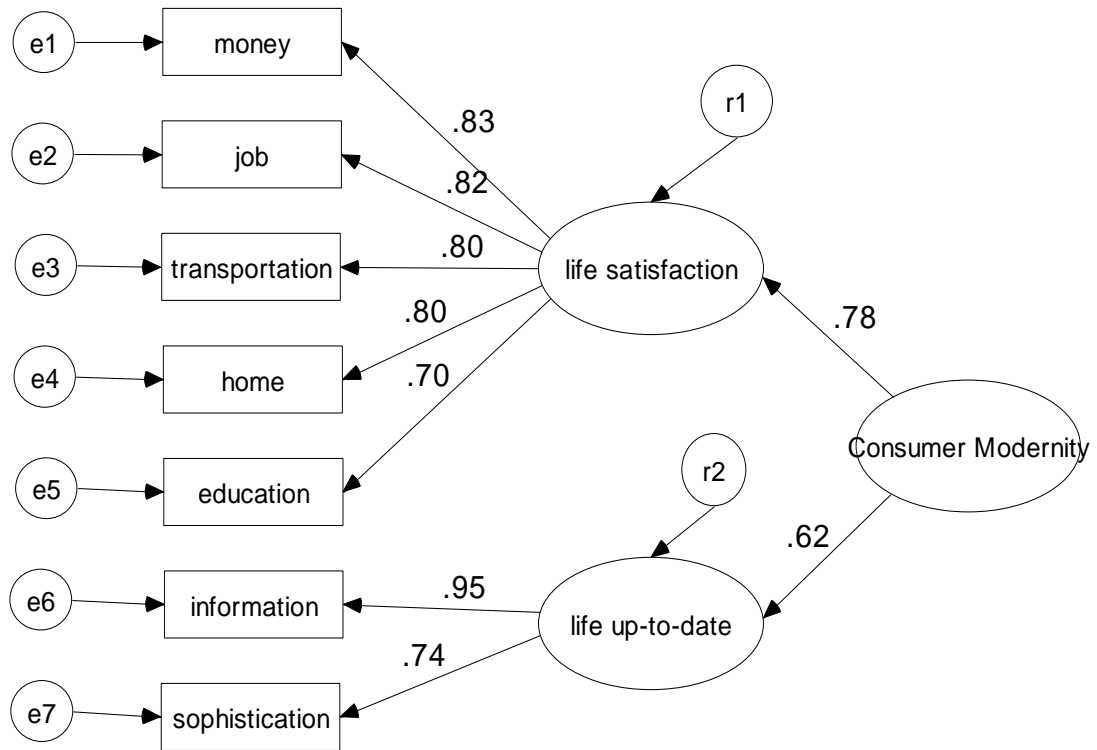
Measurement Model of Consumer Modernity

The same procedure was used to estimate the two-dimensional structure of consumer modernity (i.e., life satisfaction and life up-to-date). Although the χ^2/df was beyond the satisfactory level of 5 and RMSEA was a little higher than .08, other goodness-of-fit statistics (GFI = .95, NFI= .96, CFI =.96) suggested the data fitted the measurement model fairly well. All factor loadings were above .60 and were statistically significant. The measurement model parameter estimates for consumer modernity are shown in Table 4-11. The measurement model of second-order factor structure for consumer modernity is presented in Figure 4-5.

Table 4-11. Second-order Measurement Model Parameter Estimates for Consumer Modernity

Construct/ Item		Construct	Standardized Estimate	Unstandardized Estimate	Standard Error	t- value
First-order analysis						
life satisfaction	<---	consumer modernity	0.78	0.98	0.08	12.84
life up-to-date	<---	consumer modernity	0.62	0.63	0.08	7.45
Second-order analysis						
money	<---	life satisfaction	0.83	1.00		
job	<---	life satisfaction	0.82	0.91	0.04	20.68
transportation	<---	life satisfaction	0.80	0.87	0.04	
home	<---	life satisfaction	0.80	0.90	0.05	20.00
education	<---	life satisfaction	0.70	0.76	0.05	16.67
sophistication	<---	life up-to-date	0.74	1.00		
information	<---	life up-to-date	0.95	1.31	0.13	10.40

$\chi^2/df = 6.22$, GFI = .95, NFI = .96, CFI = .96, RMSEA = .10



$\chi^2/df = 6.22$
 GFI = .95
 NFI = .96
 CFI = .96
 RMSEA = .10

Figure 4-5. Measurement Model of Second-order Factor Structure for Consumer Modernity

Validity and Reliability of the Measurement Scales

The convergent validity of the measurement items was examined in terms of their factor loadings and the average extracted variances. In this research, all factor loadings to their respected constructs were higher than the marginal acceptable level of 0.50, with the exception of “respect for tradition” in the collectivism scales. In each case, the t-values were significant at the 0.01 level. The average extracted variances exceeded the recommended standard of 0.5. The item “respect for tradition” was retained because the deletion would result in unacceptable model fit.

The internal consistency reliability of items was accessed by the Cronbach alpha. In this research, the Cronbach alphas ranged from 0.70 to 0.89 for all multiple item constructs. The results indicated that the items representing constructs in the measurement model had good construct validity and reliability.

Structural Equation Modeling Analysis

The purpose of the structural model is to define the relations among the unobserved latent variables, so it specifies which latent variables directly or indirectly influence changes in the values of other latent variables in the model. The structural equation modeling analysis was employed in this research to test the structural relationships of Chinese consumers’ value systems, consumption values and modern consumption behavior. The conceptual model (Figure 2-2) was converted to the hypothesized model (Figure 4-6) under structural equation modeling notation. In the

hypothesized model, individualism and collectivism were treated as exogenous latent variables; while materialism, consumer modernity, and modern consumption behavior were regarded as endogenous latent variables.

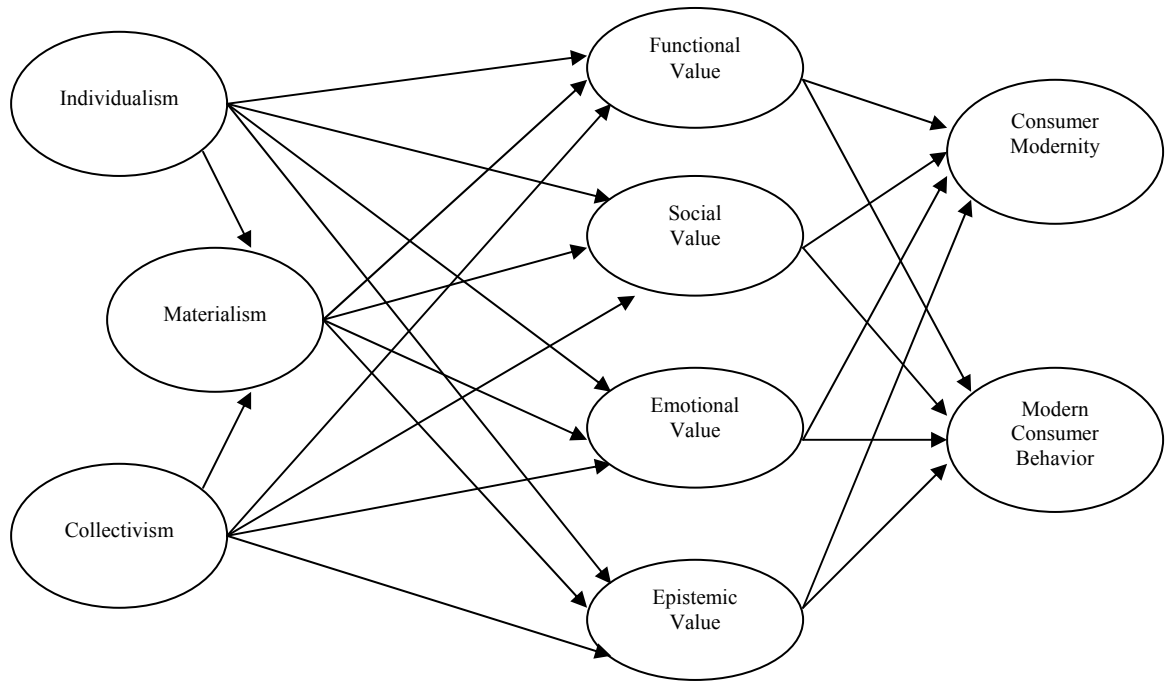
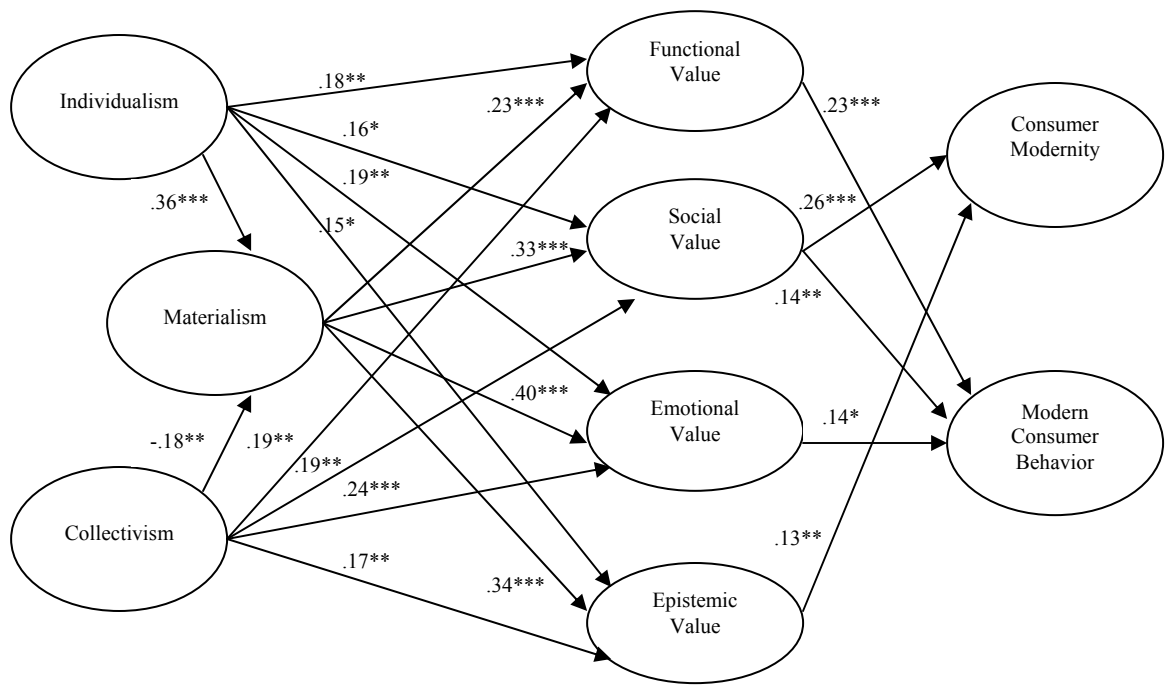


Figure 4-6. Hypothesized Model of Chinese Consumers Value Systems, Consumption Values and Modern Consumption Behavior

Results of the initial structural equation modeling showed that the model was not well-fitting. A review of the modification indices (MIs) revealed some evidence of misfit in the model. The largest of MIs was found associating correlations between constructs individualism and collectivism. The path of correlation between individualism and collectivism was added based on Tocqueville's (1945) argument that that an individual

promotion of the self could be compatible with a personal dedication to the community. The correlations between individualism and collectivism were also confirmed in Chan's (1994) and Watson and Morris's (2002) research. After adding a correlation path and deleting several paths that were not statistically significant (i.e., functional value → consumer modernity; emotional value → consumer modernity; epistemic value → modern consumption behavior), the overall model fit was significantly improved.

Although the CFI (.91) was within the marginally satisfactory level, other goodness-of-fit statistics ($\chi^2/df = 4.90$, NFI=.93, RMSEA = .07) suggested that the model was relatively well-fitting. The final structural model of Chinese consumer' value systems, consumer values, and modern consumption is shown in Figure 4-7, and a summary of standardized path coefficients of the structural model is presented in Table 4-12.



$\chi^2/df = 4.9$
 NFI = .93
 CFI = .91
 RMSEA = .07

Figure 4-7. The Final Structure Model of Chinese Consumers' Value System, Consumption Values and Modern Consumption Behavior

Table 4-12. A Summary of Standardized Path Coefficients in Structural Model

Construct	Path	Construct	Path Coefficient
individualism	→	materialism	.36***
collectivism	→	materialism	-.18**
individualism	→	functional value	.18**
individualism	→	social value	.16*
individualism	→	emotional value	.19**
individualism	→	epistemic value	.15*
collectivism	→	functional value	.19**
collectivism	→	social value	.19**
collectivism	→	emotional value	.24***
collectivism	→	epistemic value	.17**
materialism	→	functional value	.23***
materialism	→	social value	.33***
materialism	→	emotional value	.40***
materialism	→	epistemic value	.34***
social value	→	consumer modernity	.26***
epistemic value	→	consumer modernity	.13**
functional value	→	modern consumer behavior	.23***
social value	→	modern consumer behavior	.14**
emotional value	→	modern consumer behavior	.14*

*** P < .00, ** p < .01, * P < .05

Hypotheses Testing

The hypothesized relationships were tested through examining the path coefficients in the hypothesized model of the Chinese consumers' value systems, consumption values and modern consumption behavior. As shown in table 4-13, which presents the results of hypotheses testing, all the paths among cultural-social value factors and consumption value factors were statistically significant, while some paths among consumption values factors and modern consumption behavior factors were not significant.

The result of this study supported hypotheses 1 and hypotheses 2, which posited that individualism would be positively related to materialism, and collectivism would be negatively related to materialism respectively. As expected, the path between individualism and materialism was statistically significant and positive ($\beta = .36^{***}$), and the path between collectivism and materialism was significant and negative ($\beta = -.18^{**}$).

The results of this study fully supported hypotheses 3, but did not support hypotheses 4. Hypotheses 3 proposed that that individualism would be positively related to consumption values of (a) functional value, (b) social value, (c) emotional value, and (d) epistemic value. Hypotheses 4 expected that collectivism would be negatively related to consumption values of (a) functional value, (b) social value, (c) emotional value, and (d) epistemic value. Individualism was found significant and positively related to all consumption values of functional value ($\beta = .18^{**}$), social value ($\beta = .16^*$), emotional value ($\beta = .19^{**}$), and epistemic value ($\beta = .15^*$). In contrast with the hypothesized

negative relationship between collectivism and consumption values, collectivism was found significant and positively related to consumption values of functional value ($\beta = .19^{**}$), social value ($\beta = .19^{**}$), emotional value ($\beta = .24^{**}$), and epistemic value ($\beta = .17^{**}$). When examining the path coefficients between individualism and consumption values versus the path coefficients between collectivism and consumption values, it was found that the relationships between collectivism and each of the four consumption values (e.g., $\beta = .19^{**}$ vs. $\beta = .18^{**}$, $\beta = .19^{**}$ vs. $\beta = .16^*$, $\beta = .24^{***}$ vs. $\beta = .19^{**}$, $\beta = .17^{**}$ vs. $\beta = .15^*$) were stronger than that of individualism and consumption values.

Hypotheses 5 posited that materialism would be positively related to consumption values of (a) functional value, (b) social value, (c) emotional value, and (d) epistemic value. The hypothesized positive relationships between materialism and consumption values were fully supported in this study. Materialism was found to significantly and positively influence consumption values of functional value ($\beta = .23^{***}$), social value ($\beta = .33^{**}$), emotional value ($\beta = .40^{***}$), and epistemic value ($\beta = .34^{***}$). The impact of materialism on consumption values was some what stronger than the effect of individualism and collectivism on consumption values. All the path coefficients between materialism and consumption values (e.g., $\beta = .23^{***}$, $\beta = .33^{**}$, $\beta = .40^{***}$, $\beta = .34^{***}$) were higher than the paths coefficients between individualism and consumption values (e.g., $\beta = .18^{**}$, $\beta = .16^*$, $\beta = .19^{**}$, $\beta = .15^*$), and the path coefficients between individualism and consumption values (e.g., $\beta = .19^{**}$, $\beta = .19^{**}$, $\beta = .24^{***}$, $\beta = .17^{**}$).

The results of this study partially support hypotheses 6 which hypothesized that consumption values of (a) functional value, (b) social value, (c) emotional value, and (d) epistemic value would be positively related to consumer modernity. Hypotheses 7 which predicted that consumption values of (a) functional value, (b) social value, (c) emotional value, and (d) epistemic value would be positively related to modern consumer behavior were partially supported. Two out of four consumption values, namely social value ($\beta = .26^{***}$) and epistemic value ($\beta = .13^{**}$) were found to significantly and positively affect consumer modernity. Three out of four consumption values, i.e., functional value ($\beta = .23^{***}$), social value ($\beta = .14^{**}$), and emotional value ($\beta = .14^*$) were significantly related to modern consumption behavior. The relationships between function value and consumer modernity (functional value \rightarrow consumer modernity), emotional value and consumer modernity (emotional value \rightarrow consumer modernity), as well as epistemic value and modern consumer behavior (epistemic value \rightarrow modern consumer behavior) were found not statistically significant.

Table 4-13. A Summary of the Hypotheses Testing Results

Hypothesized Path	Path Coefficient	Hypotheses Testing
H1: Individualism → Materialism (+)	.36***	Supported
H2: Collectivism → Materialism (-)	-.18**	Supported
H3a: Individualism → Functional Value (+)	.18**	Supported
H3b: Individualism → Social Value (+)	.16*	Supported
H3c: Individualism → Emotional Value (+)	.19**	Supported
H3d: Individualism → Epistemic Value (+)	.15*	Supported
H4a: Collectivism → Functional Value (-)	.19**	Not Supported
H4b: Collectivism → Social Value (-)	.19**	Not Supported
H4c: Collectivism → Emotional Value (-)	.24***	Not Supported
H4d: Collectivism → Epistemic Value (-)	.17**	Not Supported
H5a: Materialism → Functional Value (+)	.23***	Supported
H5b: Materialism → Social Value (+)	.33***	Supported
H5c: Materialism → Emotional Value (+)	.40***	Supported
H5d: Materialism → Epistemic Value (+)	.34***	Supported
H6a: Functional value → Consumption Modernity (+)		Not Supported
H6b: Social Value → Consumer Modernity (+)	.26***	Supported
H6c: Emotional Value → Consumer Modernity (+)		Not supported
H6d: Epistemic Value → Consumer Modernity (+)	.13**	Supported
H7a: Functional Value → Modern Consumption Behavior (+)	.23***	Supported
H7b: Social Value → Modern Consumption Behavior (+)	.14**	Supported
H7c: Emotional Value → Modern Consumption Behavior (+)	.14*	Supported
H7d: Epistemic Value → Modern Consumption Behavior (+)		Not Supported

CHAPTER V. DISCUSSION, IMPLICATIONS, AND CONCLUSIONS

This chapter is presented in three sections. The first section discusses the findings of this study. The second section summarizes the results and provides managerial implications. The third section addresses the limitations and recommendations for future study.

Discussion

This study attempted to determine the effects of underlying cultural-social values on the consumption values in the changing Chinese society. In addition, this research sought to examine the influence of consumption values on Chinese consumers' modern consumption behavior. In this section, the results of hypotheses testing and other findings are discussed to provide more evidence that the value systems affect consumption behavior through mediating factors of consumption values.

Individualism, Collectivism, and Materialism

Earlier cross-cultural studies (e.g., Hofstede, 1980; Triandis, 1995) have suggested that Chinese society is a collectivistic society, in which individuals pay more attention to in-group goals, but less consideration for personal goals. This study compares Chinese consumers' individualistic values and collectivistic values. It was found that modern Chinese in this study are pursuing individualistic goals of self-

direction, achievement, stimulation, power, and hedonism, as well as collectivistic goals of conformity, benevolence, and tradition. This finding is contradictory with traditional thoughts (e.g., Hofstede, 1980; Triandis, 1995) that the Chinese are high on concern of the group and low on individual priorities. However, these findings are comparable with the findings of Feather (1986); Lau (1988); Stipek, Weiner & Li (1989); and Lau (1992) that Chinese society is, indeed, both collectivistic and individualistic.

Materialism is the result of economic development (Tse et al. 1988) and is highly associated with individualism. The tendency that China is moving toward a materialistic society has been captured by Tse et al. (1989), Ting and Chui (2000), and Weber (2002). However, the results of this study reveal that Chinese consumers in Shanghai, consistently rated lower on materialistic value scales compared to individualistic and collectivistic values scales. This result can be explained in that materialistic values are still regarded as disagreeable values in Chinese society. Therefore, many people express their reservation about materialistic values even though they may be engaged with material acquisitions and possessions in their real life.

In this study, it was proposed that people who have high individualistic values would also have high materialistic values. This hypothesis was developed based on Richins and Dawson's (1992), Wong's (1997), and Keng et al.'s (2000) studies. Richins and Dawson's (1992) study showed that individuals who had a higher level of materialism were more likely to emphasize individualistic values of self-fulfillment, enjoyment and self-respect than were persons with low levels of materialism. Similar

findings were identified in Wong's (1997) and Keng et al.'s (2000) research. The significant positive relationship between individualism and materialism was supported in this study. Chinese consumers with higher levels of individual orientation were found to place a greater emphasis on the acquisition and possession of material objects.

In terms of the relationship between collectivism and materialism, it was posited that collectivistic values, such as benevolence, tradition and conformity, held by Chinese consumers would have significant negative effects on their materialistic values of success, centrality and happiness. This expectation was based on previous research of Wong (1997) and Keng et al. (2000), in which materialism was found to be negatively related to such collective-oriented values as benevolence, conformity, and universalism. The negative relationship between collectivism and materialism was supported in this research. Respondents who respected tradition and were concerned more about the welfare of other people were found less to care less about the acquisition and possession of material objects.

Individualism, Collectivism, and Consumption Values

This study hypothesized that individualism (i.e., power, achievement, hedonism, stimulation, and self-direction) would be positively related to consumption values of functional value, social value, emotional value, and epistemic value, and collectivism (i.e., tradition, benevolence, and conformity) would be negatively related to consumption values of functional value, social value, emotional value, and epistemic value, These

hypotheses were developed based on research by Kim et al. (2002), and Gary et al. (2002). The expected positive relationships between individualism and consumption values are fully supported in this study. But the expected relationships between collectivism and consumption values were not supported. Indeed, collectivism was found to be positively related to consumption values. This result indicates that consumption values are important consumer attributes, which need to be fulfilled through different dimensions for both individualistic and collectivistic consumers.

When comparing the consumer group who had a high level of individualistic values with group that was high in collectivistic value, it was found that, generally, collectivists held stronger connections with each of the four consumption values (i.e., functional, social, emotional and epistemic value) than did the individualists. This finding strongly supports Sin et al.'s (2001) research on Chinese women's role and consumption values. Their research found that the individualists had the lowest scores on any consumption value scales across all three product types of dresses, refrigerators, and donations, such as instrumental, social, and aesthetic values, these value scales are similar to functional, social, emotional or epistemic values in this study. The stronger value-attribute relationship among collectivists as compared to individualists was suggested by Gregory et al. (2002), and can be explained as follows: collectivists tend to place great importance of self-identity within groups while individualists only consider personal goals. Therefore, the value-attribute relationship should be stronger when the subject's attribute, such as consumption value, serves as a social-identity function. This result

implies that collectivistic consumers may achieve more consumption value through the purchase of foreign brand products or service than do individualistic consumers.

In regarding of consumers' attitudes toward consumption values, it is interesting to know that the individual-oriented respondents were comparable to the collectivistic-oriented respondents in putting more emphasis on emotional value than on functional and social values, and are least concerned with the epistemic value. This result is contrast with previous findings by Sin and Yau (2001) that both individualists and collectivists treasured instrumental or functional value as more important than social value, but gives more evidence of Belk's (1988) argument that developing cultures are acquiring hedonistic consumption (e.g., fun and pleasuring shopping) more rapidly than is the case in western society. The implication of this finding is that no matter the individuals' difference in social values (collectivistic value vs. individualistic value), the achievement of emotional value in foreign-brand purchase is more important than other consumption values, such as functional or social values, while the epistemic value is of least value to be accomplished through the purchase of foreign brand products or services.

Materialism and Consumption Values

This study proposed a positive relationship between materialism and consumption values, which is based on studies of materialism by Richins (1995), Holt (1995), Wong (1997), and Tatzel (2002) which found that high materialism was associated with utilitarian meanings and conspicuous consumption, but not with pleasure-oriented

activities. The results of the present research fully support the positive relationships between materialism and consumption values. Materialism was found to be more highly associated with emotional value than any other consumption value, such as functional, social and epistemic values, while functional value was the construct that was least influenced by materialism. This result partially supports Tatzel's (2002) materialism research, which argued that high material-oriented people were more involved with status consumption and the aesthetic product purchase, while those low in materialistic value tended to place greater value on experiential or pleasure-oriented activities. The results of the current study indicate that the purchase of foreign brand products/service behavior can provide materialistic consumers the opportunity to realize different consumer values associated with these products or services. For materialistic consumers, emotional value is the most important attribute, social value is as important as epistemic value, but functional value is the least concern to them. This result indicates that emotional attributes are more appealing to material-oriented consumers than any other attributes when they are engaged in foreign product purchase. Social value and epistemic value are also very important, but functional value is not as important to materialistic consumers.

The results of the present study also suggest that people high in materialistic value generally have stronger positive relationships associated with all four consumption values than do individualistic-oriented and collectivistic-oriented individuals. This finding can be explained that since materialists use material acquisition and possessions as indicators

of success and achievement in life, they are more likely than individualists and collectivists to purchase foreign products or services to satisfy their consumption values.

Consumption Values and Consumer Modernity

This research hypothesized that consumption values would be positively related to consumer modernity. The positive relationship between consumption values and consumer modernity was partially supported. Social value and epistemic value were found to be significantly and positively associated with consumer modernity, but functional and emotional values did not have a statistically significant relationship to consumer modernity. Social value exhibited a stronger relationship to consumer modernity than did epistemic value. This finding suggests that Chinese consumers are more likely to be satisfied with their current life situation and view themselves as modern consumers when they purchase foreign products and services to fulfill their social values, rather than fulfilling their epistemic values.

Consumption Values and Modern Consumption Behavior

This study hypothesized a significant relationship between consumption values and modern consumer behavior. The hypothesized relationships were partially supported in this study. Three out of four consumption values, namely functional value, emotional value and social value were found to be significantly and positively related to modern consumption behavior; epistemic value was not statistically significantly related to

modern consumption behavior. This result supports Eckhardt and Houston's (1998) research that Chinese consumers use high profile brand names for the reason of securing the right choice rather than for symbolic or status motivations. It is also consistent with Kim et al.'s (2002) finding that Chinese consumers were more likely to satisfy their desire through functional needs, but not through experiential or epistemic needs.

Earlier researchers (Tse et al., 1989; Johansson & Moninpour, 1997; Kim et al. 2002) have suggested that when a nation's per capita GDP is low, and the resources in a society are limited, consumers may focus more heavily on price and performance attributes in products or brands; as more resources become available, consumers may desire more hedonic or emotional features. Hence, the results of this study can be explained as although recent economic development has improved people's incomes and standards of living, Chinese consumers are still considered have relatively low income and to have limited economic resources compared to their counterparts in developed countries. Hence, most Chinese consumers choose to purchase foreign products or services because they are trustful or have good quality. As more Chinese consumers take the great advantage from economic successes and become more affluent and modern, they may become more involved in hedonic and emotional shopping.

Implications and Conclusions

The primary objective of the current study was to examine how Chinese consumers' changing value systems affect their modern consumption behavior through mediating variables of consumption values. More specifically, this study attempts to answer two broad questions: (1) How do the common social values that people have, for instance collectivism, individualism and materialism, influence their consumption values? And (2), how do consumption values held by consumers affect their market choices and consumer behavior? These research objectives are considered to be achieved through the investigation of Chinese consumers' changing value systems, consumption values, and modern consumption behavior.

China is traditionally regarded as a collectivistic society, in which the linkages between individuals are close and strong; people treasure tradition, benevolence, and conformity. However, as a result of economic growth and modernization processes, China is undergoing dramatic cultural and social transformation from a collectivistic to an individualistic and materialistic society. In the consumer behavior literature, cultural and social value systems are recognized as a powerful force shaping consumers' motivations, life-styles, and market choice (Tse et al., 1989), while middle-class consumers are an important social group that influences a society by providing patterns and standards of consumption for others to emulate. The examination of the value system among Chinese middle-class consumers provides evidence that underlying

cultural and social values greatly affect individuals' consumption behavior, and the consumption values play a mediating role in the value-behavior relationships.

The current study found that modern Chinese consumers are pursuing individualistic goals of self-direction, achievement, stimulation, power, and hedonism, as well as collectivistic goals of conformity, benevolence, and tradition. Many people are reluctant to express their emphasis on materialistic value even though they may engage in acquisition of material acquisitions and possessions in their real life. Individualism was found to be positively related to materialism, while collectivism was negatively associated with materialism.

This research found that individualism and collectivism, as well as materialism are positively related to all consumption values of functional value, social value, emotional value, and epistemic value. The implication of this finding is that no matter the individuals' differences in social values (e.g., collectivistic vs. individualistic, or materialistic), consumption values are important consumer attributes and can be fulfilled from different dimensions through the purchase of foreign products and services.

In regarding the relationships among cultural values and consumption values, some of the findings are notable and are listed as follows: (1) collectivists hold stronger connections with each of the four consumption values than do individualists, (2) individualistic-oriented individuals are comparable to collectivistic-oriented people in putting more emphasis on emotional value than on functional, social, and epistemic values, (3) people high in materialistic value generally had stronger positive relationships

with all four consumption values than did individualistic-oriented and collectivistic-oriented individuals, and (4) for materialistic consumers, emotional value is the most essential attribute, social value is as important as epistemic value, but functional value is the least concern to them.

Compared with all the significant relationships between cultural-social value factors and consumption value factors, some of the relationships between consumption values and modern consumption are not significant. Social and epistemic values were found to relate to consumer modernity positively; functional, emotional and epistemic values were found to significantly affect modern consumption behavior. The stronger influence of social value than epistemic value suggests that people are more likely to be satisfied with their current life situation or view themselves as modern consumers when they purchase foreign products and services to fulfill their social value. Chinese consumers in the current study were more likely to satisfy their desire through functional needs, but not through experiential or epistemic needs.

Hofstede (1980) suggested that individualism is closely associated with national wealth, gross national product, and other factors that are related to modernization. Triandis (1995) argued that shifts from collectivism to individualism are influenced and mediated by affluence, exposure to mass media, and modernization. Hence, it is expected that more and more individuals will become more individualistic and materialistic as the result of economic growth and modernization processes. Since generally both individualists and materialists tended to put more emphasis on emotional

value, marketers should develop market strategies emphasizing the emotional appeal, for instance design a fun store-setting or window display, to appeal to the hedonic or emotional attributes of young individualistic and materialistic consumers. Given that functional value was still the most important attribute associated with foreign brand purchases, retailers should promote their products' superior quality over domestic products to encourage more foreign product purchase.

In summary, as the marketing world moves forward toward globalization, and as new markets open up and develop, it is crucial for marketers to understand the cultures and consumer behavior in new marketplaces. China is attractive for most multinational-corporations because it is a nation that has enjoyed the world's fastest-growing economy in recent years, and represents the biggest potential consumer market in the world. Meanwhile, China is also undergoing a major social and cultural transformation from a more collectivistic society to a more individualistic and materialistic society. This research examined the value system of a sample of Chinese middle-class consumers in China's biggest and wealthiest city. Findings of the research provide more evidence that underlying cultural and social values greatly affect individuals' consumption behavior, and the consumption values play a mediating role in the value-behavior relationships. It is believed that this research will provide insights of changing consumer behavior, which will help multinational marketers develop effective market strategies to serve China's big market. The current research will also benefit Chinese consumers by improving their

standards of living through increased availability of wider assortments of products and services to meet the value systems of these consumers.

Limitations

While this study examined the value systems and consumption behavior of a sample of middle-class Chinese consumers, the results need to be interpreted in the context of some limitations.

The sample employed in this study is limited to middle-class consumers living in metropolitan Shanghai. Compared to Chinese national population statistics, the respondents in this study are relatively young, well-educated and have higher incomes. Although this demographic reflects the characteristics of middle-class consumers, the results in this study can not be generalized to all Chinese consumers since consumption behavior varies greatly according to regions in China.

This research utilized the self-administered survey method. Although the self-reported convenience sample method is broadly used in social science and consumer behavior research, subject-reported data may be biased because it is subject to the fallibility of people's memories, idiosyncratic scale use, and even deliberate alteration through social desirability (Bhatnagar & Chose, 2004; Liu, 2004). For instance, the current research found that the Chinese consumers in this sample consistently rate materialistic values (i.e., success, centrality, and happiness) lower than individualistic and collectivistic values. Is this phenomenon attributed to the restrictive expression towards

materialism in Chinese society, or should it attributed to other factors, such as the self-reported research method? These findings need to be further explored in future research.

While most of the measurement scales used in the current research, namely Schwartz and Bilsky's (1990, 1992) individualism and collectivism scales, Richins and Dawson's (1992) materialism scales, and Sheth et al.'s (1991a, 1991b) consumption scales, have been tested for reliability by previous research, some of the measures (e.g., consumer modernity scales) were developed in this study to achieve the research objective. Therefore, the reliability of these scales need to be tested in a broader context in future studies.

Recommendations for Future Study

Though values have been studied in different areas of applied psychology, few studies have investigated the relationship of cultural and social values to consumer behavior. This study helps to fill this gap by examining how Chinese consumers' changing value system affects their modern consumption behavior. However, the following areas of research should provide researchers insight into the changing Chinese consumer values, value systems, and modern consumption behavior.

This current research examined Chinese middle class consumers' value system and their consumer behavior. The values and consumption behavior model developed in this study can be employed to examine the difference of values and consumer behavior among different social groups. For instance, how do urban consumers who are relatively

wealthy, young and well-educated differ from rural consumers in their social values and consumption behavior.

Furthermore, this study can also be expanded to conduct cross-cultural comparisons. For example, individuals in Western society are generally considered as individual-oriented, while people in Asian countries are rather collective-oriented. Therefore, future study can examine the different impact of cultural-social values on the consumer behavior of people from Western vs. Asian societies.

This study adopted Schwartz and Bilsky (1987, 1990)'s value framework to investigate Chinese consumers' individualism-collectivism value dimensions. However, Schwartz also (1992, 1994) organized value types into the following two dimensions: the first dimension of "openness to change" versus "conservation", and the second dimension of "self-enhancement" versus "self-transcendence". In a future study, a conceptual model can be developed to examine Chinese consumers' values and value system through different value dimensions.

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Appendix A. Survey Questionnaire Developed in English

Part I. The following is a list of items that people look for or want out of life. Please study the list carefully and then rate each item on how important it is in your daily life (1 = very unimportant; 7 = very important).

	Very Unimportant				Very Important			
Creativity	1	2	3	4	5	6	7	
Authority	1	2	3	4	5	6	7	
Humble	1	2	3	4	5	6	7	
Ambitious	1	2	3	4	5	6	7	
Respect for tradition	1	2	3	4	5	6	7	
Social power	1	2	3	4	5	6	7	
Moderate	1	2	3	4	5	6	7	
Daring	1	2	3	4	5	6	7	
Honest	1	2	3	4	5	6	7	
Self-discipline	1	2	3	4	5	6	7	
Choosing own goals	1	2	3	4	5	6	7	
Honoring parents and elders	1	2	3	4	5	6	7	
Pleasure	1	2	3	4	5	6	7	
An exciting life	1	2	3	4	5	6	7	
Forgiving	1	2	3	4	5	6	7	
Enjoying life	1	2	3	4	5	6	7	
Successful	1	2	3	4	5	6	7	
Wealth	1	2	3	4	5	6	7	
Politeness	1	2	3	4	5	6	7	
Curious	1	2	3	4	5	6	7	
Capable	1	2	3	4	5	6	7	
Helpful	1	2	3	4	5	6	7	
A Varied life	1	2	3	4	5	6	7	

Part II. Please circle the number that indicates the level of your agreement with each statement (1 = strongly disagree; 7 = strongly agree).

	Strongly Disagree				Strongly Agree		
I admire people who own expensive homes, cars, and clothes.	1	2	3	4	5	6	7
My life would be better if I owned certain things I don't have.	1	2	3	4	5	6	7
Buying things give me a lot of pleasure.	1	2	3	4	5	6	7
It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	1	2	3	4	5	6	7
I like a lot of luxury in my life.	1	2	3	4	5	6	7
I'd be happier if I could afford to buy more things.	1	2	3	4	5	6	7
The things I own say a lot about how well I am doing in life.	1	2	3	4	5	6	7
I enjoy spending money on things that aren't practical.	1	2	3	4	5	6	7
Some of the most important achievements in life include acquiring material possessions.	1	2	3	4	5	6	7

Part III. How satisfied are you with your following current situation?

	Least Satisfied				Most Satisfied		
The amount of money you earn.	1	2	3	4	5	6	7
The type of job you work.	1	2	3	4	5	6	7
The transportation you use.	1	2	3	4	5	6	7
The home appliance you own.	1	2	3	4	5	6	7
The level of your education.	1	2	3	4	5	6	7
Your housing and living environment	1	2	3	4	5	6	7
Your information and media access ability	1	2	3	4	5	6	7
Your sense of sophistication and being up-to-date.	1	2	3	4	5	6	7

Part IV. In this section, we are interested in understanding your purchase behavior associated with foreign brand product purchase.

Have you purchased foreign brand products or services during a certain period of time?

(1) Yes ___

(2) No _____

If you choose “yes”, please answer following question; if you choose “no” please skip these questions and go to Part V.

Pease circle the number that indicates the level of your agreement (1=strongly disagree; 7=strongly agree).

I purchase foreign brand products because:

	Strongly Disagree				Strongly Agree			
The rich and successful people are using these brands.	1	2	3	4	5	6	7	
I like the taste of these brands.	1	2	3	4	5	6	7	
They make me feel good.	1	2	3	4	5	6	7	
They are trustful.	1	2	3	4	5	6	7	
They make me feel happy.	1	2	3	4	5	6	7	
I am curious about these brands.	1	2	3	4	5	6	7	
They give me social status.	1	2	3	4	5	6	7	
I like to experience things that are new and different.	1	2	3	4	5	6	7	
They make me feel sophisticated.	1	2	3	4	5	6	7	
They are everywhere and are easy to get.	1	2	3	4	5	6	7	
I am bored with domestic brands.	1	2	3	4	5	6	7	
They are prestigious.	1	2	3	4	5	6	7	

How many times do you think you have purchased foreign brand products or services (e.g., drinking, cellular phone, apparel/accessories, or travel) during a given time period?

- (1) None (2) one (3) Two
 (4) Three (5) Four (6) Five and above

What is the average amount do you think you spend on purchasing foreign brand products each time?

- (1) Less than 100 RMB (2) 100-400 RMB (3) 401-700 RMB
 (4) 701-1,000 RMB (5) 1,001-1,300 RMB (6) More than 1,300 RMB

Part V. Please circle one answer that best describe you.

Gender: (1) Male (2) Female

Age: (1) Under 22 (2) Age 23 - 29 (3) Age 30 - 45
(4) Age 46 - 60 (5) Age 61-75 (6) Above 75

Marriage Status: (1) Single (2) Married with no child
(3) Married with child(ren) (4) Divorced/Separated/Widow(er)

Education Level:

(1) Under high school (2) High school graduated (3) College student
(4) College/university graduated (5) Post graduate

Occupation:

(1) Government official (2) Manager
(3) Joint venture/foreign company employee (4) Professional
(5) Self-employment (6) domestic company employee
(7) Service worker (8) Student (9) Retired
(10) Stay at home not working (11) Others

Household monthly income:

(1) Under 2,000 RMB (2) 2,001 – 4,000 RMB (3) 4,001 – 8,000 RMB
(4) 8,001 – 14,000 RMB (5) 14,001-20,000 RMB (6) Above 20,000 RMB

Appendix B. Survey Questionnaire Used in this Study

第一部分：以下是一组价值观人们所追求和向往的。请仔细阅读并圈出各项在你的日常生活中的重要程度 (1=非常不重要，4=一般，7=非常重要)。

创造力	1	2	3	4	5	6	7
权力, 权威	1	2	3	4	5	6	7
谦逊	1	2	3	4	5	6	7
雄心, 野心	1	2	3	4	5	6	7
尊重传统-	1	2	3	4	5	6	7
社会影响力	1	2	3	4	5	6	7
稳健, 中庸	1	2	3	4	5	6	7
大胆创新, 敢做敢为	1	2	3	4	5	6	7
诚实	1	2	3	4	5	6	7
自律	1	2	3	4	5	6	7
选择自己的目标	1	2	3	4	5	6	7
尊重父母和老人	1	2	3	4	5	6	7
快乐, 高兴	1	2	3	4	5	6	7
激动和刺激的生活	1	2	3	4	5	6	7
宽大, 仁慈	1	2	3	4	5	6	7
享受生活	1	2	3	4	5	6	7
成功	1	2	3	4	5	6	7
富有, 财富	1	2	3	4	5	6	7
有礼貌	1	2	3	4	5	6	7
好奇心	1	2	3	4	5	6	7
有能力	1	2	3	4	5	6	7
助人为乐	1	2	3	4	5	6	7
多变化的生活	1	2	3	4	5	6	7

第二部分：请圈出你对以下各个观点的同意程度 (1=非常不同意，4=一般，7=非常同意)

	非常不同意			一般			非常同意		
我很羡慕那些拥有昂贵的房子, 车, 衣服的人	1	2	3	4	5	6	7		
如果能得到那些我没有的东西, 生活会更好	1	2	3	4	5	6	7		
购物给予我很多的快乐	1	2	3	4	5	6	7		
有时我很困扰因为我买不起我想要的东西	1	2	3	4	5	6	7		
我喜欢在我的生活里有很多奢华的东西	1	2	3	4	5	6	7		
如果我买得起更多的东西, 我会更快乐	1	2	3	4	5	6	7		
我所拥有的东西很能说明我干得有多棒	1	2	3	4	5	6	7		
我喜欢花钱买那些不太实用的东西	1	2	3	4	5	6	7		
人生中某些最重要的成就包括物质拥有	1	2	3	4	5	6	7		

第三部分：对于你目前以下的状况，你是否满意 (1=非常不满意，4=一般，7=非常满意)？

	非常不满意			一般		非常满意	
你所挣的钱	1	2	3	4	5	6	7
你的工作性质	1	2	3	4	5	6	7
你的教育程度	1	2	3	4	5	6	7
你的居住状况	1	2	3	4	5	6	7
你所使用的交通工具	1	2	3	4	5	6	7
你所拥有的家用电器	1	2	3	4	5	6	7
你接触媒体, 获得信息的能力	1	2	3	4	5	6	7
你对于时尚, 流行的感悟能力	1	2	3	4	5	6	7

第四部分：在这个部分，我们想了解您对于外国品牌的物品消费情况。

你是否考虑买或已经买外国品牌的物品？ (1) 是 (2) 否

如果你的选择是“是”，请选择下列最能代表你观点的数字 (1=非常不同意，4=一般，7=非常同意)。如果你的选择是“否”，请直接回答第五部分的问题。

我考虑买或已经买外国品牌的物品是因为：

	非常不同意			一般		非常同意	
有钱的和成功人士在用它们	1	2	3	4	5	6	7
我喜欢它们的品味	1	2	3	4	5	6	7
它们使我感觉良好	1	2	3	4	5	6	7
它们很可靠	1	2	3	4	5	6	7
它们使我高兴	1	2	3	4	5	6	7
我对它们很好奇	1	2	3	4	5	6	7
它们代表社会地位	1	2	3	4	5	6	7
我喜欢尝试新的和不同的东西	1	2	3	4	5	6	7
它们使我觉得我很时尚	1	2	3	4	5	6	7
它们到处都是, 很容易买到	1	2	3	4	5	6	7
我厌烦整天用国内牌子	1	2	3	4	5	6	7
它们代表身份	1	2	3	4	5	6	7

在过去, 你是否经常购买外国品牌的物品？

- (1) 没有 (2) 1次 (3) 2次
 (4) 3次 (5) 4次 (6) 5次以上

你平均每次花费在购买外国品牌的物品上的钱有多少？

- (1) 100 元及以下 (2) 101 - 400 元 (3) 401 - 700 元
 (4) 701 - 1,000 元 (5) 1,001 - 1,300 元 (6) 1,301 元以上

第五部分：请选择一个数字最能描述你目前的状况

- 性别： (1) 男 (2) 女
- 年龄： (1) 22 岁及以下 (2) 23 - 30 岁 (3) 31 - 45 岁
(4) 46 - 60 岁 (5) 61 - 75 岁 (6) 75 岁以上
- 教育程度： (1) 小学/初中毕业 (2) 高中毕业
(3) 大专/大学毕业 (4) 本科以上学历
- 婚姻状况： (1) 未婚 (2) 已婚有小孩
(3) 已婚没有小孩 (4) 离异/分居/丧偶
- 职业： (1) 政府官员 (2) 中高级管理人员 (3) 三资企业雇员
(4) 医生/律师/教师等 (5) 私营企业主 (6) 国有企业雇员
(7) 服务人员 (8) 学生 (9) 退休
(10) 在家不工作 (11) 其它
- 家庭月收入 (1) 2,000 元以下 (2) 2,000-4,000 元 (3) 4,001-8,000 元
(4) 8,001-14,000 元 (5) 14,001-20,000 元 (6) 20,001 元以上

再次感谢您对这次问卷调查的合作与帮助！