

The Influence of Materialism on Consumption Values: A Case of Luxury Goods

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Abstract – The objective of this research was to investigate the relationship of materialism and consumption values in the context of luxury goods purchase decisions. Following studies that have proposed that Sheth, Newman and Gross's (1991) theory of consumption values could explain luxury consumption, this research tested the effect of materialism on six consumption values. The primary research was a quantitative online survey of Thai consumers (n = 149). Correlations showed that, as expected, the consumption values were independent. However, regression showed that materialism did have an effect on values including conditional value, social value, and price value (negative). The implication of this study is that consumption values could play an intermediate role between consumer materialism and luxury purchase decisions.

Keywords: *consumption values, price value, materialism*

Introduction

This research is concerned with identifying the effect of materialism on the consumption values that relate to the purchase of luxury goods in Thailand. Thailand is Southeast Asia's largest luxury goods markets, with sales of luxury brands reaching \$2.5 billion in 2014 (Oxford Business Group, 2016). While much of this market is due to Thailand's large tourism market and related tourism spending, there is also a high rate of domestic spending on luxury goods, driven by a relatively young and well-off middle and upper class and low cost of living (particularly housing costs) in comparison to other markets (Oxford Business Group, 2016). The combination of high-end tourism and domestic demand has made Thailand one of the largest markets for entry of new luxury brands in the last several years (Oxford Business Group, 2016). The growth of the luxury market has been further bolstered by opening of luxury shopping centers and malls, such as the ICONSIAM in Bangkok, which features global luxury brands like Patek Philippe and Louis Vuitton (CPP Luxury, 2019). This indicates that luxury consumerism is a major aspect of Thai society, not just a tourism service sector. Thus, understanding why Thai consumers undertake luxury consumption is critical for understanding Thai consumer markets. However, no research has been conducted that directly addressed this question.

A common explanation for the choice of luxury goods over other goods is materialism, which is often defined as a complex of negative personality traits or with association of material consumption and outcomes like self-esteem or happiness (Graham, 1999). However, more recent research into both materialism and luxury consumption has called this simplistic relationship into question. For example, one recent theoretical investigation of materialism has suggested that it is a goal-oriented process; therefore, purchases that look outwardly similar may or may not be materialist depending on the goals of the consumer (Shrum, et al., 2013). Furthermore, a study of luxury consumption in China suggests that luxury goods are not purchased just because of materialism (Sun, Wang, Cheng, Li, & Chen, 2017). Instead, these authors argue that materialism influences specific consumption values that contribute to the choice of luxury goods, especially social value and contingent value (Sun, et al., 2017). Thus, the theory of consumption values perspective (Sheth, Newman, & Gross, 1991) is relevant to understanding material consumption because of the role of these consumption values in the context of luxury purchases. The objective of this research is to evaluate the role of materialism on consumption values in the context of luxury goods in Thailand.

Literature Review

The theory of consumption values

The theory of consumption values proposes the existence of a set of multiple, independent *consumption values* (Sheth, Newman, & Gross, 1991). Sheth, et al. (1991), who first proposed the theory, found five consumption values, including functional value, social value, emotional value, epistemic value and conditional value. Functional value is concerned with price and quality of goods, while social value relates to the social meaning of the goods. Emotional value relates to the feelings invoked by the purchase, while epistemic value is related to its novelty or curiosity. Conditional value is the contingent value of the product based on other factors such as social factors. While these definitions are good, it should be noted that the inclusion of both price and quality in a single dimension is problematic, because these are distinct aspects of value (Sánchez-Fernández & Iniesta-Bonillo, 2007).

There are two key characteristics of consumption value (Sheth, et al., 1991). First, consumption values influence consumer choices. Second, the context of the decision means that

the effect is differential – not all consumer choices are influenced in the same way by all consumption values (Sheth, et al., 1991). For example, a study of consumer choices for green products showed that epistemic value (green attitudes, and a desire for novelty and knowledge seeking) did affect purchase, but functional value did not affect this choice (Lin & Huang, 2012). In a different consumer choice context (in-game purchases in online games of different types) emotional values like enjoyment, functional values like visual authority and competency, and monetary value influenced choice (Park & Lee, 2011). Thus, there can be considerable differences in the relevance to different consumption values, which are context-specific. The implication of this context-specific nature of the theory of consumption values is that researchers need to carefully examine what kinds of external and internal conditions may influence formation of consumption values (Sheth, et al., 1991).

Materialism

Materialism is a difficult concept to define and understand, and there is no single consensus definition (Graham, 1999). However, it is common for definitions of materialism to propose that acquisition of material goods is central to the individual's self-perception of success and internal emotional states such as happiness, or that materialistic individuals are prone to personality traits like envy, possessiveness, and non-generousness (Furnham & Valgeirsson, 2007). A more recent functionalist perspective on materialism argues that materialistic behavior is goal-oriented, with the specific goal being development and maintenance of self-identity through material presentation (Shrum, et al., 2013). This model rejects the negative framing of earlier definitions of materialism, instead acknowledging that material presentation is common to everyone and materialism may serve several different motives. The authors identify six of these identity motives, including self-esteem, continuity, distinctiveness, belonging, efficacy, and meaning (Shrum, et al., 2013). The authors established general motives including identity construction, meeting basic needs, and meeting hedonic or intrinsic needs. They also identified processes based on their signaling (signaling to self, other, or not signaling). In general, they classified acquisitions that were basic and did not involve signaling as non-materialistic, while hedonic or intrinsic motivations and identity constructions that were self-signaling or other-signaling were classified as materialistic (Shrum, et al., 2013). This approach to identifying and understanding materialism is useful because it incorporates the context of different acquisitions, the needs that it fulfills, and the identity construction process rather than taking a trait-based approach, which can often lead to a priori and judgmental approaches to materialism which may be unproductive.

Materialism and consumption values in the context of luxury goods

Materialism is commonly identified as a factor in consumer choice of luxury goods and luxury brands (Sun, Wang, Cheng, Li, & Chen, 2017). For example, one author has identified luxury consumption as prestige consumption, or consumption that is intended specifically to signal a high social status (Vigneron & Johnson, 1999). Under this consumption model, materialism is strongly associated with social value (status signaling) as well as conditional value (the purchase is only valuable if it is noticed by others) (Vigneron & Johnson, 1999). Research also identifies materialism as one of the underlying traits that create consumer preferences for luxury goods (Hennigs, et al., 2012). However, this study found that while levels of materialism may be similar, the consumption values perceived by these respondents are not consistent.

There is also a role for consumption values in the choice of luxury goods, although this is a highly complex relationship. A study in China suggested that consumption values play an intermediary role between materialism and luxury consumption (Sun, Wang, Cheng, Li, & Chen, 2017). Materialism is therefore not the only factor that influences the choice of luxury

brands, although it is acknowledged to have an influence (Truong, 2010). Truong (2010) identifies two aspects of motivation for luxury goods consumption, including a personal orientation and a social orientation. Personal orientation refers to the purchase of luxury goods for internally directed goals (for example, preference for high quality or visual and aesthetic appeal) while social orientation is externally directed (for example social status and conspicuous consumption). Materialism may play more of a role in socially oriented luxury consumption than in personally oriented luxury consumption (Truong, 2010). Another study identified several different consumption values that can play a role in the choice of luxury goods (Hennigs, et al., 2012). For example, luxury goods may be viewed as having high functional value and financial value, and may also hold personal value, in addition to the social value of the luxury brand. There may also be high variability in these values from consumer to consumer (Hennigs, et al., 2012). Thus, while there is likely to be a relationship, the contextual nature of the theory of consumption values makes it uncertain what this relationship is.

Another issue is that the underlying consumption values that encourage the choice of luxury brands are not always consistent from culture to culture (Hennigs, et al., 2012). For example, a study in India showed that epistemic value and social value, as well as functional value, influenced the choice of some goods but not others, and materialism appeared to be unrelated (Eng & Bogaert, 2010). At the same time, another study identified materialism as relating to several consumption values that influenced consumer choice of luxury goods in China, including social value, emotional value (need for uniqueness), and functional value (price) (Zhan & He, 2012). A study of Islamic consumers has also shown that personal consumption values, global consumer culture, and demographics like income and gender interact even within a single culture, leading to a high variability between individuals within a given cultural group (Nwankwo, Hamelin, & Khaled, 2014). These authors investigated consumption values and purchase intentions for luxury goods in Morocco. They found that there was an effect of Islamic religious values, which discourage the purchase of luxury goods and instead emphasize functional value of purchase. However, this effect was diminished as consumer income increased, meaning that those who had higher income were increasingly less influenced by religious norms. There was also an interaction between personal consumption values and global luxury consumption culture. Additionally, there were gender differences, with women being more inclined to luxury consumption than men (Nwankwo, et al., 2014). Another investigation of gender differences in luxury consumption showed that there are underlying differences in luxury consumption values between men and women (Roux, Tafani, & Vigneron, 2017). These authors used a model of luxury consumption values that included elitism, heritage, exclusivity and refinement. They found that women were most likely to value refinement and express public self-consciousness, but men were more concerned with exclusivity and elitism, along with need for uniqueness and status consumption. Thus, while culture can be expected to influence materialism and consumption values, this relationship is complex and also interacts with factors such as demographics.

To date, there has not been a similar study for Thailand, which makes it difficult to predict the outcomes given the complexity of interactions between personal and cultural consumption values, materialism, demographics and other factors that could influence the individual choice of luxury brands.

Conceptual framework

The conceptual framework (Figure 1) demonstrates the relationships that were tested in this study. Following observations that price and value are distinct (Sánchez-Fernández & Iñiesta-Bonillo, 2007), six dimensions rather than five are used.

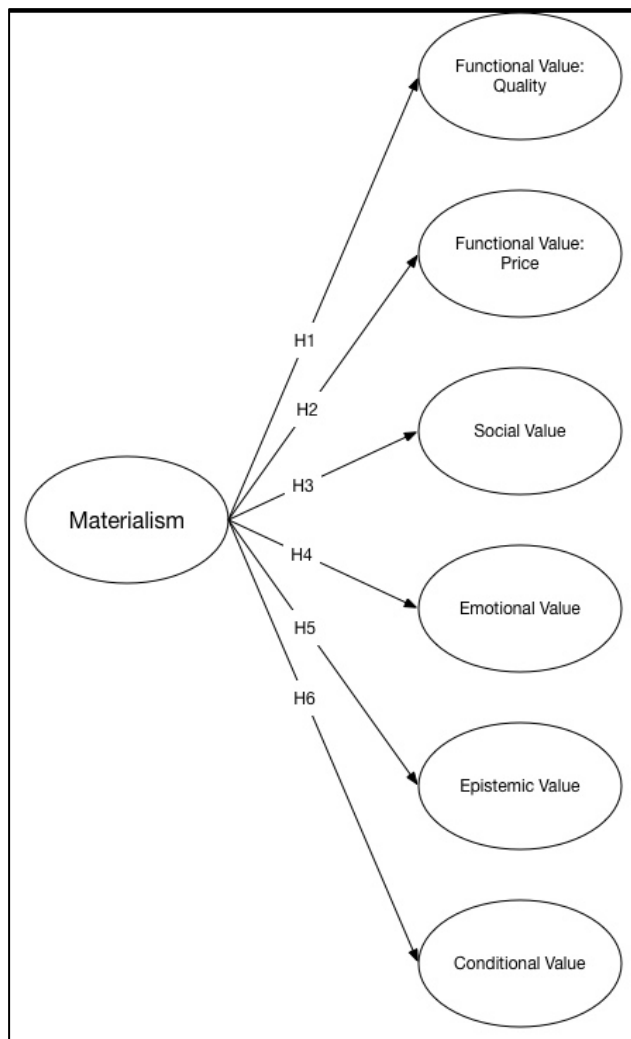


Figure 1 Conceptual framework of the study

Methodology

This research was conducted as a quantitative online survey of Thai consumers. An age-based sampling frame was applied (18+ years only) to avoid incidental inclusion of child research. Respondents were recruited from popular online forums such as Facebook groups, including a combination of luxury interest groups and more general groups (for example, general fashion groups and luxury brand-specific groups) to broaden the search. The use of an online study does exclude some respondents, especially older respondents (Toepoel, 2015), but it also allowed a wider sample, for example including respondents from both cities and provinces. The final sample size was $n = 149$.

The questionnaire measured the six consumption values (4 items each), based on Sheth, et al.'s (1991) generic instrument for consumption value measures and adapted for the purchase of luxury goods. materialism was measured using the short-form (15-item) Material Values Scale (Richins, 2004). All items were measured on a seven-point Likert scale. To test the internal consistency of these scales, Cronbach's alpha was used ($\alpha \geq .8$). All scales showed adequate internal consistency ($\alpha = .819$ to $.912$).

The analysis was conducted in SPSS. Relationships between materialism and consumption values were tested using a combination of correlation and a series of single regression tests. Correlation identified relationships between variables including consumption values, while the

single regression tests were used to investigate the mathematic relationship between variables (Peck, Olson, & Devore, 2016). Regression tests were evaluated at $p < .05$ for significance. Coefficients were evaluated based on the following rules of thumb: $<.300$ = weak; $.300-.500$ = moderate; $>.500$ = effect (Peck, et al., 2016).

Results

The correlations (Table 1) confirm that the consumption values are mostly independent; the strongest correlation is between social and conditional value ($r = .206$). There are several weak to moderate correlations with materialism, including price ($r = -.220$), social value ($r = .489$), emotional value ($r = .149$), and a strong correlation to conditional value ($r = .641$).

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) Quality	1.000						
(2) Price	-.032	1.000					
(3) Social	-.035	-.141	1.000				
(4) Emotional	-.026	-.122	.233	1.000			
(5) Epistemic	.044	-.029	-.120	-.088	1.000		
(6) Conditional	-.033	-.054	.206	.105	.058	1.000	
(7) Materialism	.025	-.220	.489	.149	.011	.641	1.000

Table 1 Correlations

The regression tests (table 2) show that in three of the models, including Quality ($F = .090$, $p = .764$), Emotional Value ($F = 3.320$, $p = .070$), and Epistemic Value ($F = .017$, $p = .895$) there was no significant effect of materialism on the consumption value. However, in the other three models there was a significant effect of materialism. These included Price ($F = 7.449$, $p = .007$), Social Value ($F = 46.224$, $p < .001$), and Conditional Value ($F = 102.674$, $p < .001$). Of these three effects, the Conditional model was the best fitted (predicting 40.7% of variance) followed by Social Value (predicting 23.4% of variance) and Price (predicting 4.2% of variance). Price was a negative coefficient, indicating an inverse relationship.

The regression results allow acceptance of H1, H4, and H5, but require rejection of H2, H3, and H6.

	Quality	Price	Social	Emotional	Epistemic	Conditional
R	.025	.220	.489	.149	.011	.641
R Square	.001	.048	.239	.022	.000	.411
Adjusted R Square	-.006	.042	.234	.015	-.007	.407
Standard Error	.769	1.368	1.010	1.291	1.092	1.102
F.	.090	7.449	46.224	3.320	.017	102.674
p	.764	.007**	.000***	.070	.895	.000***
Beta	.013	-.214	.394	.135	.008	.643

Table 2 Regressions

Note: * $p < .05$ ** $p < .01$ *** $p < .001$

Discussion

These findings identified some of the ways in which materialism influences consumption values in Thai consumers when considering luxury goods. The influence of materialism on social values is expected, given that self-presentation or construction of self-identity in a social context is often considered a motivation for materialism in the first place (Hennigs, et al., 2012; Shrum, et al., 2013; Vigneron & Johnson, 1999; Zhan & He, 2012). This is also true of conditional value, since conditional value is contingent on the specific context of purchase. While it might seem surprising that there is a negative relationship between price and materialism, this is not unreasonable, given that one of the motivations for luxury or prestige consumption is to demonstrate wealth (Vigneron & Johnson, 1999). Therefore, it is possible that highly materialistic consumers might value luxury goods *more* if they were high-priced rather than a good financial value.

Conclusion

This research investigated the effect of materialism on the formation of consumption values in relation to a specific purchase context: that of luxury goods. This study of Thai consumers showed that materialism had a particularly high effect on conditional value and social value, but had a weak negative effect on the price aspect of functional value. These findings are consistent with what was expected, given the nature of luxury consumption and the role of materialism in this consumption. Thus, this study has achieved its initial objective.

There are some opportunities for follow-up research. Following Sun, et al.'s (2017) findings, it is possible that consumption values play an intermediating role between materialism and luxury consumption in Thai consumers. However, this research did not follow through to the consumption decision itself, which offers an opportunity for further study. Another opportunity for further study is full application of Shrum, et al.'s (2013) process model of materialism to the formation of consumption values. This could offer more perspective on the role of materialism in luxury consumption by establishing the underlying goals of materialistic actions in this domain.

This research does have several limitations. The sample was selected using a self-selection process, which could lead to respondent bias. Although there was an effort to avoid only highly luxury-interested consumers by using both luxury and mainstream forums for recruitment, it is uncertain how effective this was. The sample size was also relatively small, although according to post hoc analysis by G*Power the sample size was sufficient for the regression technique selected. In future research, larger and more representative samples could provide a result that was more generalizable to the population.

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