

THE WIDE RANGING SPECTRUM OF LUXURY CONSUMERISM IN CHINA



Cand.merc.(kom.)
Kandidatafhandling

Patricia Sandra Laursen
Katrine Thamdrup

Underskrift:

Dato: 02.06.2014
Vejleder: Tilde Heding
Tegn: 272.927

Copenhagen Business School, 2014

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EXECUTIVE SUMMARY

Udgangspunktet for dette speciale har været en interesse i at udforske de særlige karakteristika, der kendetegner de kinesiske luksus forbrugere. Formålet med dette speciale har derfor været at udvikle en metode til bedre at forstå dette forbruger segment. Herunder de underliggende begrundelser for hvorfor nogen luksus brands med deres produkter og brand værdier fremstår særligt attraktive overfor kinesiske forbrugere.

For at undersøge hvilke værdier der appellerer til den kinesiske luksusforbruger, anvendes der i dette speciale kritisk diskursanalyse som den teoretiske ramme i analysen af ni interviews med kinesiske luksusforbrugere. Via Norman Fairclough's tretrinede tilgang til kritisk diskurs analyse der både tager forbehold for situationsbestemte, lingvistiske og samfundsmæssige faktorer, fremtrådte følgende værdier som de mest essentielle: kvalitet, stil, VIP oplevelser og søgen efter en bestemt livsstil.

Gennem analysen blev det desuden tydeliggjort, at faktorer såsom den enkelte forbrugers erfaring fra udlandet (i form af rejser/arbejde/uddannelse) samt deres arbejdsmæssige baggrund havde en signifikant indflydelse på opfattelsen af luksus. Derudover viste det sig afgørende, hvor længe forbrugeren har haft økonomisk adgang til luksusvarer. I takt med at forbrugers købekraft styrkes og perioden naturligt forlænges, viste der sig en tendens til at forbrugers opfattelse af luksus udvikle sig. For at uddybe og visualisere denne udvikling anvendes analysens resultater til at formulere en model, der behandler fem niveauer, som en kinesisk luksusforbruger kan gennemgå i takt med, at deres opfattelse af luksus modnes:

- Niveau 1: efterspørgsel på luksus der udstråler succes, status og rigdom.
- Niveau 2: højere grad af fokus på status og stil.
- Niveau 3: større bevidsthed om brandets historie, kvalitet og livstilen forbundet med brandet.
- Niveau 4: mere individualiseret samt større fokus på originalitet, simpelhed og spiritualitet.
- Niveau 5: abstrakt tilgang til luksus hvor immaterielle elementer som fritid og rejser ses som en luksus.

Ved at klarlægge denne udvikling bidrager dette speciale med en mere dybdegående forståelse af den kinesiske luksusforbruger, og tilsigter anvendelighed i forbindelse med at determinere hvilke niveau af kinesiske forbrugere, der vil være mest relevant for et brand at henvende sig til.

ABSTRACT

In this paper, we question how the concept of luxury is defined amongst Chinese luxury consumers, as well as which key drivers influence these consumers.

Through qualitative interviews, we have learnt that two dominating schools of thought and approaches to understanding and defining luxury exist. Amongst luxury consumers there is a constructed tension between having (owning) material objects on the one hand and being and doing (experiencing luxury) on the other – a perception much related and subject to the consumer's occupation and industry, as well as accessibility and exposure to the luxury and arts industry.

Consequently, we have introduced a framework that provides marketers with an overview of the range of perceptions within the field of luxury in China, based on factors such as accessibility, international experience and profession.

The purpose of the framework is to provide marketers with an analytical tool to gain detailed consumer insights and thus reach the most relevant groups within a specific consumer segment.

Although it may be a small analytical tool to supplement a much grander entry strategy, it is nonetheless a tool, which we argue can have a great impact on determining the success of a company that is looking to enter a new market.

1. INTRODUCTION

1.1 OPENING

"As China becomes an increasingly important part of the global economy, no investor or business leader can ignore the increasing influence of its consumers. The tastes and preferences of China's market of 1.3 billion people have the potential to sway demand and shift the trajectory of global consumer spending" (CNBC, 2011, ¶1).

China is single-handedly the world's fastest growing consumer market, which by now has immense influence on the world economy (Forbes, 2011). The Chinese consumer is like no other. Given their long and unique history, heavily influenced by an array of wars, political reforms and revolutions, as well as factors such as Confucianism and Communism – Chinese consumers are complex beings which is what makes them interesting for marketers to study.

With exponential economic growth rates, and an exceptionally fast growing middle class, there no longer seems to be any doubt of China's essential role and impact on the future of the world economy. Many foreign brands decided to enter the Chinese market already more than two decades ago, when China initially began to open up towards foreign trade – while other brands have only recently moved their business to this land of over 1.3 billion people (World Population Statistics, 2014). The increasing purchasing power furthermore makes the Chinese market an almost irresistible opportunity that could potentially lead to an enormous payoff.

However, China is a massive country, with a long and intricate history and with several regions that differ greatly by climate, economy and living standards. Hence, the complexity of the Chinese consumers should in no way be underestimated.

While many international brands have had huge success and inspired even more businesses to take the leap and enter the Chinese market – an equally large number of foreign businesses have entered the Chinese market, and failed (Bloomberg Businessweek, 2013). China is an incredibly interesting market for brand strategists to study, since the challenges seem as extensive as the opportunities.

1.2 MOTIVATION

China's growing demand for luxury goods, in particular, has been well-publicized and global luxury retailers are flocking to the country to cash in. The Chinese consumers' fascination for luxury goods is something that has motivated countless luxury brands to enter the Chinese markets - many of them having failed even with huge deficits. After having studied the Chinese market, the offset of this thesis was the perception that the likelihood of a foreign business to succeed in China, seems dependent on the company's ability to understand the Chinese market; it's immense size and regional differences, its history and the mentality of the Chinese consumers.

But what is the reason that some brands have succeeded where others have failed? What essentially appeals to the Chinese consumers and how can we learn more about Chinese consumers' approach to luxury goods?

While early movers, such as Louis Vuitton and Gucci have achieved incomparable success in the Chinese market – it seems almost impossible for new-coming luxury brands to achieve the same level of success. So why have the early entry of some brands resulted in an unavoidable benefit that seems impossible for other brands to recreate?

These were initially the questions that motivated us to focus on the subject of Chinese consumer behavior within the luxury industry. China will undeniably have a huge impact on the future of the world economy – and therefore, all companies worldwide, will at one point be confronted with question of whether or not to enter or at least conduct business with the Chinese market. Assuming that our hypothesis is right about the crucial importance of understanding the Chinese consumers, new-coming brands will have to attain a thorough knowledge of China before even estimating whether it is the right market for them – and if so, which consumers to target. Through this thesis, our goal is to contribute to an understanding of the Chinese luxury consumer and to provide scholars, marketers, and companies in general, with knowledge about the Chinese market and essentially an approach to target and eventually reach consumers in China.

1.3 PROBLEM

From an overall perspective, it seems that there are tons of published consumer reports, which give a generalized description of the Chinese consumer. Having worked with brands in China - it is our perception that many companies resort to this large-scale raw data as means to gain a quick and overall understanding of the motivation and behavior behind Chinese consumers. Subsequently, we believe that this approach is the same reason that many companies have failed to succeed in China, as they have overlooked or neglected to understand the complexity of China and its diversity. What we feel is lacking in existing literature on Chinese consumer behavior - be it luxury or any other industry - is an acknowledgment of the diversity in such a huge market, and hence an approach that more precisely aims to target efforts towards more specific consumer groups. Hence, concentrating on a specific consumer group instead of maintaining the alluring idea about targeting "the Chinese consumer" in general. As promising as it may seem to enter a market with over 1,3 billion consumers – it is our perception that these consumers are so divers that a brand might only be appealing to a minimal part of the total population.

When studying luxury consumption in China - we acknowledge that Chinese consumers are shaped by and behave according to different contextual factors. We therefore also believe that various discourses exist within the luxury industry in China and that those discourses might cover tendencies within consumer behavioral pattern. Therefore, a central objective of this thesis is to investigate how such discourses influence and relate to luxury consumption in China.

1.4 RESEARCH QUESTION

The overall objective of this paper is to provide an alternative to the mass-produced consumer reports and raw data drawn from online media and large quantitative surveys

- an alternative that takes a more nuanced approach to consumer behavior, where we question and go into depth with the motivation and mentality behind consumption patterns. Consequently, we test the functions of discourse analytical theories as well as consumer behavioral theories and aim to figure out their applicability towards unveiling the mentality and motivation behind Chinese luxury consumers.

More specifically, we will apply critical discourse theory in order to learn how Chinese consumers perceive luxury, which leads us to research question one.

Research question one:

How do Chinese consumers define luxury?

In order to answer this question, we initiate by investigating how luxury is generally perceived through existing academic literature. We then move on to conduct qualitative interviews with a selected group of Chinese luxury consumers, which we will analyze through the use of discourse analytical theory and thereby hopefully achieve a more nuanced depiction of how Chinese consumers essentially perceive luxury.

Research question two:

What are the key drivers that influence the Chinese luxury consumer?

With research question two, we aim to figure out how to utilize the knowledge we have derived from research question one, through a more practical approach to Chinese consumer behavior. Using existing consumer behavior theory, we hope to contribute with a more faceted focus on Chinese luxury consumption. We will aim to develop a tool that companies and marketers in general can utilize in order to more specifically target their communication towards Chinese luxury consumers.

It is important to mention that our findings are only meant as a small contribution to consumer research, the concept of luxury and the study of the Chinese market. What we aim to achieve with this thesis is not a full-guided 'how-to' approach, but rather a partial but important tool for market researchers - one of many tools that can be used to gather more specific information about the Chinese market. It will not be a tool that can be used single-handedly to learn about specific consumers, but rather a tool that narrows the focus and gathers a more detailed informative portrayal of a specific consumer group. We believe this is an essential part of any market research, as it allows for a more multifaceted insight into specific consumer groups - knowledge that may very well become a huge asset for the brand in question.

2. CHINA

In the following section, we will present background information essential for the further understanding of this thesis' topic, analysis and discussion parts. Firstly, we will briefly account for aspects of China's history, economic development and culture, which we have found crucial in the context of studying the Chinese consumers. Secondly, we will present two Danish luxury brands, who are both interested in entering the Chinese market. Subsequent to our analysis, we will assess the two case companies' strategy to enter the Chinese market by applying our analysis findings.

2.1 CHINESE CONSUMERS

As part of the process of understanding consumers, it is important to first of all understand the history and background of the market in question. Without having an understanding of the country that has shaped the consumers you are trying to target, you will most likely miss the most fundamental answers behind what causes consumers to act the way they do. Thus, we will initiate by giving a short historical, political and demographic overview of China.

Over the past 30 years, the level of China's wealth has grown at a pace faster than almost anyone could have predicted – and hence, so has the number of wealthy people in China. With a growing upper class, China's high-end consumer market has developed exponentially – and has encouraged many luxury brands to consider their potential on the Chinese market.

In the past – and to a certain extent still ongoing – China's richest has been starkly criticized for their low level of taste and their tendency to flaunt their wealth. This group is maturing quickly, however – and is, according to various consumer studies, entering an era of greater maturity and awareness (McKinsey, March, 2012).

2.2 CHINA'S POLITICAL AND ECONOMIC HISTORY

2.2.1 IMPERIAL CHINA AND CONFUCIANISM

Throughout the majority of China's 4000 years of recorded history, the country has been politically, militarily and economically dominant in its region (Fairbank, 1983 (2008)). During most of China's existence, its political structure has been based on a system of imperial regimes - administered by Confucian bureaucracies who sought wisdom from a study of the past. This seems to have been based on views about the nature of knowledge, society, power, economic goals and governance that are quite different to those of Western societies. As opposed to a religion, Confucianism is primarily an ethical system based on the values of: rituals, etiquettes, love (within the family), righteousness, honesty, trustworthiness, humaneness towards others, and the highest virtue of them all: loyalty to the state (Fairbank, 1983 (2008)). In general terms, China was held together through cultural conformity that was backed by force through the military. Harmony and learning were idealized under Confucian traditions and achieved through a form of centralized soft-power and thought control (Fairbank, 1983 (2008)).

2.2.2 COMMUNISM AND MAO ZEDONG

In 1949, the Nationalists, who had favored building China on the basis of traditional values and Confucian administration, were forced out by the Communists. The Communist Party was led by Mao Zedong and the party favored breaking down the traditional social order and abandoning some of China's cultural traditions and instead adopted a Marxian version of Western methods (Fairbank, 1983 (2008)). This led to what is referred to as Mao's 'cultural revolution' which largely deprived the country of its traditional Confucian intellectual capital and resulted in widespread suffering and economic setbacks.

2.2.3 THE COUNTER-REVOLUTION, ECONOMIC REFORMS & THE BEIJING MASSACRE

Through a long period of conflicts and suffering under the rule of Mao, it was not until the late 1970s that new liberalization reforms and a neo-Confucian cultural counter-revolution was introduced and gained ground. With assistance from Japan and the political groups aligned with the former Nationalist Party, China began to make economic progress under the leadership of Deng Xiaoping (Li, 2012).

In 1978, economic reforms introduced new capitalist market principles that were carried out in two stages (Li, 2012). The first stage was in the late 1970s and early 1980s, which involved a de-collectivization of agriculture, an opening up of the country to foreign investment, and permission for entrepreneurs to start up businesses (Li, 2012). However, at this point, most industry still remained state-owned. The second stage of the reform took place during the late 1980s and 1990s and involved the privatization and contracting out of much state-owned industry and the lifting of price controls, protectionist policies, and regulations. On December 11th 2001, China joined the World Trade Organization – establishing China's official opening towards foreign trade (World Trade Organization, 2001). Subsequently, the private sector grew remarkably and by 2005 it accounted for as much as 70 percent of China's GDP (Bloomberg Businessweek Magazine, 2005).

In spite of the economic development, China's leadership remained somewhat politically split; the market-oriented reforms, the growth in the personal incomes of millions of city-dwellers, a rapid expansion of foreign trade and links with developed countries inevitably brought a desire for political change as well as for greater cultural openness. By the spring of 1989, protests had been initiated to voice the discontent on issues of inflation, limited career prospects, and corruption of the party elite. The protesters – who were mainly intellectuals, students and urban workers - called for government accountability, freedom of the press, freedom of speech, and the restoration of workers' control over industry (Zhao, 2009). The government condemned the protests as being counter-revolutionary and on June 4th the Chinese military came down hard on thousands of students who had occupied Tiananmen Square in Beijing for seven weeks. The collision between the two parts was a true catastrophe to the country and while information has been held back, the death tolls have been estimated anywhere between several hundred to thousands of young demonstrators (Zhao, 2009). The dreadful event became known as the Beijing

Massacre and was condemned the world over and it reinforced China's image as a country with strict communist leadership.

2.2.4 ECONOMIC PROSPERITY

Despite China's political controversies, the country's economy continued to grow: from 1978 to 2010, unprecedented growth hence occurred and the economy increased by 9.5% a year (PwC Economics, 2013). China's economy has become the second largest after the United States and is projected to become the world's largest economy by 2025. It has furthermore been argued that China will replace the U.S. as the world's dominant power by 2050 (The Telegraph, 2012).

A key feature of China's rapid growth is seen as its ability to reform its economy very quickly to become more efficient. By gradually opening up to foreign trade, China received substantial foreign investments, particularly through the manufacturing industry due to its cheap and skillful labor. And in spite of heavily debated environmental problems, the ongoing political controversies, and China's model for a socio-political economy that may prove to be financially unsustainable; China's leaders present a confident face to the world and to the Chinese people as a world dominant power. Today, China predominantly suggests a popular image, with a booming economy, a growing middle class, and a growing regional and global political influence. A country moving towards a modern consumer society that eventually will be able to satisfy every material desire (PwC Economics, 2013).

2.2.5 THE RISE OF CHINA'S MIDDLE AND UPPER CLASS

Over the past 30 years, China's level of wealth and number of wealthy people has grown faster than almost anyone could have predicted. As a result, the Chinese middle and upper class will continue to increase significantly, creating grounds for a fluctuating consumer society in China. According to Helen H. Wang, author and expert on China's middle class:

"The Chinese middle class is already larger than the entire population of the United States. In fifteen years, the Chinese middle class will reach 800 million. It has changed, and will continue to change, the dynamics of the world we live in, and have a huge impact on everything – our life, our jobs, our economy, and the world" (Forbes, 2011, ¶ 2).

The result of the economic prosperity over the past decades in China has brought along a sweeping economic change and social transformation in China's social structure and consumption culture. And according to reports calculated by McKinsey, this growth in China's middle class has yet to reach its peak. Their research suggests that by 2022, more than 75 percent of China's urban consumers will earn 60,000 to 229,000 Yuan (\$9,000 to \$34,000) a year (Barton, Chen, & Jin, 2013). Furthermore, China's rapid economic growth has led to a dramatic expansion in the number of wealthy individuals – consequently leading to a growing Chinese upper class.

Currently, the top sectors that are driving China forward - according to HSBC - are private and state owned companies within real estate, iron and steel, automotive, oil

and petrochemicals, information technology, as well as garments and textiles (HSBC, 2013).

2.3 LUXURY CONSUMPTION

Many less wealthy, aspirational luxury buyers are emerging in Asia. Looking ahead, two decades of strong income growth will lead to millions of middle-class shoppers with a desire to purchase luxury brands (The Economist Intelligence Unit, 2013).

The white-collar 'aspirational' shopper is the fastest-growing group in China, according to China Market Research. Even Chinese consumers who are in their 20s - and often not make more than \$400 a month - will nonetheless save to buy a luxury bag. Ben Cavender, a researcher at China Market Research in Shanghai, predicts that in the near future, this group will make up 60 to 70 percent of the overall market (The Economist, 2013).

2.3.1 DEMOGRAPHICS

The Hurun Report, who has made a business of studying the wealthiest consumer segments in China, categorizes China's wealthiest with the term 'High Net Worth Individuals' (HNWI's) and further makes a distinction between HNWI's and ultra high net worth individuals (UHNWI's). Today, China is estimated to have approximately 2.7 million HNWI's and 63,500 UHNWI's.

China is commonly divided into first, second, and third tier cities – and although there is no formal definition of what constitutes a "first-tier", "second-tier" or "third-tier" city in China - it is commonly agreed that the top tier incorporates Shanghai and Beijing, as well as Guangzhou and Shenzhen. Not only is it due to their large size but also the fact they have the highest incomes in the country.

China's first tier cities are where incomes and spending power tend to be the highest, and they thus provide a preview of how other cities are likely to develop. As can be expected, consumers here spend more, especially on discretionary categories, like fine dining.

There are a lot more people living in the second-tier cities, which are often defined as the provincial capitals and special administrative cities. In all, there are 23 second-tier cities (McMillan, 2011). Although there is no precise distinction between second and third tier cities – any county level capitals are usually referred to as third-tier cities (McMillan, 2011).

2.3.2 MODERN DAY CULTURE IN CHINA

The wealthy Chinese have over the past decades become notorious for their luxury spending, particularly for purchasing any products that flash a big brand logo. For the majority of the Chinese, luxury consumption is an entirely new market that they have only just been introduced to within the past two-three decades or shorter – and hence their knowledge of Western luxury brands and what they stand for is generally limited. What China's luxury market has experienced for many years now is a pattern where big

brands from luxury conglomerates like LVMH and Kering Group has created a significant presence and brand awareness amongst the Chinese luxury consumers, in particularly brands like Louis Vuitton, Chanel and Gucci.

2.4 THE CONVENTIONAL ORDER OF LUXURY IN CHINA, BASED ON CONSUMER BEHAVIOR REPORTS

Over the past 30 years, China's level of wealth, and number of wealthy people, has grown faster than almost anyone could have predicted. And as the wealthy classes have expanded, China's high-end consumer market has also boomed, developing so rapidly that no luxury brand can now afford to ignore its potential (Hurun Report & Industrial Bank Co. Ltd., 2012).

We now move on to give an overview of the Chinese luxury consumer based on findings from mass marketed consumer reports that base research on large-scale raw data drawn from the Internet, as well as huge quantitative surveys. Our purpose of this section is to give a general indication of Chinese consumers and to draw out the conventional order of the luxury discourse in China. Our findings from published consumer research will help us compare and support the findings of our own research, in order to essentially provide an as extensive as possible portrayal of Chinese luxury consumers.

This section is based on surveys and reports mainly from large research companies like The Hurun Report, which published 'The Chinese Luxury Consumer White Paper' in 2012. A report that attempts to describe in detail through thousands of quantitative interviews and statistics, the behavioral patterns of China's wealthiest consumers across 29 Chinese cities. The Hurun Report is widely recognized as the leading authority in tracking the rapid changes amongst China's wealthiest consumers, or as they refer to them: HNWI's (High Net Worth Individuals).

Through this report, as well as consumer data from McKinsey & Company, and other widely respected consumer behavioral study reports, we will in this section attempt to summarize, at large, how these reports establish the conventional order of luxury in China.

2.4.1 CHINESE LUXURY CONSUMERS ARE 'SMART SHOPPERS'

In the past, Chinese consumers have, and are, to some extend still, widely criticized for the way they flaunt their wealth:

"Given how recently they have entered the consuming classes, the vast majority of them tend to use their newfound spending power in relatively unsophisticated ways — albeit with a high degree of pragmatism and value-consciousness" (McKinsey & Company, 2012, s. 8)

Chinese consumers are otherwise renowned for their pragmatism and known as conservative spenders who consider their purchases carefully and rarely make impulsive buys. McKinsey's consumer report proved that only 28 percent of Chinese

consumers admit to buying on impulse compared with 49 percent in the United Kingdom (McKinsey, 2012).

These attitudes and behaviors are influenced by traditional Confucian values. Given how deeply rooted such values are in Chinese society, McKinsey does not see these behavioral patterns in consumption shift significantly in the next decade (McKinsey, March, 2012). According to McKinsey, the Chinese will remain "smart" shoppers because they will continue to insist on spending time and trouble researching their future purchases. And as price comparisons become easier to make and online information still grow to be more accessible, the Chinese shoppers continue the "smart shopping".

2.4.2 BRAND LOYALTY & PREFERENCE

Despite their passion for visible brands - Chinese consumers are brand conscious, but not brand loyal. They prefer to choose from among a repertoire of their favorite labels. Only 46 percent state that they stick with a particular brand of a product they like, compared with 71 percent in the United States (McKinsey, March, 2012).

The 2012 Hurun Report found that 51 percent of Chinese consumers think well-known brands guarantee a better quality, and hence have high expectations to the performance of the brand. *"They will drop you in a second if they think your quality is slipping..."* (Hurun Report & Industrial Bank Co. Ltd., 2012) (InsideFMM, 2013).

In a survey by The Economist from 2013, Chinese consumers were asked which brands they intended to purchase that year. The top five responses were; Louis Vuitton, Chanel, Gucci, Dior and Hermès (The Economist, 2013).

The tendency for Chinese consumers to be less brand loyal than for example Western consumers is predicted to change according to a trend report, published by McKinsey. The report forecasts that companies will increasingly promote the emotional benefits of their products to differentiate themselves from competitors, and as Chinese consumers mature and gain more knowledge about what makes their favorite brands distinctive, they will subsequently be more likely to develop more loyalty towards brands (McKinsey, 2012).

2.4.3 DIGITALISM

The main source of information about consumer products is now derived from the Internet – the majority of China's HNWIs obtain information from the web before making a purchase (Hurun Report & Industrial Bank Co. Ltd., 2012).

In December 2011, China had 513 million Internet users (McKinsey, March, 2012). The largest group of Chinese Internet users is people under the age of 35, concentrated in Tier 1, Tier 2, and Tier 3 cities.

China has the world's most active social-media population. Social media has a greater influence on purchasing decisions for consumers in China than for those anywhere else in the world (McKinsey, April, 2012). According to McKinsey, Chinese consumers

prize peer-to-peer recommendations because they lack trust in formal institutions. In general, the Chinese populace is skeptical of information from news sources and advertising; and hence, people rely more on word-of-mouth from friends, family, and key opinion leaders, many of whom share information on social media (McKinsey, April, 2012).

2.4.4 SHOPPING LUXURY ABROAD

According to McKinsey & Company, China will account for 20% of global luxury sales in 2015 (McKinsey, 2012).

In 2012, overseas sales accounted for around 60 percent of Chinese luxury goods spending, and according to The Economist Intelligence Unit (2013) the overseas spending is a result of the government imposed heavy taxes on imported luxury goods. This luxury taxation, which is enforced in most Asian countries, has a noticeable impact resulting in 30-60 percent higher prices on luxury goods compared to the Western countries.

Although the price-gap may be diminishing with so-called 'tax-free city zones' in China, travel to Western markets is becoming easier and more common and thus, tariffs and taxes still have a big effect on where the Chinese shop. The consequences of luxury taxation has furthermore been an element in a tourism boom, which has made China overtake the US' position as the world's biggest overseas spender (The Economist Intelligence Unit, 2013).

The World Tourism Organization reported that Chinese overseas spending rose by 40 percent in 2012, to US\$102bn, of which 65% was shopping-related. Goldman Sachs claims that in 2011, the Chinese overtook the Japanese as the largest spenders in Europe, accounting for 18% of European luxury sales. Goldman Sachs expects this proportion to rise to 40% by 2025 (The Economist Intelligence Unit, 2013).

Hong Kong is the first choice destination for wealthy Chinese consumers to go and purchase luxury goods, in second place comes Europe, in third is other major cities in China, such as Beijing and Shanghai, and in fourth place is the United States (Hurun Report & Industrial Bank Co. Ltd., 2012). Three major factors that Chinese consumers consider in regards to the purchasing location are for one, a full range of products/brands, good service and a good purchasing environment (Hurun Report & Industrial Bank Co. Ltd., 2012).

Vivian Shi - a senior manager working for Glaxo-Smith Kline in Shanghai and a well-traveled consumer - participated in a report for the Economist and said the following: *"I prefer not to shop in China if possible, there is not as much choice here as in Europe or Japan. When the Euro is down, it's a better value over there than the Yuan. Everything is 20 to 30 percent more expensive in China"* (WWD, 2010, s. ¶20)

2.4.5 A FAST MATURING MARKET

As living standards in China continue to advance, its vast consumer market is undergoing fundamental changes. According to the Hurun Report, this group of people is maturing rapidly and they have entered an era with greater maturity and awareness (Hurun Report & Industrial Bank Co. Ltd., 2012).

This segment is adopting spending behaviors and patterns that resemble those of North America, Europe and East Asia. They are rapidly becoming more self-indulgent in their purchases, more individualistic in their wants and needs, and more loyal to favorite brands. Although still retaining typical Chinese traits — wherein they search hard for the best deals, and spend a lot of time in stores to compare products (McKinsey, 2012).

There is hence a progression in mentality taking place amongst China's wealthiest consumers, wherein focus has shifted from mere materialistic pleasures and luxury goods to an aspiration towards a higher quality of life and to a more spiritual level of consumption (McKinsey, April, 2012).

2.4.6 THE EVOLUTION OF WEALTHY CHINESE CONSUMERS ACCORDING TO CONSUMER REPORTS

China's wealthiest way of life can, according to the Hurun Report, be divided into three main stages: wealth creation, wealth preservation, and wealth appreciation (Hurun Report & Industrial Bank Co. Ltd., 2012). During the stage of wealth creation, Chinese consumers use luxury goods and brand names to emphasize social status. From there on, consumers enter the stage of wealth conservation, emphasizing a lower-key, pragmatic way of life. From this stage, wealthy Chinese consumers may start to make the transition towards the stage of appreciating and sharing their wealth, symbolized by devoting themselves to public-spirited and charitable causes (Hurun Report & Industrial Bank Co. Ltd., 2012).

The principle characteristics of the period of wealth preservation are appropriate levels of consumption, and a growing emphasis on quality of life and the cultivation of the body and soul, along with a focus on fostering inner qualities in the education of their children (Hurun Report & Industrial Bank Co. Ltd., 2012).

When it comes to consumption habits with regard to luxury items for everyday use, the trend of buying brand names continues, but the main reason for this is no longer simply to demonstrate one's good taste and status via the fame of the brand. The motivation for HNWIs (High Networth Individuals) consumption of brand name goods is gradually shifting towards an emphasis on trust in their quality, the service provided, and the shopping environment (Hurun Report & Industrial Bank Co. Ltd., 2012).

When basic needs are no longer the most important concern, Chinese consumers start to reconstruct their intellectual and spiritual lives. Culture consumption has been on an upward swing, manifesting itself in many occasions: more cultural activities become available to the masses, people spend more quality leisure time (especially in low-tier cities), and an increasing number of travellers look for cultural content in their travel destinations (Warc Trends, February, 2013).

Whereas flashy "bling" still sells to the new money in smaller, interior towns, globetrotters from the coastal cities are returning from their travels as more knowledgeable and demanding shoppers. Armando Branchini of Fondazioni Altagamma, the Italian confederation of luxury brands, says such customers look for more subtle and modern designs (The Economist, 2013).

3. INTRODUCTION TO CASE COMPANIES

We now move on to present our two case companies, which we will use to test our analysis findings. The case companies are Birger Christensen – a classic fur brand with a long traditional history and Shamballa Jewels – a recently established diamond jewelry brand with spiritual and religious references. Subsequent two introducing the two companies and their strategy to enter the Chinese market, we will briefly compare the two with regards to differences in their brands and strategies.

3.1 BIRGER CHRISTENSEN

"A deep love for the sublime sensation of fur, a passion for impeccable craftsmanship and the fine art of designing truly unique pieces still remain the focal point and driving force ..." (Christensen, Birger, 2013, s. ¶7).

Birger Christensen (BC) was founded in 1869 and today remains one of the eldest and most prominent luxury brands originating from Denmark. The fur brand was built on the principles of quality, solid craftsmanship and tradition. In 1961, BC was appointed royal purveyor to the Danish Royal Court (Christensen, Birger, 2013).

Today, the family-driven company is managed by Jens Birger Christensen – the fourth generation of the Birger Christensen family to lead the brand forward. Its 2000 square meter store is located in the center of Copenhagen. The BC fur collections are what the brand is primarily known for. All furs are produced by hand in their own workshop located in the back of the store.

We met with Morten Langsted, Chief of Export at Birger Christensen, and discussed the brand, its philosophy, values, and most importantly their ambitions and strategy to succeed in China (appendix 9). Langsted additionally introduced us to the story behind BC's first attempt to enter this market in 2010 and the rough lessons learnt along the way.

BC's brand DNA revolves around the principles of simplicity, quality, conservatism, and with focus on the classic aesthetic (Langsted, 2013). It has through many decades been an acknowledged luxury brand in Denmark that particularly has appealed to the upper classes of Danish society. Although the brand has attempted to enter overseas markets like Russia and the US – its foremost success and brand strength has remained primarily within Denmark. Not many people outside of Denmark are familiar with the brand – nor have the past business and marketing strategies focused on much more than the Danish market (Langsted, 2013).

3.1.1 OPPORTUNITIES IN CHINA

BC therefore received quite a bit of attention from the Danish media, when they in 2010 announced that they would be entering the Chinese market. BC, like so many other foreign luxury brands at the time, had become infatuated by the idea of expanding their business to China, with the hopes of achieving success amongst the fast growing segment of wealthy Chinese consumers.

For BC in particular, the idea of entering the Chinese market seemed to make sense due to the mere fact that China consumes more than eight billion Danish Kroner worth of Danish mink fur each year (Christoffersen, 2012). What the Chinese fur market lacks, however - according to BC - is the same level of exclusive design, quality and luxury branding; assets that BC has decades of experience with (Christoffersen, 2012).

In an article in the Danish economic newspaper Børsen, Morten Langsted argues; *"We already know from our supplier, Kopenhagen Fur, that the Chinese love fur, mink in particular. There are tons of places where you are able to purchase furs that are produced here in China. The design, however, is lacking – which is why there is a great demand for classic and timeless design, such as ours"* (Elers, 2013, s. ¶ 11).

3.1.2 ENTERING CHINA: POTENTIAL AND EXPECTATIONS

On first attempts to enter the Chinese market, however, BC were less than successful. According to Langsted, the reason was a lack of thorough preparation and research - as well as a wrong choice of local business partners. In short, BC had underestimated the amount of resources and efforts it would take to enter a market that in all aspects is so significantly different from that of Western culture.

BC had initially set out to open 5-10 stores by 2016 (Christoffersen, 2012). However, they were quickly faced with the realization of Chinese bureaucracy and the fact that BC, in China, is a tiny unknown brand, which is competing with luxury brand conglomerates like LVMH and Gucci Group.

"We're not Fendi or Chanel, but from a quality perspective we're just as good as them, if not better" (Langsted, 2013, s. 02.14).

BC never doubted the business potential of their product; furthermore Langsted stated that the mere volume of the Chinese market would be too much of an opportunity to miss out on. *"Our task to achieve success in China will be a long journey – but if we are successful, the reward will also be that much bigger"* (Langsted, 2013, s. 01.12).

3.1.3 CONSUMER CULTURE

Over the past couple of years, BC has made an effort to study and analyze the Chinese market and learnt how to adapt their business to the Chinese consumers. *"Chinese consumers are very conscious about quality, this is particular something they have become within the past five years to 10 year. Where it has previously been all about brand value and logo, logo, logo and now it's more about the core and about the product they are purchasing. The Chinese are not less smart than us – on the contrary, which is something you have to be very aware of."* (Langsted, 2013, s. 12.50)

During our interview with Morten Langsted, he particularly emphasized the paradox of holding on to BC's Western DNA and values while adapting to the Chinese market: *"You need to listen to the market and be able to adapt to the Chinese consumers – if*

you just stick to your old strategy and don't make any changes you can be sure that you will fail" (Langsted, 2013, s. 15.40).

"In China it's an entirely different type of economy – the people who have money, have A LOT more of it in comparison to the Danish. ...The best way to learn and gain insights about a market is to simply go there and explore for yourself. You need to observe and get an indication of what the consumers are like – we've needed to experience it for ourselves instead of just reading a bunch of McKinsey reports: what do the shop windows look like? How do the clients act in these stores? You need to gain a sense of what their behavioral patterns are like" (Langsted, 2013, s. 16.40).

By studying the Chinese market, BC discovered a tendency for consumers to develop a conscious about the product and quality, as well as the core of the brands. In that aspect, Langsted emphasized that in terms of brand assets; BC will particularly be communicating that their furs are produced in Denmark and with the outmost respect for quality craftsmanship.

BC additionally believes that the 'made in Denmark' label will be of particular importance to the Chinese. Sales managers will furthermore be trained in Denmark to learn the history and values of the brand, and the quality and production of the fur. It will be an essential part of the BC brand strategy that their sales personnel are as informed and educated as possible (Langsted, 2013). Another brand asset that BC will be communicating, is their certificate as purveyors to the Danish Royal Court, something BC believes will be of great importance for the Chinese consumers.

3.1.4 A NEW APPROACH

As part of their more pragmatic approach to entering China, BC has chosen to first of all focus on Beijing as their main market. As Morten Langsted himself argued in our interview: *"Beijing is still the city in China where the most luxury products are sold. Furthermore we chose Beijing because of the climate and purchasing patterns of our consumer segment"* (Langsted, 2013, s. 23.00).

In collaboration with its business partner C-Jewelry, BC opened a joint showroom in Beijing in October 2013 on one of Beijing's most fashionable streets, also referred to as Luxury Street (Elers, 2013). C-Jewelry is an exclusive Chinese jewelry company and is considered to be one of China's top domestic luxury brands (Jian, 2013). The jewelry brand that opened its studio in 2008 specializes in Imperial-style designs and ancient Chinese techniques.

According to Langsted, the brand addresses the same target consumer, hence BC will be able to utilize C-Jewelry's already established clientele and consequently introduce their customers to the BC brand. Furthermore, Langsted pointed out the vast similarities between C-Jewelry and BC's value set. C-Jewelry embraces its local roots and emphasizes solid craftsmanship – something that BC likewise holds in high regards (Langsted, 2013).

To launch BC's showroom, the fur company hosted an exclusive opening event in October 2013, at the Danish embassy in Beijing to announce their official entry in

China (Elers, 2013). As part of their more humble and pragmatic approach, BC will be focusing on achieving a loyal customer base amongst Beijing's elite through a series of exclusive events hosted in collaboration with the Danish embassy as opposed to the more costly and traditional form of exposure such as advertising campaigns on billboards and in magazines.

When recalling the journey that BC has been through in regards to entering China as well as the long road that lies ahead, Langsted pointed out the essentials for any brand contemplating entering an emerging market like China; *"You need to do your research, be willing to invest a great deal of money and find a really good partner. You need to have patience, understanding and respect for the fact that you are operating in an entirely different market. ... and don't be greedy, you need to take one city at a time. Beijing has 25 million inhabitants, which isn't bad to start out with"* (Langsted, 2013, s. 22.45).

3.2 SHAMBALLA JEWELS

We now move on to present our second of two case companies, Shamballa Jewels (SJ), which was established in 2005 by the two Danish brothers, Mads and Mikkel Komerup.

With core brand values of brotherhood, compassion, curiosity and creation and a mission *"to make precious jewelry that encourages the possibility of connecting to your inner wisdom and compassion"*, SJ is a brand built on spiritual values and Buddhist ideologies. Their aim is to practice transparent business methods from every step in the supply chain and emphasize the importance of premium quality and good craftsmanship (Shamballa Jewels, 2013, ¶1).

Their name as well as the visual universe they have created, is based on the mystery of the hidden city of Shamballa, thought to be located somewhere deep into the Tibetan or Mongolian mountain terrain. References to spiritual Buddhist values and Zen qualities appear throughout the brand's communication.

Their signature product, the Shamballa Bracelet, is comprised of diamond studded gold beads strung together by an ancient macramé technique. Originally the bracelets were made for men, but they have had an equal appeal to women. The concept behind the bracelets entails that every customer is able to customize his/her own design, and hence purchase a piece of jewelry unique and specially made for them. *"When you are custom-making your bracelet you are selecting components based on what touches you, which in a way reminds you to be in tune with your own needs - believe in yourself and what appeals to you"* (Binau, 2013, 24.30).

SJ uses materials such as diamonds and rubies and their goal is to eventually reach the same category level and cater to the same customer segment as global luxury brands like Rolex and Cartier (Okkels, 2013).

In 2012, SJ opened its flagship store in the center of Copenhagen. Their workshop is placed above the store, where all the jewelry pieces are crafted. They are sold throughout Europe and the United States, and although the brand is still predominantly

known in Denmark, SJ seems to have leveraged great brand exposure through key international fashion influencers, such as American rapper Jay-Z, fashion icons Karl Lagerfeldt and Carine Roitfeld as well as HRH Crown Princess Mary of Denmark who all have purchased SJ's bracelets.

3.2.1 MOVING EAST

Key milestones for the brand's success thus far have been when the world renowned department luxury store, Barneys New York, picked up the jewelry line in 2007 - as well as when SJ with much success attended the international watch and jewelry fair, BASELWORLD, in Switzerland in 2012 (Shamballa Jewels, 2013). Both have led to a lot of international hype and recognition for the brand, which resulted in the various celebrity purchases. Moreover, it was during the Baselworld fair that SJ was approached by the Hong-Kong based department store, Lane Crawford, which is one of the world's most prominent luxury department stores. Lane Crawford would turn out to become SJ's first steps into the Asian market (Binau, 2013).

Following the brand hype and success, SJ announced, during the spring of 2013, further plans of expansion towards the East with goals of eventually entering China (Okkels, 2013).

3.2.2 ENTRY STRATEGY

We met with Stephanie Binau, Business Development Manager at SJ and she stated the following regarding the brand's reason for wanting to enter the Chinese market (Appendix 9). *"China is one of the largest luxury markets in the world and they have a consumer culture that is much greater compared to that of Europe – the potential is therefore equally great"* (Binau, 2013, 0.10).

Binau, however, also stated that SJ would not be entering the Chinese market within the next couple of years. Instead, they will be focusing on building awareness and establishing SJ as a luxury brand in the rest of the Asian markets. *"You can't enter a market like China unless your brand is known. Chinese luxury consumers only purchase luxury brands if they are well known in the West. Our brand isn't as strong as Rolex or Cartier, which means no one would be interested in our products"* (Binau, 2013, 6.0). As part of their strategy to enter China, SJ will hence be focusing on the neighboring markets, such as Japan, Hong Kong, Malaysia and Vietnam. It is expected that a presence in the markets that the Chinese travel to for vacation or business purposes will generate an interest and hype amongst the Chinese consumers (Binau, 2013).

According to Binau, SJ's preparation process will be to first and foremost study the Chinese market and analyze which cities attract the most tourists and the most luxury consumption, step two will henceforth be to locate the right outlets for SJ. SJ's focus won't only be on the traditional cities like Beijing and Shanghai - they will be looking to approach the market on a much grander scale and to broader parts of China, in particular main land China (Binau, 2013). As part of the entry strategy, SJ will be focusing on targeting first-movers and key style influencers – a strategic approach they seem to use for their overall business strategy as well. *"Our products are very much*

niche products. It's essential to spot the key Chinese personalities - be it celebrities, business people, bloggers or the like – introduce ourselves, and convince them to buy our product. Once we have our first-movers, the rest typically tend to follow" (Binau, 2013, 15.10).

Because an actual market entry strategy has yet to be formulated; SJ is unclear whether they will be using distributors, or opening their own stores in China. Nonetheless Shamballa has contemplated moving part of its production and office to China in order to be more present on the market and deliver the best service possible. Currently, everything is produced in Copenhagen above their flagship store and head office (Shamballa Jewels, 2013). *"Because we're not specialists in Chinese culture, it might be better for someone who is, to take the lead. Using distributors in China may therefore not be a bad idea. ...It's important to be present on the market we are operating in, which is another reason why using a distributor is an advantage"* (Binau, 2013, 18.30).

3.2.3 CONSUMER CULTURE AND INTEGRATING SHAMBALLA JEWELS IN CHINA

At present, SJ has yet to spend any resources studying the market or the behavioral patterns of Chinese consumers. The knowledge they have gained thus far has been through industry news and consumer reports on China. Based on the preliminary knowledge and interpretations of the Chinese consumer, SJ has expressed some uncertainty as to whether their brand universe, based on spiritual and Buddhist ideologies, will fit in with Chinese luxury culture. *"Some might get offended while others will think it's a total drag because they are more interested in Western culture and would prefer not to be faced with a universe that they're already so familiar with"* (Binau, 2013, 21.45). Nonetheless, Binau verified that because SJ's values are so deeply ingrained in the brand DNA, they would not completely alter from them.

Digitalization is another aspect that SJ is prepared to integrate into its marketing strategy in China in order to get as wide a reach as possible –particularly through social media. *"We're going to have a much stronger social media profile in China. I think it's a fundamental prerequisite for success in China"* (Binau, 2013, 28.50).

To sum up, SJ views China as a luxury market with tremendous opportunity and hence have great ambitions that span beyond Shanghai and Beijing. This will, however, not be realized within the next couple of years. Instead, focus will be on other Asian markets, in order to establish SJ as a strong luxury brand. The preliminary process of entering China will include targeting first-movers and selecting China's key trend leaders and introducing them to the SJ.

3.3 COMPARING BIRGER CHRISTENSEN AND SHAMBALLA JEWELS

Having introduced the two case companies, it becomes clear that while they both have great ambitions for their brands to do well in China, they however, differ quite significantly in their approach to the Chinese market. However, these differences made them obvious and suitable companies to test our findings on, since it allows us utilize

our findings in different circumstances. Hopefully, resulting in more reliable result regarding the validity and usability of our findings.

BC had what appeared to be a more developed, thought through and well-prepared strategy. They had undoubtedly drawn lessons from their previous attempt and failure to enter the Chinese market. What they appeared to have including from these in their current strategy was especially the necessity of a thorough preparation process prior to developing an actual strategy to enter China.

On the other hand, it also becomes clear that SJ's lack of experience in the Chinese market has resulted in a – to some extend – deluded approach to reaching the Chinese consumer in comparison to BC. Their approach seemed to be on an experimental basis supported by data from consumer reports and mere conjectures. Whereas BC emphasized the importance of actually being present in the Chinese market to learn about its culture and consumers, SJ's approach was still at its very preliminary and contemplating stage.

Also with regards to the brand values, BC and SJ differ significantly. While BC remain a very traditional Danish luxury brand with a focus on quality, SJ disclaim their Danish origin and rather focus on spiritual, religious and mystical values of the Far East. When later testing our analysis findings on the two case companies, we furthermore investigate how these values speak to the Chinese luxury consumers and whether the two companies are right in their assumptions about how they should approach these consumers.

4. LUXURY FROM AN ACADEMIC PERSPECTIVE

Before initiating an analysis that will lead us to answer research question 1 - "How is luxury defined in China" - we find it necessary to firstly examine the concept of 'luxury' in general terms. The purpose of this review is twofold: (1) to attain a comprehensive understanding of the subject, in order to ensure the right focus during our data collection and (2) to form the basis for discussing the concept of luxury in general term and in China subsequent to analysis. In the following section, we therefore provide an overview of existing literature defining and discussing the concept of 'luxury'.

When examining luxury as a phenomenon, it becomes clear that the amount of academic contributions, offering definitions of luxury, is remarkably extensive. We have chosen to emphasize the work of Kapferer & Bastien (2009) and Okonwko (2007) since they offer both their own definitions of luxury while discussing the concept in a larger context. We subsequently account for several other contributors in order to form a clear picture of the wide-ranging perceptions of the luxury.

4.1 KAPFERER & BASTIEN'S APPROACH TO LUXURY

According to Kapferer and Bastien (2009), luxury was originally a visible result of inherited social stratification (kings, priest and the nobility versus the aristocracy and commoners). In their book, 'The Luxury Strategy', they acknowledge a development in the concept of luxury. Up until the turn of the 19th century, luxury had been reserved only for a small elite but since the 20th century and onwards; the amount of people with access to luxury has been ever growing. They refer to this development as the *democratization of luxury*, which weakens the social stratification gradually since luxury is no longer exclusively for a limited group of people.

However, Kapferer & Bastien argue that people as social beings have a need for some sort of social stratification in order to escape social chaos and have a sense of belonging. In otherwise democratized societies, luxury therefore comes to function as a creator and driver of social stratification. Through the consumption of luxury, everyone can redefine his or her place in society. This opportunity paradoxically creates what Kapferer and Bastien defines as *the anxiety of freedom*, since people have to consciously and visibly define themselves through their consumption. The anxiety then creates a demand for advice on how to redefine the social stratification, which gives luxury brands supremacy with regards to influencing its consumers. These brands thereby take on the role of providing consumers with sociological advice on what to purchase in specific situations.

Hence, luxury becomes a social marker, which is used by people to define and project them selves socially as they wish. Consequently, Kapferer and Bastien define the purpose of luxury consumption as *"the symbolic desire to belong to a superior class, which everyone will have chosen according to their dreams, because anything that can be a social signifier can become a luxury"* (2009, p.19).

They additionally argue that the democratization process has made luxury widely popular and consequently a many-faceted concept that is difficult to define. *"Today, luxury is everywhere. Managers and marketing people regularly invent new terms to*

qualify luxury: true luxury, masstige, premium, ultra-premium, opuluxe, hyperluxe. Instead of clarifying the concept of luxury, this semantic creativity only adds to the confusion: if everything is luxury, then the term 'luxury' no longer has any meaning" (Kapferer & Bastien, 2009, p.1). The exaggerated use of the word progressively empties it of meaning and makes it relative in the sense that what is luxury to one person might not be luxury to someone else.

Essentially, Kapferer & Bastien believe that luxury should be used as a method to make oneself happier. Luxury is something that one can live without and it should not result in the sacrifice of one's true self but rather improve it.

Additionally, they distinguish between 'having a taste of luxury' and 'having a luxurious taste'. The latter, Kapferer and Bastien perceive as the 'correct' consumption of luxury as they argue that luxury is a culture, which you need to understand in order to practice it with elegance and spontaneity. To them, the correct use of luxury emanates sophistication, culture, nuances, and pleasure. To amplify their opinion, they claim that *"Luxury is not excess and excess is not luxury"* (Kapferer & Bastien, 2009, p. 23). Even though they acknowledge that luxury often manifests itself in abundance, they add that it should not result in overabundance, which leads to saturation and revulsion.

4.2 OKONKWO'S APPROACH TO LUXURY

Similar to Kapferer & Bastien, Uche Okonkwo (2007) recognizes a democratization of luxury while stating that 'luxury' in its abstract sense has not changed. According to her, the word 'luxury' is now merely being misused in order to make non-luxury goods seem more desirable. She emphasizes the term 'masstige', which has been invented to encompass a place where 'mass' and 'prestige' meet and where prestige and luxuries are available to the masses.

Okonkwo opens her book with a quote from an industry expert – Gabriel Coco Chanel who stated that *"Luxury is a necessity that begins where necessity end"* (Okonkwo, 2007, p. 7). Okonkwo relates Chanel's statement with Veblen's notion of conspicuous consumption since they both recognized that the consumption of luxury goods are based on the desire for prestige and public display of status, rather than intrinsic, practical utility of the goods. *"The truth is that we don't need luxury goods to survive as human beings, but we need luxury goods to fuel the sensations that contribute to our overall appreciation of ourselves and our lives"* (Okonkwo, 2007, p. 7).

On that note, she furthermore claims that luxury has an immense influence on society. In particular, luxury is linked to branded goods, which according to Okonkwo drive our everyday decisions due to the trust that consumers place in brands that consistently meet their promises. She particularly emphasizes the importance of luxurious fashion brands because they provide their customers with even greater promises regarding how that particular brand can shape the consumer's lifestyle and identity. Subsequently, when brands fulfill these promises, the consumers' level of trust towards those brands increases and creates an even higher demand for luxury fashion.

"Fashion is not only a matter of clothes and accessories but it is also highly influential in structuring society's culture, identity, and lifestyle. Luxury fashion even goes further to reinforce the evolution and voice of society" (Okonkwo, 2007, p. 8).

Okonkwo defines the luxury industry as encompassing a relatively small number of fashion companies offering the best design, best material, best packaging, and the best merchandizing. As articulated in the previous quote, she estimates the power and influence of these companies to be substantial - leading the way for the rest of the world by creating a demand for the genuine article and driving the numerous mass-market imitators.

4.3 MAPPING THE LANDSCAPE OF LITERATURE WITHIN LUXURY

Especially due to the democratization of luxury, the term has been continuously redefined. In their pursuit to define luxury, Brun & Castelli (2013) identified three major streams within what Kapferer & Bastien (2009) defined as the empirical approach to study luxury.

First, there is a tendency to investigate luxury as a property of certain brands that communicate extravagant values through their product and the related marketing efforts. Second, a few researchers have studied luxury independently from the product or service that a brand offers. For example by studying the meaning of luxury from a consumer's perspective, and third; others have studied the particular characteristics in the marketing of a luxury brand.

In his recent paper "Abundant Rarity", Jean Noel Kapferer (2012) elaborates on each of these three streams. He establishes that the procedures of luxury brand management have originally been established in the West and therefore are influenced by the sociology of Western societies with regards to distinction, class differentiation, and elite culture. He adds that increasing awareness about a luxury brand and the democratization of luxury in general, results in the Western luxury consumers feeling less privileged. *"As a result, the elite accept paying more so conformists can no longer afford the higher price"* (Kapferer J. N., 2012, p. 459).

He furthermore questions how a brand like Louis Vuitton can continuously penetrate more markets and still succeed in keeping its prestigious and luxury status towards a large group of consumers. Kapferer explains this phenomenon by demonstrating that in some markets, especially the BRIC countries, luxury is not equivalent to rarity, which is the case in the West. The question of whether rarity is a prerequisite for luxury in the BRIC countries is thus an essential point to have in mind and question when studying the Chinese consumers' perception of luxury. In our analysis and following discussion, we will therefore investigate whether Kapferer was right and if so – what influence it has on luxury consumption. According to Kapferer, in the BRIC markets, the demand for luxury rather increases proportionally with the mounting visibility and awareness of a certain luxury brand. *"Increasing penetration first boosts a product's luxury status by making the brand visible and recognized, but then reaches a tipping point beyond which luxury status dilution occurs"* (Kapferer J. N., 2012, p. 459). He concludes by questioning whether luxury brands are creating a new phenomenon in the BRIC

countries, in which the luxury status is not weakened, but rather strengthened by a high penetration rate.

However, according to Silverstein, Fiske and Butman (2003) – in the West, brands lose their prestige when they target all consumers and are democratized. In the West, luxury brands therefore need to find a balance between extensive brand awareness and being too mass-marketed. It thus seems, that the perception of luxury in the BRIC countries differ fundamentally from that of the Western consumers (Kapferer J. N., 2012).

Additionally, Silverstein et al. (2003) refer to the consequences of democratization of luxury as the 'new luxury' market. They identified a new category of luxury consumers that are less interested in the product itself and more interested in the image associated with the brand. *"New Luxury goods are always based on emotions, and consumers have a much stronger emotional engagement with them than with other goods"* (Silverstein et al., 2003, p.7). Consumers are willing to pay a higher price for products, which they view as luxury because those goods help them to project a certain image to the surrounding world.

With regards to the consumers' motives and incentives when purchasing luxury goods, Silverstein et al. work especially makes it relevant to draw on McCracken's notion of cultural meaning in our analysis of the Chinese consumer. In that context, McCracken's theory can assist us when analyzing the word that Chinese consumers associate with luxury.

4.4. SUMMING UP LUXURY FROM AN ACADEMIC PERSPECTIVE

We identified a few common features, which reoccurred in the majority of the luxury literature. First of all, for most researchers interested in exploring the meaning of luxury, it remains undeniable that Veblen's notions of the leisure class, conspicuous consumption, and the trickle down effect have had major impact on the perception of luxury. Due to his major impact on the literature about luxury, Veblen's theory seems to provide a historic and societal ground for analyzing Chinese luxury consumption.

Secondly, the majority of the existing literature also focuses on the value embedded in luxury goods, which enables consumers to actively form their identity and project it towards other. Therefore, we believe that McCracken's notion of meaning transfer from goods to consumers is an ideal frame for analyzing the incentives for luxury consumption in China. It furthermore allows us to investigate what brand values are desirable to the Chinese luxury consumer.

5. METHODOLOGY

In this section of the thesis, we elaborate on the theory of science and methodological consequences of using a discourse analytical approach. Furthermore, this section will recall the implications behind the process of collecting and processing empirical data. We initiate, however, with a reflection of the considerations that led us to our research topic and questions, as well as choice of theory.

5.1 WHY CHINA?

Not only is China an interesting market to study, for the obvious reason that China is a huge market experiencing growth and a nation that will increasingly influence the rest of the world – but it is also a country that we are both fascinated by, on a more personal level. We have both lived and worked in Asia, and thus both been confronted with the quick pace of how these new markets are evolving – as well as the vast difference in mentality compared with that of the West.

Given that we both have an idea that we will be working with China on some level - or perhaps some day even returning to China, or South East Asia, to live and to pursue career opportunities – we both had a personal agenda in regards to acquiring more distinguished knowledge about China, particularly within a consumer marketing related context. We furthermore both share a common background within the fashion and marketing industry – and thus share a genuine interest in the business of luxury and luxury consumption.

For this reason alone, we knew we wanted to focus on luxury consumption in China. And given the amount of attention and hype that the luxury industry in China has received during recent years, we were from the very beginning overwhelmed by the amount of articles published on the subject. Articles particularly focusing on the booming luxury industry in China, wherein international luxury brands are flocking to China in an attempt to get in on the action, so to speak. It was particularly words such as, 'bling', 'extravagance', 'new money' and 'conspicuous consumption' that we were repeatedly confronted with.

Consequently, we began to question whether these words were in fact the key elements, which dominated the luxury discourse in China. Are logos and other obvious status symbols the only key drivers of luxury consumption? Can the foreign media's generalizations of consumption patterns and trends in China really be applied to an entire nation of over 1.3 billion people? Or can the purchasing patterns of luxury consumers be more complex than such? It was questions like these, that we sought answers to, and which led finally led us to our two main research questions that would become the central focus of our thesis.

Research question one: *How do Chinese consumers define luxury?*

Research question two: *What are the key drivers that influence the Chinese luxury consumer?*

Our past experience with Asia, consequently meant that we both have a relatively established network that made travelling to China to gather the necessary empirical

research, a rather natural progression in regards to our data collection – in particular, because we knew we would have access to luxury consumers, who could essentially help us answer our research questions.

5.2 WHY DISCOURSE ANALYSIS?

Discourse analysis focuses on understanding how language is used to construct and change aspects of the world (Saunders, Lewis, & Thornhill, 2007). Using discourse analysis as a tool to create a comprehensive understanding of the Chinese consumer, allows us to investigate the underlying reasons as to why this customer segment behaves, communicates, and reacts the way it does. It even gives us the possibility to more thoroughly examine specific characteristics that differentiate this segment and eventually enable us to provide a comprehensive understanding of how Western brands should communicate when trying to reach this customer segment.

When initiating a discourse analysis of the Chinese consumer behavior, we furthermore examine the value of discourse analysis in a commercial context. I.e. can comprehensive knowledge about a certain customer segment be attained through discourse analysis and be utilized in a commercial context to determine how a brand should communicate towards that particular segment?

We chose Critical Discourse Analysis (CDA), because as opposed to many other forms of discourse analysis, CDA takes an interdisciplinary approach that particularly focuses on the relations between discourse and society, including social cognition, politics and culture (Fairclough, 1992). It is hence a method that takes into account all levels and dimensions of discourse, including everything from a grammatical and rhetorical focus of text expanding to a wider context of the social, wherein elements, such as the historical and political background are equally drawn into the analysis. Norman Fairclough's CDA is an approach where produced text not only constitutes the social, but it is also constituted by other aspects of the social, which we felt was an approach that allowed us to essentially draw a much more comprehensive representation of Chinese luxury consumers.

Much work on CDA deals with the discursively enacted or legitimated structures and strategies of social relationships of class, gender, ethnicity, sexual orientation, language, religion, age and nationality. It is furthermore about the underlying ideologies that play a role in the reproduction of or resistance against a specific order of discourse. Consequently, we felt that CDA would be the best analytical approach to answer our research question. We personally feel, that in order to really understand a specific consumer context, it is essential to draw upon the entire context surrounding the consumer, i.e. the social, cultural and historical context. CDA is the attempt to uncover, reveal or disclose what is implicit, hidden or otherwise not immediately obvious in relations of discursively enacted dominance or their underlying ideologies (Fairclough, 1992).

5.3. EPISTOMOLOGY

Discourse is based on the social constructionist perspective, which means that language, and subsequently the creation of meaning through articulation is what

constitutes reality. Furthermore, the contingency of discourses means that it is impossible to achieve absolute fixation of meaning. The contingency of discourses means that there is no objective reality; reality is a discursive construction and a product of social processes (Phillips & Jørgensen, 2002). This means that the outcomes of our discourse analysis do not represent an objective truth, since the outcomes themselves are discursive constructions that can be contested. The findings of this analysis consequently do not represent a universal truth – it is rather a truth within a specific area of investigation. And thus many other truths exist within the discourse of luxury in China.

With this thesis we intend to contribute to research within the area of critical discourse studies as well as to the consumer discourse of luxury in China.

We took a social constructivist approach to our thesis when analyzing the nature of luxury consumption in China, because we acknowledge that consumption patterns are changeable and heavily influenced by social structures, environment, history and social interactions.

Through a social constructivist perspective humans are fundamentally historical and cultural beings and our views of, and knowledge about, the world are products of historically interchanges amongst people. Consequently, the ways in which we understand and represent the world are historically and culturally specific and contingent. Our worldviews and our identities could therefore have been different depending on life events – and furthermore, our reality can change over time. In social constructivism, the central aspect of language means that humans contribute to constructing reality through language and language use, based on the historical context (Mumby, 2001)

According to Esmark, Lausten, & Andersen (2005), social constructivism assumes that social reality is never a result of a cause-effect relationship. In other words, social constructivism breaks away from the perception that actors create structure. On the contrary, through social constructionism, social reality is a relationship between enabling and restricting structures and reflective actors, who can follow, avoid or change structure. Esmark et al., emphasizes the importance of this dialectic relationship, which we will investigate when analyzing the fundamental causes of Chinese luxury consumers' behavior.

To do so, it is important to first of all examine the historical context of China that has led to its current cultural, political, economic and social state. It is in fact these societal structures that shape the mindset of the Chinese consumers, which is why we initiated the thesis with a broad walkthrough of China's history.

Our scientific theoretical approach is furthermore determined by our choice of theoretical framework: critical discourse analysis, since discourse analysis originates from the social constructivist school of thought. More specifically, we will utilize Fairclough's three-dimensional framework in order to investigate the Chinese consumers' motives for purchasing luxury goods. By using discourse analysis, we therefore automatically assume that reality or the existing is a result of a number of external influencing factors – such as social environment and, in this case, the history of China.

Social constructionism is hence essentially an umbrella term where through many new theories on culture and society have originated. Discourse analysis, however, is one of the most widely used approaches within social constructionism (Phillips & Jørgensen, 2002, s. 4). Rooting in Ferdinand Saussure's social constructivist thoughts, critical discourse analysis (as indicated by its name) furthermore aims to generate research that contributes to the rectification of inequality in society. Therefore, in addition to discourse analysis, which will help unveil the discourse of luxury in China, we will draw on Veblen's trickle down theory, which explains how social structures and inequalities in society shapes consumer behavior. Additionally, we will analyze the Chinese consumer behavior with the use of McCracken notion of cultural meaning, which examines how consumers can transfer meaning from the products they purchase onto their own lives.

We argue that the combination of discourse theory and consumer behavior theory will constitute a wide-ranging field of theory adequate to assist us in analyzing this thesis' research questions. With these two fields, this thesis' analysis will firstly uncover how luxury as a concept is perceived, which will enable us to see the underlying structures and motives for consumers to purchase luxury goods. Hence, allowing us to answer the two research questions.

5.4 DATA COLLECTION

In the following, we will account for our collection of primary and secondary data. Additionally, we will discuss the benefits and potential weaknesses of our methods of collecting these data.

5.4.1 PRIMARY DATA

Our primary source of empirical data is based on nine qualitative interviews with selected actors within the Chinese luxury consumer segment, as will be presented in section seven and summarized in appendix 3. The objective of the interviews was to gain insight into the consumer mentality of our interviewees and to obtain information that would not otherwise be at our disposal. As mentioned earlier, we are aware of the immense scope of Chinese consumer behavior but by gathering primary data through these interviews, we wish to contribute to that pool of knowledge by providing and analyzing unique data.

We conducted eight out of nine semi-structured personal interviews based on a set of predetermined questions, wherein the order of the questions varied based on the flow of the conversation and additional questions were asked thought it relevant for the interviewee to elaborate. As Saunders et al. point out, "*semi-structured and in-depth interviews are likely to be used not only to reveal and understand the 'what' and 'how' but also to place more emphasis on exploring the 'why.'*" (Saunders, Lewis, & Thornhill, 2007, p. 311).

We chose this approach because semi-structured and in-depth interviews provide the researches with the opportunity to 'probe' answers, and allows for the interviewees to explain and build on their responses (Saunders, Lewis, & Thornhill, 2007, p. 311).

Our ninth interview was conducted via e-mail, which we realize entails some disadvantages in regards to acquiring in-depth answers. We as interviewers were not able to follow-up on answers or ask the respondent to elaborate on certain responses. Furthermore, we discovered that the occurrence of misunderstandings during technologically mediated interviews is inevitably more frequent. However, after having completed the email interview – we still considered it to contain valuable information that would prove useful in connection with the opinions of our remaining respondents. Hence, essentially also reinforcing the validity of our analysis of the interviews.

All nine interviewees were presented with a sheet of paper that listed 35 possible words to describe luxury (see appendix 2). The interviewees were encouraged to tick off as many adjectives on the list as they wished, and were furthermore given the opportunity to add any words they thought were missing. We then asked them to point out the three words they thought were most important and consequently asked to elaborate on this answer. The purpose of this exercise was to get an indication of the power struggles at play within the discourse of luxury, and furthermore see if there were any dominating hegemonic assumptions amongst Chinese luxury consumers.

Additionally, we conducted two semi-structured qualitative interviews with representatives from our two Danish luxury brand case companies; Shamballa Jewels and Birger Christensen. Morten Langsted, Chief of Export at Birger Christensen and Stephanie Binau, Business Development Manager at Shamballa Jewels. The purpose of these interviews was to learn more about their strategy to enter the Chinese market and their approach to target Chinese luxury consumers. We likewise chose this qualitative form of interview because qualitative interviews are *"characterized by their richness and fullness based on your opportunity to explore a subject in as real a manner as possible"* (Saunders, Lewis, & Thornhill, 2007, p. 472) and thus retrieve as much detail about the companies as possible. Furthermore, we use these findings to compare and discuss with the findings of our analysis, with an end goal of being able to further advise these companies on their current strategies on the Chinese market.

5.4.2 SECONDARY DATA

In order to grasp the essence of the vast field of knowledge about China and Chinese consumers, we additionally collected knowledge from consumer reports, publications and homepages. Even though we are aware, the producers of the consumer reports (primarily large consulting agencies) have their own agenda that may push the idea of certain consumer tendencies developing in China; these reports still gave us an idea about the knowledge that is available to companies interested in the Chinese market. It furthermore provided us with some crucial pointers for our data collection – research we would not ourselves have been able to conduct at such a large scale. The main sources used for this purpose includes, The Hurun Report, McKinsey & Company, The Economist and Warc Asia.

5.5 INDUCTIVE APPROACH

We took an inductive approach to our interviews, because the purpose of the interviews was to gather knowledge and insight about Chinese luxury consumers. "An

inductive research approach involves the development of a theory as a result of the observation of empirical data" (Saunders, Lewis, & Thornhill, 2007, p. 599).

The outcome from our analysis led us to create a framework, wherein we were able to denote the wide-ranging stages at which Chinese luxury consumers can be placed. It was a way for us to demonstrate the distinctions and nuances amongst a consumer segment, and place them in different groups based on a variety of factors, instead of just viewing all Chinese luxury consumers as one group. What we provide is a framework, wherein marketers are able to better single out the consumer group within a larger segment that they essentially want to target.

We believe that our findings in theory can be applied to any case, at any consumer segment, in any industry – which is something we discuss in our reflections and implications.

5.6 APPROPRIABILITY

We are aware that approaching this thesis with a constructivist mindset means that the conclusions, which we conduct, should also be seen as social constructions. Constructions will always be influenced by the context that they exist and are analyzed within (Phillips & Jørgensen, 2002). Therefore, it is necessary to mention, that we are aware of the fact that our own personal perception of reality and the social context that we operate within, inevitably will have some impact on our analysis and the conclusions we draw. Nevertheless, since we will base our claims on a theoretical framework (accounted for in section 6) and empirical data (accounted for in section 2-3 and appendix 3-4), we consider that the analysis and conclusions we draw are, to an outmost extent, valid and adequate.

6. THEORETICAL APPROACH

In this section of our thesis, we present our theoretical approach, which revolves around critical discourse analysis by Norman Fairclough and consumer behavior theory by Thorstein Veblen and Grant McCracken. Our choice of theory, in particular discourse analysis, as well as our entire approach to this thesis originates from a social constructivist perspective. Thus, we acknowledge that social significance and meaning is not developed separately through the individual, but in coordination with other human beings. The elements most important to a social constructivist perspective are that human beings rationalize their experience by creating a model of the social world and how it functions and that language is the most essential system through which humans construct reality. Since social constructivism constitutes the foundation of the chosen theory, we find it important to initiate this section with an outline of the basic principles behind social constructionism.

6.1 SOCIAL CONSTRUCTIONISM – FERDINAND DE SAUSSURE

We thereby initiate our theoretical overview by accounting for Ferdinand de Saussure's development of social constructivism, as discourse analysis roots in this theory of science.

"Language is no longer regarded as peripheral to our grasp of the world we live in, but as central to it. Words are not mere vocal labels or communicational adjuncts superimposed upon an already given order of things. They are collective products of social interaction, essential instruments through which human beings constitute and articulate their world. This typically twentieth-century view of language has profoundly influenced developments throughout the whole range of human sciences. It is particularly marked in linguistics, philosophy, psychology, sociology and anthropology" – Ferdinand de Saussure (Roy, 1990, p. 10).

The Swiss linguist and semiotician, Ferdinand de Saussure, is widely considered to be one of the founding fathers of the 20th-century linguistics as well as responsible for establishing the foundational views of social constructivism. Saussure was the first to introduce the idea of understanding language as a system that is not necessarily determined by the reality, which it refers to (Phillips & Jørgensen, 2002).

He introduced the linguistic terms *langue* – meaning language - and *parole* – meaning speech. He distinguished between the two terms by arguing that *langue* should be viewed as the structure of language – a network of signs that give meaning to each other and *parole* should be understood as the individual acts of speech (Phillips & Jørgensen, 2002).

Social constructionism is based on Saussure's theory that signs - which are anything that can be used to communicate - derive their meaning through internal relations within a network of signs. He rejects structuralism's view of language as a stable structure where signs are locked and hence have fixed meanings. Through social constructivism he reasons that signs acquire meaning by being different from other signs and that the signs from which they differ can continually change according to the context of which it operates within – hence signs are continually contested (Phillips & Jørgensen, 2002). The social constructionist view is able to accept change because

structure is created, reproduced and changed through concrete language use - through 'parole' (Phillips & Jørgensen, 2002).

Through a social constructivist perspective, we as humans are fundamentally historical and cultural beings and our views of, and knowledge about, the world are products of historical interchanges amongst people. Consequently, the ways in which we understand and represent the world are historically and culturally specific and contingent. Our worldviews and our identities could therefore have been different depending on life events – and furthermore, our reality can change over time. In social constructivism, the central aspect of language means that humans contribute to constructing reality through language and language use, based on the historical context.

6.2 INTRODUCTION TO DISCOURSE ANALYSIS

"Without discourse, there is no social reality, and without understanding discourse, we cannot understand our reality, our experiences, or ourselves" (Phillips & Hardy, 2002, p. 2).

Discourse analysis originates from a social constructivist linguistic philosophy, which assumes that our access to reality is always through language. With language, we create representations of reality that are never just reflections of pre-existing reality but contributions to a construction of reality (Phillips & Jørgensen, 2002).

Because the term discourse is such a broad term to define and due to the many varying approaches to using discourse analysis, it is impossible to limit discourse analysis to a single methodology, and hence problematic to state what exactly this area of research does or does not comprise of. But according to Phillips and Jørgensen – authors of the book 'Discourse Analysis as Theory and Method' – discourse is the general idea that language is structured according to different patterns that people's utterances follow when they take part in different domains of social life (Phillips & Jørgensen, 2002).

As just mentioned, theorists have developed various versions of discourse analytical approaches and hence the use of discourse analysis does not limit itself to just one method or definition. Since there seems to be no single consensus as to what discourses are or how to analyze them, there are not always theoretical relations between the approaches, other than the labeling of discourse and the general rooting in social constructivism. What Phillips and Jørgensen do commonly conclude about discourse analysis, however, is that discourse analysis is a series of interdisciplinary approaches that can be used to explore many different social domains in many different types of studies (Phillips & Jørgensen, 2002).

6.3 UNDERSTANDING DISCOURSE – PHILIPS AND HARDY

Before we go on to present the discourse analysis approach that we will be using in our analysis, we thought it important to account for how we interpret and use the term discourse throughout this thesis.

In our approach, we predominantly lean towards Philips and Hardy's conception of

what discourse is and how it is to be interpreted and used. Phillips and Hardy understand 'texts' to be a variety of forms, including written texts, spoken words, pictures, symbols, artifacts, and so on (Phillips & Hardy, 2002). We henceforth understand discourse to be a set of interrelated texts – and the job of a discourse analyst is thereby to explore the relationship between these texts and reality.

Discourse is about the power of incomplete, ambiguous, and contradictory understandings of texts, which when combined, creates a social reality that society at large experiences as real. Texts are not meaningful individually – it is only through their interconnection with other texts that they are made meaningful (Phillips & Hardy, 2002). Our thoughts and interpretation process, and hence our actions are controlled by our own context - our own reality.

In our case, in order to understand luxury from a discourse analytic perspective, we need to learn why a particular product is considered luxurious. We hence need to explore how discourses such as price, quality, status, and brand recognition, among others, serve to make sense of the concept of luxury. As these discourses are phenomenon that we very much consider to be interrelated in the creation of the luxury discourse.

To learn more about the discourse of luxury and how it has arrived at its present state, one can explore texts such as theoretical articles, interaction between consumers, advertising material and brand communication. As mentioned in previously, we have chosen to focus on consumer reports and qualitative interviews with Chinese luxury consumers. Furthermore, like social constructivism, Phillips and Hardy emphasize that one must examine the social context of the discourse. In the context of studying luxury consumption in China, we argue that it would particularly be relevant to examine social contexts such as consumer society, customs and values, as well as the historical background and evolution. Phillips and Hardy furthermore argue that it is the interplay between text, discourse, and context, which helps to understand the broader 'reality' of the term discourse and how it is constructed and experienced (Phillips & Hardy, 2002). Finally, our interest in the relation between discourse and social reality requires us to study individual texts for clues about the nature of the discourse since we can never find discourses in their entirety, because discourses will always be contested and thus continue to evolve (Phillips & Hardy, 2002).

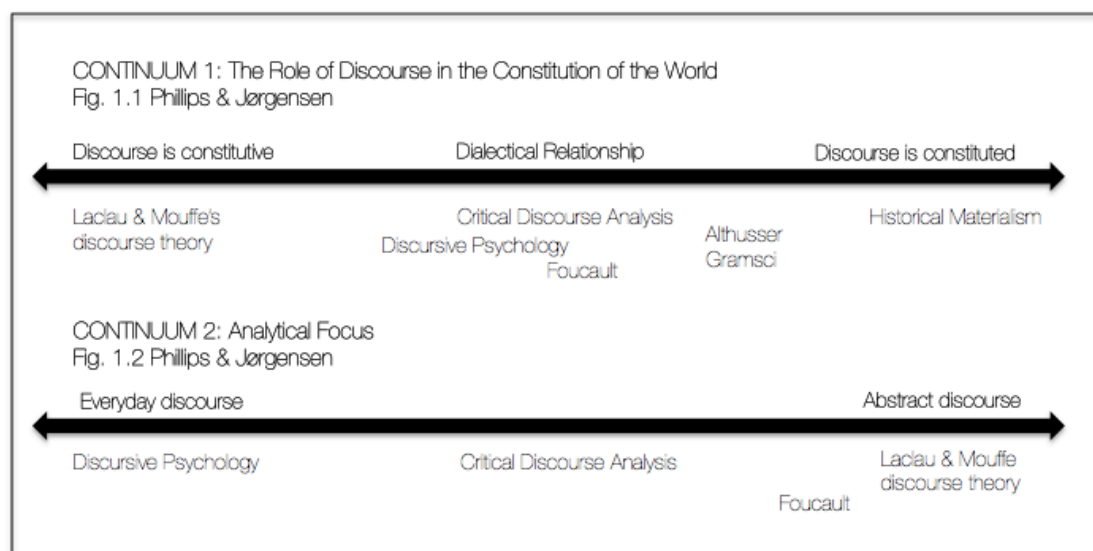
With this approach to discourse, we hope to prove that by studying the social context of which the discourse operates in, marketers should be able to use the discourse analytical method as a significant tool to analyze and understand specific groups within a consumer market.

6.4 THE ANALYTICAL RANGE OF DISCOURSE ANALYSIS

As earlier mentioned, there are various theorists who have come up with different approaches to using discourse analysis. Thus, in order to qualify for a methodological sound and analytically precise use of discourse analysis, it is important to clarify how the term is understood and what the intention of the analysis is. In the following section, we will henceforth attempt to clarify, in broad terms, the analytical range of the different approaches, before moving on to present in detail the specific approach that we will be using in our analysis to explore the discourse of luxury.

What is common for all discourse analytical approaches, is that discursive practices is a social practice that shapes the social world (Phillips & Jørgensen, 2002). Phillips and Jørgensen locate the approaches along two continua. The first continuum establishes the role of discourse in the constitution of the world and therefore distinguishes between discourse constituting reality in one end and discourse being constituted by reality at the other end. The second continuum is more concerned with the analytical focus, which distinguishes between the formative range of discourse; understood as the distinction between everyday and abstract use of discourse (Phillips & Jørgensen, 2002). The left end of the continuum implicates that people draw on larger societal structures in discursive practices and hence is more systematic in analyzing people's talk and written language; where as the right hand side is more abstract and focuses more on the larger discourses that circulate in society at a particular moment in time.

Hence, when distinguishing between the approaches within discourse analysis, the differences are matters of degree in regards to where they are placed on the two continua.



6.5 INTRODUCTION TO NORMAN FAIRCLOUGH'S CRITICAL DISCOURSE ANALYSIS

We have chosen to mainly focus on Norman Fairclough's critical discourse analysis (CDA), as our central approach to studying how Chinese consumers perceive luxury. While there are many directions within CDA, Fairclough particularly draws on the linguistic dimensions of social and cultural developments in different social domains. Consequently, we felt that his methodology would be most valid for our research purpose.

In Fairclough's approach to CDA, there is no fixed procedure with regards to methodology and he does encourage the transcriptions of conducted interviews – instead, it is more important to derive the essence and overall themes from the responses when analyzing the produced text (Fairclough, 2003). Instead, he emphasizes that CDA should be tailored to match the project's purpose (Phillips &

Jørgensen, 2002). It is therefore important to mention that we only use Fairclough's CDA as an overall and broad guideline and henceforth also adapt general aspects from DA and CDA. Furthermore, we intent to modify Fairclough's CDA approach to fit our research question.

In the CDA approach, there is a great focus on linguistics and hence on how texts within a discursive practice are created and interpreted. It is through our everyday exchanges – the production and consumption of texts – that social and cultural production, reproduction and change takes place. Furthermore, it is our particular way of interpreting texts that essentially make up and constitutes the social world we exist in – including our social identities and relations. The fundamental aim of CDA is to explore the links between language use and social practice – what CDA does, is it sheds light on the linguistic discursive dimension of social and cultural phenomena and the processes of change (Phillips & Jørgensen, 2002).

An important difference between Fairclough's CDA and other poststructuralist discourse theories is that CDA engages in a dialectical relationship with other social dimensions – discourse is not only viewed as constitutive but also as constituted by other social practices. Language as discourse is both a form of action through which people can change the world and a form of action, which is socially and historically situated in a dialectical relationship with other aspects of the social (Phillips & Jørgensen, 2002). Fairclough consequently encourages researchers to supplement CDA with other cultural or social theories in order to demonstrate what other aspects a discourse is constituted or effected by. As mentioned earlier, we will in this context implement consumer behavioral theories, which we will further account for in the following sections (6.8-6.10).

Fairclough has created a framework for analyzing discourse, which is built around a three-dimensional model that distinguishes between text, discursive practice and social practice. For this purpose, we draw on Phillips and Jørgensen's account of Fairclough's CDA (2002), as well as Fairclough's own books: *Discourse and Social Change* (1992) and *Critical Discourse Analysis* (1995).

6.6 FAIRCLOUGH'S CDA TERMINOLOGY

Before we move on to present Fairclough's framework, it makes sense to first of all go through some of the key terms that Fairclough uses, in order for the reader to have an idea of how these terms are understood and used throughout the framework.

Fairclough confines the term *discourse* to semiotic systems such as language and images. Discourse emphasizes interaction between speaker and addressee or between writer and reader, and hence studies the processes of producing and interpreting speech and writing, as well as the situational context of language use (Fairclough, 1992). Fairclough proposes to use language as a form of social practice, rather than a purely individual activity or a reflex of situational variables. This implies that discourse is a system of actions and that there is a dialectical relationship between discourse and social structure. Furthermore, Fairclough considers discourse to contribute to the construction of systems of knowledge, social identities and social relations. Thus discourse has three functions: (1) an ideational function, (2) an identity function and (3) a relational function.

Text is in Fairclough's framework regarded as a dimension of discourse – the written or spoken product of a social interaction. *"Texts have several meaning potentials that are open to various interpretations depending on the social and cultural context as well as the receiver"* (Fairclough, 1992, p. 3).

Additionally, a genre is *"a particular usage of language, which is rooted in but also defines parts of a specific social practice"* (Phillips & Jørgensen, 2002, p. 67). Hence, a genre can be described as the context in which a text is produced, for example an interview genre, a news genre, or an advertising genre. When analyzing the social practice, genre is important to determine, since it has a crucial effect on the way that the text is produced, distributed and understood.

The *order of discourse* is the outline of all the discourse types, which are used within a social institution or a social field – for example the field of luxury consumption in China. *"Discourse types consist of discourses and genres"* (Phillips & Jørgensen, 2002, p. 67). The order of discourse is a system in the sense that it both shapes and is shaped by specific instances of language use. Hence, *"the order of discourse is both language and structure within a social field"* (Phillips & Jørgensen, 2002, p. 72).

Interdiscursivity refers to communicative events where several discourses are drawn upon in order to move the original boundaries of those discourses. In other words – one discourse can be borrowed from its original context and used to elaborate on another discourse. For example, the discourse of economy can be transferred from its original "economic" context and used in the discourse of societal structures in order to explain social structures from an economic perspective.

Interdiscursivity is furthermore a form of *intertextuality*, which refers to the external relations of a text. Implicitly or explicitly, incorporating elements of one text can shape the meaning of another text. The producer of a text can for example draw on other texts through allusions, quotations, or assumptions – meaning that he draws on text that have previously been produced in other contexts (Fairclough, 2003).

Both *intertextuality* and *interdiscursivity* refer to the influence of history on a text and to a text's influence on history, since all communicative events draw on earlier events. Fairclough views intertextuality as stability and instability, and both continuity and change because texts can continually be contested and hence, altered in meaning depending on communicative events.

Hegemony is to be perceived not only as dominance, but also as a process of negotiation from which a consensus concerning meaning emerges. *"Hegemony is never stable, it is always changing and incomplete, and hence consensus is always only a matter of degree"* (Phillips & Jørgensen, 2002, p. 76).

Non-discursive elements are the elements that are part of a wider social practice to which the communicative event belongs. They are social aspects that may shape a discourse through social elements like economy, religion, politics, etc.

6.7 FAIRCLOUGH'S THREE-DIMENSIONAL FRAMEWORK

Through his theoretical framework and methodological tools, Fairclough's approach to studying social interactions through spoken and written language comes across as highly systematic, something which actually distances him from general poststructuralist discourse theory, because typical DA often have more abstract approaches to analyzing texts (Phillips & Jørgensen, 2002).

As mentioned previously, Fairclough applies the concept of discourse in three different ways, which are through analyzing the *discursive practice*, *text* and *social practice*. All three dimensions should be covered in a discourse analysis of a communicative event, and should focus respectively on: (*discursive practice*) the processes relating to the production and consumption of the text, (*text*) the linguistic features of the text, and (*social practice*) the wider social practice to which the communicative event belongs.

The general purpose of the three-dimensional model is to provide an analytical framework for discourse analysis. The framework is built around the idea that texts can never be understood in isolation – instead they should be considered in relation to webs of other texts, as well as in relation to the social context. Consequently, although the dimensions of analysis are separated into three parts, they will in practice overlap (Fairclough, 1992).

In the following section, we will outline the research methods that Fairclough utilizes to analyze discourse as discursive practice, text and social practice. We will go through each of the three dimensions and what researchers should be looking for, when analyzing discourses. As we mentioned earlier, there is no fixed approach or blueprint to the framework and hence it should be treated as general guidelines, which identify the main elements and considerations that apply to Fairclough's discourse analysis and should be adapted to fit each project's individual purpose (Fairclough, 1992).

6.7.1 DISCURSIVE PRACTICE

The analysis of the discursive practices concentrates on how text is produced and how it is consumed. The objective of the practice is to (1) specify which discourse types are drawn upon, (2) how authors of texts draw on already existing discourses to create a text, and (3) how receivers of texts apply available discourses and genres in the consumption and interpretation of the text (Fairclough, 1992). It centers upon the concept of intertextuality and draws on the micro-sociological and interpretative tradition within sociology, where everyday life is treated as a product of people's actions in which they follow a set of shared 'common-sense' rules and procedures (Phillips & Jørgensen, 2002).

Questions that the researcher should refer to when analyzing discursive practice include:

1. Is there an obvious way of characterizing the text overall, in terms of genre? If so, what does it imply in terms of how the text is produced, distributed and consumed?
2. Is the discourse text relatively conventional in its interdiscursive properties, or is it innovative? (Fairclough, 1992, p. 232)

Within the discursive practice, the researcher has to identify the level of interdiscursivity. The level of interdiscursivity indicates which discourses are referred to within a given linguistic text and how they intertextually draw on other texts and genres. If a text has a high level of interdiscursivity it is, according to Fairclough, associated with change or innovation - whereas, if the text has a low level of interdiscursivity it signifies a reproduction of the established order (Phillips & Jørgensen, 2002, p. 83). Discursive change hence takes place when discursive elements are articulated in new ways.

The essential purpose of analyzing discursive practice is to look into the interpretative implications of the intertextual and interdiscursive properties of the discourse text. Hence, the researcher needs to investigate which context, style and/or ideational meanings are being represented and whether the represented discourse is clearly being established. Furthermore, the researcher needs to question whether:

1. There are links to other texts
2. Texts are sincere or manipulative
3. Certain statements come across as negative and whether there are instances of, irony (Fairclough, 1992).

Discursive practice can be seen, as an aspect of hegemonic struggle that contributes to the reproduction and transformation of the order of discourse which it is part of. In that sense, discursive practice can be constitutive in both conventional and innovative ways, as it can contribute to reproducing society as it is, or it can contribute to transforming society (Fairclough, 1992).

6.7.2 TEXT

The textual component of Fairclough's framework implicates a detailed textual analysis within the field of linguistics with reference to Michael Halliday's approach to functional grammar. It is the most concrete usage of discourse within the three dimensions of Fairclough's framework, because it establishes how discursive processes operate linguistically and studies the relationship between text and society.

The formal linguistic features of texts influence both the production and consumption process, which is why the textual component is an important part of the framework. The text analysis concentrates on the formal features such as grammar, metaphors, vocabulary, word meaning, wording, ethos, sentence coherence and interaction control, which is the relationship between speakers (Phillips & Jørgensen, 2002) (Fairclough, 1992). All of these linguistic features contribute to revealing particular versions of reality, social identities and social relations.

One important grammatical element of the analysis is the level of modality. When analyzing modality, the focus is on the speakers' degree of commitment and certainty to his or her statements. The level of modality or degree of commitment to a statement has consequences for the discursive construction of both social relations and structures (Phillips & Jørgensen, 2002).

Other important aspects are, for one; the element of interactional control - if your text is based on, for example, an interview. The objective here is to clarify who controls the interaction in the interview, by asking questions like:

1. How are agendas set and by whom?
2. How are topics introduced, developed and established?
3. Is topic control symmetrical (both parties can introduce new topics) or asymmetrical (only one part introduce topics) (Fairclough, 1992, p. 235)?

Secondly, wording and word meaning emphasizes the key words that are used within the text and how they are interpreted.

1. Are the words of a more general or more local cultural significance?
 2. What interpretive perspective underlies the wording?
 3. Does the text contain new lexical terms, and if so what theoretical, cultural or ideological significance do they have?
 4. What intertextual relations are drawn upon in the text?
- (Fairclough, 1992, p. 236)

A textual analysis is not, however, sufficient enough on its own to include the larger societal and cultural processes at play within a discourse, which is why an interdisciplinary perspective that combines textual and social analysis is needed, and hence the dimensions of social and discursive practice are added on to the framework.

6.7.3 SOCIAL PRACTICE

Social Practice is the broadest and most abstract of the three dimensions. By drawing on macro-sociological tradition, one is able to consider the social practices that are shaped by social structures and power relations; aspects that people do not tend to reflect upon in everyday life. (Phillips & Jørgensen, 2002).

When analyzing social practice, Fairclough emphasizes two parts. The first part explores the relationship between the discursive practice and its order of discourse - where the researcher should be questioning what kind of network of discourses the discursive practice belongs to and how the discourses are distributed and regulated across texts (Phillips & Jørgensen, 2002).

In the second part, the researcher needs to point out the partly non-discursive, social and cultural relations and structures that constitute the wider context of the discursive practice. Conditions to which the discursive practice is subject cannot always be answered through discourse, and hence Fairclough suggests, that researchers add a complementary social or cultural theory to the analysis in order to explore the wider social practices at play (Phillips & Jørgensen, 2002). Doing critical discourse analysis will always include the integration of additional theories to CDA, because Fairclough believes that linguistic and discourse theory in itself will never be completely sufficient to account for the non-discursive aspects of the phenomena at play (Phillips & Jørgensen, 2002). As mentioned earlier, we therefore include studies of Veblen (1899) and McCracken (1986) as additional theories in order to be able to study the

wider social practice that the discourse analysis is part of.

Social practice is also the dimension within Fairclough's framework, where we arrive at the study's final conclusions. The aim is to specify the social and hegemonic relations and structures, which constitute the background of the text in a social and discursive practice. It is useful within this practice to focus on ideological and hegemonic effects, like systems of knowledge and belief, social relations and social identities (Fairclough, 1992). Hence, questions related to change and ideological consequences should be asked, such as:

1. How does the text stand in relation to these social structures and relations?
2. What considerations should be made in regards to whether the discursive practice reproduces or, instead, challenges the existing order of discourse?
3. What consequences, ideological, political and/or social, does this have for the broader social practice? Does it contribute to the maintenance of the status quo or has the order of discourse been transformed, thereby contributing to social change?
4. And finally, does the discursive practice conceal and strengthen unequal power relations in society or does it challenge them? (Fairclough, 1992, p. 238) (Phillips & Jørgensen, 2002, p. 86)

6.8 VEBLEN'S TRICKLE DOWN THEORY

We now move on to introduce the consumer behavior theories that we use on our thesis – theories that will essentially support our analysis of Fairclough's social practice, the third step in his three-dimensional framework. We initiate by presenting Thorstein Veblen's trickle down theory.

"In the nature of things, luxuries and the comforts of life belong to the leisure class"
(Veblen, 1994 (1899), p. 49).

In his book, *Theory of the Leisure Class*, Thorstein Veblen developed a framework for comprehending the effects of social determinants on consumption. He studied the contemporary class division to emphasize that the utility of consumer goods, personal comfort and well-being were not the sole purposes of consumption.

As opposed to neoclassical theory of consumption, which links consumer preferences to exogenous determinants, Veblen recognizes that certain consumer goods, only accessible to the leisure class are associated with superiority and thus become objects desired by the lower classes in the social hierarchy. *"Since the consumption of these more excellent goods is an evidence of wealth, it becomes honorific; and conversely, the failure to consume in due quantity and quality becomes a mark of inferiority and demerit"* (Veblen, 1994 (1899), p. 64).

Veblen introduced the notion of conspicuous consumption to define this social incentive for consuming. The essence of this concept is that individuals imitate the consumption patterns of other individuals from higher classes in society – which Veblen refers to as the trickle down theory. *"The result is that the members of each stratum accept as their ideal of decency the scheme of life in vogue in the next higher stratum, and bend their energies to live up to that ideal"* (Veblen, 1994 (1899), p. 84).

Consumption thereby becomes a method of demonstrating the possession of wealth rather than a way of utilizing the practical function of goods.

Veblen's conspicuous consumption theory, however, has received a lot of criticism, which predominantly revolve around three main issues. First, Veblen's trickle-down theory has been criticized for only recognizing the top down movement of luxury consumption patterns. Other researchers believe that consumers at the bottom of the social hierarchy may also function as pacesetters (Trigg, 2001). With regards to the use of Veblen in this thesis, this point of critique is rather irrelevant since we will be studying luxury goods that are only accessible to the upper class due the premium prices. What we want to accomplish by applying Veblen's trickle-down theory is to investigate whether - and if so - how the upper class influences the lower classes in China when it comes to luxury consumption.

Secondly, it has been argued that consumers no longer engage in conspicuous consumption but instead display wealth in alternative and perhaps more subtle ways. And third, other researchers claim that consumption is no longer determined by social status but rather by lifestyles that cut across the social hierarchy (Trigg, 2001). We, however, believe that this critique is relevant mainly when using Veblen's theory to investigate consumption in Western societies and that his ideas are still beneficial to implement when studying consumption patterns in developing countries like China, where wealth inequality is still so evident.

6.9 SIMMEL ON VEBLEN AND THE FASHION INDUSTRY

In the *International Quarterly* 10 (1904), George Simmel applied Veblen's trickle-down theory to the fashion industry. Simmel investigated the dualistic nature of consumers, arguing that man's conduct is a result of two antagonistic characteristics fighting each other. *"In no case do we find any single force attaining a perfectly independent expression, and we are thus obliged to separate a majority of the factors and determine the relative extent to which each shall have representation"* (Simmel, 1904, p. 130). He thereby argued that to understand the nature of the consumers, one had to take into consideration the versatile nature of the consumers' reasons for purchasing certain goods.

Transferring this general perception of consumers' conduct to the fashion industry, Simmel discovered a tendency for some consumers to *imitate* other consumers' consumption patterns. He defined the imitation tendency as an expedient way to test and display one's power without requiring any personal or creative application. The act of imitating furthermore gives the individual the opportunity to dismiss any responsibility for its choice because one merely imitates the acts of others. *"Thus the individual is freed from the worry of choosing and appears simply as a creature of the group"* (Simmel, 1904, p. 132).

On the other hand, Simmel discovered a tendency for consumers to *differentiate* themselves from the masses. Contrary to imitation, individuals who value change, individual differentiation, and relief from generality view imitation as a negative and hindering principle. These consumers therefore actively seek to differentiate themselves and value the opportunity to have a personal style and expression.

Simmel drew up these tendencies as the need for union versus the need of isolation. He argued that in the lower classes, the socialization impulse is more developed than the differentiation impulse. He thereby linked the need for union or imitation to the lower classes that then imitate the upper class in order to reach the sense of belonging to a group.

In line with Veblen's trickle-down theory, Simmel argued that fashion is a product of class distinction and that fashion is never the same in the upper class as in the lower classes. He pointed out that fashion exists due to the need of isolation that characterizes the behavior of the upper class. Simmel even stated that fashions are abandoned by the upper class as soon as the lower class approaches and adopt that same fashion. "... and thus the game merrily goes on" (Simmel, 1904, p. 135). He found that individuals who wished to isolate themselves via goods became representative of a class and an embodiment of a joint spirit. Thus, creating a paradox in the upper class between wanting to differentiate oneself but at the same time being part of a larger movement.

"Fashion represents nothing more than one of the many forms of life by the aid of which we seek to combine in uniform spheres of activity the tendency towards social equalization with the desire for individual differentiation and change" (Simmel, 1904, p. 133).

6.10 MCCRACKEN'S NOTION OF CULTURAL MEANING

Following the recognized perception that society's lower classes emulated the upper class, Grant McCracken started to investigate the transit of what he defined as cultural meaning embedded in consumer goods (1986). He pinpointed that cultural meaning is created in a culturally constituted world, after which it is transferred onto certain goods and then from these goods on to the individual consumer. He thereby claimed that when a group of consumers emulate the consumption patterns of another group, they purchase goods with the intention of gaining that specific cultural meaning embedded in the good.

Looking into the mobility of cultural meaning allowed McCracken to view consumers and consumer goods as way stations of meaning. Using McCracken's notion of cultural meaning to analyze consumption patterns in China, will allow us to focus on the structural and dynamic properties of consumption, which presumably will assist us in mapping out tendencies and determinants in the purchasing process of Chinese consumers.

Henceforth, the "moving of meaning"-perspective force us to investigate which cultural meaning is appealing to the Chinese consumer and investigate whether attaining that meaning is a purpose for the individual consumer.

McCracken identifies advertising and the fashion system as instruments of meaning transfer between the culturally constituted world and the consumer goods. *"Adverting works as a potential method of meaning transfer by bringing the consumer good and a representation of the culturally constituted world together within the frame of a particular advertisement"* (McCracken, 1986, p. 74). For meaning to be resident in consumer

goods, meaning must be disengaged from the culturally constituted world and transferred to the goods, which is what is done through advertising. McCracken emphasizes that advertising becomes a lexicon of current cultural meaning. Consumers (as an audience of advertising) are thereby kept updated on current trends and cultural meaning.

He furthermore uses the term "fashion system" as an additional forum where cultural meaning is invested and divested in goods. Contrary to advertising though, the fashion system serves as a carrier of cultural meaning through several sources, agents, and media of communication.

The transfer in this context is done in three ways. First the fashion system transfers meaning from the world to the goods in a way that is remarkably close to advertisement. In a second capacity, the fashion system actually invents new cultural meanings via opinion leaders who help shape and improve cultural meaning. In that regard he refers to Simmel's work (1904) in order to underline that these opinion leaders primarily originate from the social elite and that "*... the innovation of meaning is prompted by the imitative appropriations of those of low standing*" (McCracken, 1986, p. 76).

Thirdly, the fashion system engages in radical reforms of cultural meaning via innovative groups in society that become "meaning leaders" even though these groups often act as they do to avoid that their cultural inventions are absorbed by the mainstream.

When investigating the transfer of cultural meaning from goods to the individual consumer, McCracken identifies four rituals as instruments in this process: exchange rituals, possession rituals, grooming rituals and divestment rituals. According to McCracken, these rituals function as powerful social actions by which consumers can modify the meaning derived from the goods and utilize it in order to affirm, evoke, assign, or revise the conventional cultural order. He thereby suggests that consumers are able to adjust their personal "image" by attaining cultural meaning through purchased goods.

"Ritual is used to move an individual from one cultural category of person to another, where s/he gives up one set of symbolic properties, e.g. those of a child, and takes up another, e.g. those of an adult" (McCracken, 1986, p. 78).

In the following, we will introduce the possession and grooming rituals as they specifically revolve around how consumers transfer meaning from goods to their personal lives. We have chosen to omit exchange and divestment rituals, since their focus is not on the specific transfer of meaning from goods to the individual consumer, which will be the main purpose for us to apply McCracken theory in our analysis.

6.10.1 POSSESSION RITUALS

McCracken recognizes a tendency for consumers to discuss, compare, reflect, show off and even photograph their possessions. The possession ritual is however not a straightforward process as the purpose is not only to claim possession but also to obtain the symbolic properties from the consumer goods. If the consumer does not

successfully claim the symbolic properties, the ritual fails to take place and the consumer good then becomes a paradox since its properties remain immobile. However, when successfully transferred, consumers can utilize cultural meaning as markers of time, space, and occasion. Consumers then draw on the meaning to differentiate culture categories such as class, status, occupation, age, gender, and lifestyle.

Essentially, whether consumers consciously or unconsciously engage in possession rituals, they are able to take advantage of the symbolic properties and use it to position themselves in cultural categories that they may not inherently be part of.

6.10.2 GROOMING RITUALS

Furthermore, some consumer goods have a perishable nature and thus require repeatedly meaning transfer by the consumer. In that case, the consumer will engage in what McCracken defines as grooming rituals where consumers make any necessary efforts to insure that the perishable meaning of a particular good (e.g. clothes) are exploited, however momentarily, in the life of the consumer.

For example, a consumer who is getting ready to go out for a party or dinner of some sort is engaging in a grooming ritual. In that situation, the individual arms him/herself with suitable glamorous, dignified and meaningful properties of their best consumer goods. This illustrates the time, patience, and concern a consumer will spend to participate in a public exposition where meaning can be transferred and claimed.

In addition to Veblen's trickle down theory (1994 (1899)), McCracken's notions on conspicuous consumption and cultural meaning provide grounds for a holistic understanding of the essential determinants in a consumers purchasing decision. These approaches to consumer behavior combine psychological and economic aspects, which makes it an ideal method to get a comprehensive understanding of the Chinese luxury consumers.

7. ANALYSIS: THE DISCOURSE OF LUXURY & CONSUMER BEHAVIOUR

For the following analysis, we have selected four out of our nine interviews, which we will examine respectively with the research questions in mind. However, summaries of all nine interviews are available to read in appendix 3. Firstly, we will study the discourse of luxury through the use of Fairclough's three-dimensional framework and secondly, Veblen's trickle-down-theory and McCracken's notion of cultural meaning are implemented in order to analyze the respondents' consumer behavior.

Targeting only four interviews enables us to go more thoroughly into the analysis and reach the essence of the discursive elements and the characteristics of the Chinese luxury consumer. We have chosen to focus on the respondents; Jin Yuan Yuan, Daisy Tao, Timothy Parent and Wayne Cao, since they represent two categories of consumers which we recognize among all nine interviews.

Regarding the first dimension of Fairclough's framework, the same genre applies to all our interviews. Given the context, the interview-genre was dominant both in the production, distribution and consumption of the text created throughout the interviews. As a result of the genre, the text was produced by the respondents according to the directions that our interview presented them with, and was distributed primarily through answers to our questions. The genre therefore also had an effect on the consumption, in the sense that we, as receivers of the text - but at the same time interviewers - were limited to asking questions and acknowledging the respondents' answers. Had the genre been another, the text could have been created in a corporation where opinions could be discussed, affected, and developed. Consequently, the interview genre results in the text being one-sided.

When examining each interview, the individual respondents will firstly be introduced with an emphasis on profession, origin, international experience and educational background.

7.1 INTERVIEW WITH JIN YUAN YUAN

Jin Yuan Yuan was the first of our interviewees. She is the director of the Chinese based beauty and fashion production house, YYO, which serves clients like Louis Vuitton, The Telegraph, Cosmo China, Harpers Bazaar China and VOGUE China. Jin grew up in Mainland China in Guangzhou, in Guangdong Province and pursued her further education in fashion studies in London, where she furthermore interned for the international fashion house Alexander McQueen in their PR department. She has lived in Shanghai for the past nine years where she founded YYO Productions and is hence well established within the Chinese fashion and luxury industry.

7.1.1 DISCURSIVE PRACTICE

When analyzing the discursive elements of the text produced by Jin, it is necessary to mention that through remarks such as *"You guys have nice style"*, she seemed to assume that we as interviewers shared her interest in luxury and fashion (Interview, January 9, 2014). Hence, most of her utterances come across as implicit and with the pre-notion that we share a common frame of reference. This relation sets the

foundation for how the text is being produced and distributed by Jin, the interviewee, and consumed by us, the interviewers.

Jin's way of producing text directly corresponds to her insights and knowledge of the luxury industry – it is clear that this for her is an area of expertise, which allows her to make statements that would perhaps not have had the same level of certainty had the discourse not been luxury. Jin therefore also differentiates herself from the general Chinese consumer in the way she expresses how "they" versus how she perceives luxury.

With remarks like "*... like my parents generation (...) to them, luxury is good quality, but then to the younger generation (...) luxury is logo*"; "*...luxury is something not everybody can afford.*"; "*...right now it's all about money, because we don't have a class (system).*" Jin evaluates the discourse of luxury, but additionally she draws on discourses of the fashion industry, differences in age, Chinese societal structures, money and cultural values.

When evaluating the tone of the text, some statements come across as negative and thus we emphasize remarks like "*... I felt so mass market*" and "*...to them, luxury is logo*". To the interpreter, words like 'mass market' and 'logo' come to denote negative connotations. This is not clearly explicated, but given the context within the order of luxury and fashion discourses, we believe that these words should generally be interpreted as negative.

The interview contains a high level of interdiscursivity as Jin draws on several texts and genres when she makes her statements, which means her produced text entails a high level of intertextuality. In order for the receiver to correctly consume and interpret this text, it is required that she or he too has a high level of knowledge within the discourse, in order to understand which texts are indirectly being referred to.

One example is, when Jin is asked why she moved to London, in which she responds: "*Because London is fashion*". For receivers who know that London is famous for its fashion schools, it's general development of new creative talent, as well as for its fashion week; will understand what the answer 'London is fashion' insinuates. This, however, won't necessarily be common sense to everybody – and consequently her text generally draws on a high level of interdiscursivity.

7.1.2 TEXT

When looking at how and who sets the agenda, we as interviewees took the lead in regards to establishing the topics and ensured that a certain structure was maintained and focus was kept on our main research purpose throughout the interview. However, although we were responsible for introducing the topics, Jin was able to elaborate and develop on the topics. She presented new information and aspects on luxury and consumerism in China, and thus essentially was responsible for establishing which themes and subjects were relevant to the topics presented. One can therefore argue that the text is symmetrical, because although we as interviewers set the overall agenda – she consistently elaborated and controlled the conversation with her views on luxury in China.

In our interview with Jin, it became clear that subjectivity is an enduring feature of the luxury discourse. The subjects are created by distinguishing her opinions from the Chinese consumers' perceptions and behavioral patterns. Reading through the respondents' transcripts, it is clear that much of her discursive work is aimed at conveying the subjective nature of her consumption patterns. On a very basic linguistic level, the repeated use of the personal pronouns like I and Me first drew attention to this theme. These personal pronouns are very visible, anchoring multiple clauses, sentences and entire passages to the choices, opinions, definitions, actions and reactions on the subject:

"I am from design, so I look for design when I shop"

"I don't follow trends, I am in the industry"

"I select the style that is mine, I don't go for specific brands"

The discursive effect of personal pronouns when used in this way center the subject within an event or unfolding narrative; *"luxury to me"* underscores the importance of the subject's personal definition or idea of luxury.

Subjectivity is also expressed in higher-level discursive contrasts between categories of the self and categories that others – the general Chinese population - belong to. Jin makes this implicit distinction by contrasting her personal, subjective view on luxury with the collective, non-subjective position of others, by using impersonal pronouns like 'they' and 'people' when referring to the masses.

"They look towards movie stars"

"I think for the general, people think that, but not necessarily to me." (When asked about the importance of country of origin)

The placement of personal and impersonal pronouns, at the level of grammar, structures the discourse around two categories, creating a dualism between self/other, I/them, individual/group, singular/multiple and personal/impersonal. In analytical terms, these are called discursive contrasts, where one subjective and personal discourse is deliberately contrasted with an opposing impersonal one: Jin vs. Chinese consumers in general. These discursive contrasts were quite visible throughout her interview.

Jin also gives content and meaning to her discursive contrast through her use of metonyms. Metonyms like *"mass market"* or wording such as *"logo is not luxury"*; signify a larger discursive construction of which they are a part. Here, the metonyms take the form of negative connotations, where 'mass market' and 'logo' become the antonym of luxury. This negative category provides a platform for Jin to reify specific meanings of her subjective opinion on luxury in China.

Her opinions become even more explicit when comparing brands like Cartier and Rolex to the discourse of luxury:

"Cartier is not luxury, Rolex is not luxury, they are all mass market. They are not even expensive. Hermes is luxury. ...everybody can afford a Rolex." On this subject she

proceeds to elaborate: *"I am talking about the luxury in China. ...nobody buys Rolex anymore, now people only buy Rolex because, like me, I am wearing this (points to her Burberry scarf) because the person I am going to meet knows nothing about anything. He just knows 'Oh, this is a Burberry'."*

Her statements represent a trivializing discourse of fashion in which the Chinese are almost mocked and come across as conformist followers of a superficial and overly commercialized fashion industry, without having any real knowledge of what luxury is.

In this sentence, Jin explicitly rebukes the (stereotyped) brand conformist, mocking her clients – and all other consumers who buy luxury goods one for the brand name/logo/monogram - dependence on the commercial market for establishing social connections with others. Implicitly, this imbues Jin with moral character, by aligning herself with more appealing existential virtues such as non-conformity, empowerment, autonomy and self-reliance.

The mocking tone (audible in the interview) mirrors the observation above, where Burberry is presented as a brand that others depend upon to verify social identity and relations. This metonymically invokes a negative anti-brand discourse that challenges the materiality, superficiality, meaningless and commoditized nature of "commercial" brands and the moral character of those who use them.

Again, using words like *'mass market'* and statements like *'logo is not luxury'*, Jin introduces new lexical terms in the sense that she transfers new meaning to them, where e.g. mass market goes from being a noun to being used as an adjective, and something that is equivalent of non-luxurious. Furthermore, London becomes and adjective synonymous with fashion.

In regards to use of wording and choice of vocabulary, Jin was asked to check off which adjectives she would use to describe luxury, she ticked off the following words: class, elegance, sophistication, quality, experiencing good service, the good life, a lifestyle, originality, country of origin, exotic, style, spirituality, individualism, comfort, avant-garde, extravagance, simplicity, art, design, unique, creativity, travel. The words she particularly emphasized as being the most important were creativity, uniqueness and originality.

7.1.3 SOCIAL PRACTICE

When looking at the broader social context, within the dimension of social practice, Jin draws on two opposing discourses regarding luxury in China. By studying Jin's text, there seems to be a clear struggle between the fashion elite and the general Chinese public on how luxury is defined. On the one side, you have Jin pushing to redefine the structure of the luxury discourse in China by relating to elements such as *uniqueness, creativity, comfort, lifestyle, quality and originality*. On the opposing side you have Jin's perception of the 'traditional' structure of Chinese luxury, which, according to her, draws on elements such as *money, showing-off, logo and copies*.

Furthermore, she adds that luxury is still a fairly new term in China: *"Chinese people still don't have a lot of knowledge of luxury."* Hence, there is an ongoing discursive struggle to essentially define what luxury is.

Through the discursive practice, Jin suggests additions to the existing order of discourse by stating: *"The Chinese luxury market is looking for alternatives."* Statements like these clarify the non-discursive social elements at play, which include economy and the Chinese luxury industry – elements which she thinks are relevant in restructuring the current order of the luxury discourse in China.

7.1.4 CONSUMER BEHAVIOR

Staying on the topic of non-discursive elements we move on to focus on consumer behavioral patterns. By applying Veblen's notion of the trickle-down theory to our interview with Jin, we are able to examine aspects of social determinants that effect luxury consumption.

When discussing her relation to luxury goods, Jin refers to an incident involving a Chanel bag:

"When I was young I had this dream to myself that if I became successful, I wanted to have a Chanel bag. ... I never had one until last season ... When I finally had that bag, I came back and attended a dinner with a friend. There were 14 people, 10 were girls, and 8 of the girls had a Chanel bag. I didn't feel special at all - I felt so mass market. ...it's not sophistication anymore."

The instance of the Chanel bag illustrates the journey of an object that went from previously signifying success and something unobtainable to later becoming something that was suddenly accessible to her and consequently no longer of real desire or interest. The world that the bag initially represented was Jin's incentive for consuming the bag, which correlates directly to Veblen's conspicuous consumption theory. Conspicuous consumption implies that individuals imitate the consumption patterns of other individuals from higher classes in society. Where the masses seek a need for unification and collectivism, the upper classes seek isolation and a need to distinguish themselves from the masses. The fact that she no longer views her Chanel bag as something special, establishes her role as someone who seeks isolation and differentiation from the masses. She hence seeks to create trends, not to follow them.

During the first part of the interview, Jin 'excuses' herself for wearing a Burberry scarf. This is because she is later attending a meeting with a business client, who, according to her, knows nothing about luxury or fashion. Subsequently, she wears the scarf, to make an explicit and recognizable statement to her client. According to Jin, logo and pattern from massively exposed brands is something everyone can understand and something everyone relates to luxury.

The scarf becomes a medium for the transference of meaning: the intention is to indirectly implicate status, class, and lifestyle to her client; culture categories, which McCracken introduces in his theories on cultural meaning. The instance of the scarf particularly exemplifies McCracken's rituals of possession and grooming. This is because the consumer (Jin) utilizes the products' cultural meaning and draws on the meaning to accentuate certain cultural categories, furthermore, in regards to grooming, she makes the necessary efforts to ensure that the perishable meaning of a particular good (in this case the Burberry scarf) is well exploited (McCracken, 1986).

7.2 INTERVIEW WITH DAISY TAO

Daisy Tao was our second interviewee. Working as an External Affairs Manager at Shanghai Duke Biotech Park, Daisy is part of the Chinese upper-middle class. Due to her profession, she had no industrial knowledge for answering the questions in our interview. Daisy, however, had a passion for luxury goods; extensive international experience through business travels and lived in Japan for several years during her education.

7.2.1 DISCURSIVE PRACTICE

The interview with Daisy had a relatively low level of interdiscursivity. Though Daisy drew on other discourses than luxury, they were all within the conventional order of discourse related to luxury. Nevertheless, Daisy made use of these additional discourses in order to explain her perception of luxury and to support her assumptions about the consumer behavior in general in China (Interview, January 9, 2014).

In that context, Daisy articulated a societal discourse when she for example described the socio-economic hierarchy in China. This discourse is embodied in statements such as:

"Maybe we can divide it into different groups. The most famous group...we call... »Tu Hao« which means the new rich class. They earn a lot of money from some industries. When they have enough money they would like to decorate themselves and to show their good taste and manners."

This quote exemplifies how Daisy uses interdiscursivity as a tool to explain how society consists of different socio-economic layers. To further elaborate on effects of the new rich class, she again draws on a socio-economic discourse when addressing the »white-collar« class.

"You can add me to the class of »white-collar«. We have good education... and although we don't earn as much as them (the new rich), we look up on them because of the manners – how they consume, how they use the money."

She thereby states that the white-collar class looks up on the new rich and is inspired by the way that they consume luxury. By drawing on a societal discourse, Daisy thereby manages to explain the socio-economic layers and how they affect the perception of luxury in China. Regarding intertextuality, these two quotes also express how Daisy utilizes prior texts such as the notion of "tu hao" and "white-collar", which originally have been articulated in other contexts. Articulating these notions strengthens her credibility towards us as consumers of the text, since it makes her appear well informed on the subject.

Additionally, the text draws on a narrative genre when Daisy shares stories from her childhood, and elaborates on how those experiences shaped her idea of luxury:

"During my childhood – my first concept of luxury is the afternoon teatime with my grandmother. My granddad was a quite famous doctor... and has overseas

experience from the US... so my grandmother is quite familiar with the Western lifestyle."

By using a narrative genre to frame her personal experience with luxury, Daisy emphasizes that she as early as in her childhood was acquainted with the concept of luxury. Hence, trying to influence us, as consumers of her produced text, to trust her statements, since she has been familiar with the concept of luxury for a long time.

Moreover, by referring to Western traditions as related to luxury, and explicitly mentioning *"Danish butter cookies in blue tin box"* when talking about a luxurious Western lifestyle, came across as a way to establish a connection and a common ground between her and us as "Westerners" and receivers of the text.

Summing up the dimension of discursive practice, we tentatively conclude that the level of interdiscursivity in Daisy's text can be characterized as relatively low considering that she merely drew on anticipated discourses and thereby reinforced the conventional order of the luxury discourse.

7.2.2 TEXT

In order to analyze the text's linguistic characteristics, it makes sense to firstly establish the interactional control, as it affects the production of the text. We set the agenda as interviewers by presenting topic through our questions, which provided a direction to the interview. However, we also gave Daisy the possibility to take the lead and develop the text when answering our questions. In that sense, we together developed the interview, which created an open atmosphere, where Daisy seemingly felt that she could share her honest opinions and establish the topics. Nevertheless, the topic control can be characterized as asymmetrical, since we as interviewers selected the topics and thereby created a frame within Daisy could produce her text.

When examining the versions of reality, the social identity and social relation that Daisy created through out the text, we need to look deeper in to the specific linguistic elements. Generally, the text that Daisy produced came out as rather formal since she avoided using metaphors or metonyms as well as she did not create any new lexical term.

Instead, she takes on an educational role as she describes the Chinese market to us, including a comprehensive explanation about her childhood, the economic development in China, and structures within the socio-economic classes in China. Daisy's formal approach to the interview is exemplified in the following quotes:

"At that time, the imported goods is quite less in China (there were not as many foreign brands in those days). Some of them were brought from foreign relatives or foreigners who lived in Hong Kong. So at that time, I thought; "that is luxury" – it is a kind of lifestyle."

"I read some reports and news. They compare the bubble-period of Japan with China nowadays cause in 1990s many of the Japanese clients showed the same behavior

like Chinese now in Europe" (Referring to a large amount of Chinese consumers, who travel to Europe to shop).

The formal nature of the text production appeared to be a compensation for a lack of professional knowledge about the luxury industry. Instead of reflecting on why Chinese consumers perceived luxury the way they do, she took a fact-based approach to answering our question, which we interpret as an insecurity about her own capability to elaborate further on the conditions of the luxury industry in China.

Additionally, Daisy made use of personal pronouns, which worked as amplifiers when explaining her personal opinions and when articulating her sense of luxury. The placement of personal pronouns can also be viewed as an insecurity feature as she felt the need to highlight when a statement was only an expression of her own opinion. She even started the interview by stating that; *"It's only representative of my personal opinion"*. Again, insinuating that her knowledge on luxury was not comprehensive enough to make statements about the general perception of luxury in China.

"I don't care about the designers. I have loyalty for some brands, cause I think the style is suitable for my taste and my style."

"I thought: When I grow up, if I can buy that stuff with the logo of LV (Louis Vuitton), I think this is luxury."

"Last year, when I entered into the flagship store of LV ... I was sooo disappointed at that time – I have to say ... Cause it was quite crowded and very noisy. You found over 80 pct. (of the customers) were Chinese)."

"I don't own anything of Louis Vuitton because I don't want to be like them (other Chinese consumers)."

In the last quote, Daisy stated that she does not to feel that she is like "them". This choice of wording emphasizes that Daisy wishes to distinguish herself from the rest of the Chinese consumers and that realizing how popular LV was, changed her perception of LV as a luxury brand. We interpret this statement to be somewhat counterintuitive, since individualism was not one of the keyword that Daisy chose, when she was asked to declare which words she associated with luxury. Instead, she chose the following keywords: Elegance, brand names, quality, status, upper/high class, quality, experiencing good service, the good life, fashion, Western lifestyle, style, and good values.

As a consequence of the perceived insecurity in Daisy's text production, we assess the level of modality to be relatively low. From the beginning, Daisy excused that she could only provide us with her personal opinions. Additionally, whenever she uttered generalizing statements, she changed the text production into a narrative and educational genre. We interpret that as a way to avoid offering personal reflections regarding the luxury industry in China.

Daisy's statements therefore came across with a low degree of commitment, which resulted in the text being a contribution to the social structures that constitute the

socio-economic classes in China. Analyzing Daisy's use of linguistic features, thereby confirms our conclusion from the preceding "Discursive Practice"-section; Daisy's text contributes to a reinforcement of the conventional order of the luxury discourse and to a discursive reconstruction of the social structures.

7.2.3 SOCIAL PRACTICE

Now that we have analyzed the linguistic characteristics of Daisy's text, as well as its discursive practice, we now turn our focus towards the broader social practice, which these dimensions are part of.

Through out the interview, Daisy's use of interdiscursivity remained low and within the conventional order of the luxury discourse in China. Below, we will identify and present specific quotes to demonstrate this point.

"When I was young ...there was ... a department store called Shanghai Centre... they were offering the foreign (luxury) stuff... and at that time I thought that building and the luxury brands ... they are all the meaning of luxury...My deep impression is Louis Vuitton (referring to which brand she noticed the most when walking past the department store)."

Through this quote, Daisy certifies that brands that have been present and visible in the Chinese market for several years are imprinted in the consciousness of the Chinese consumers. Her statement furthermore lead us to conclude that that companies who first recognized an economic growth and a potential in the Chinese market, now benefit from the increased and prolonged brand awareness because many of the consumers who noticed their presence in the beginning and associated it with luxury, have now come to money and wish to purchase these brands to show off their wealth. Several of our respondents furthermore stated that they earlier in their life noticed these luxury brands and decided that they would want to own it, when/if they became successful career wise.

Furthermore, Daisy explicitly demonstrates the social structures within the Chinese society when she explains that the class she is part of looks up to the new rich (upper) class.

"... Although we don't earn as much as them (the new rich), we look up on them because of the manners – how they consume, how they use the money."

When articulating the discursive element of the socio-economic class distinction in China, Daisy restrains from critically assessing status quo and it rather seems as though she accepts it unconditionally. The discursive practice in her text therefore strengthens the unequal power relations in the China, which we estimate will pose a severe challenge for a potential change of the conventional order of discourse which some of our respondents, displayed a wish to initiate.

Ideologically, the text thereby reinforces the hegemonic relations that provide certain classes or people with the power to influences the rest of the society – in this case regarding consumer behavior. We would even argue, that one could relate Daisy's

acceptance of these hegemonic relations to China's political history and the suppressive consequences of Mao Zedong's communist rule (referred to in section 2.1).

7.2.4 CONSUMER BEHAVIOR

In the following, we turn our focus towards analyzing Daisy's consumer behavior from a social perspective using notions of Veblen, Simmel, and McCracken.

As mentioned, Daisy explained that the "white-collar"-class, which she is part of, are inspired by the new rich class in terms of how, they consume. This statement additionally allows us to conclude that Veblen's trickle-down theory is still relevant to apply when analyzing consumer behavior, since it verifies that the lower classes are imitating the consumptions patterns of higher classes in the Chinese society.

When analyzing Daisy's statements with regards to the tendency to imitate versus the tendency to differentiate, we estimate that Daisy is somewhat in the middle of the two spectrums. On the one hand, Daisy admits to be inspired by the new rich class, while on the other hand she emphasizes that she does not want to feel like the other Chinese consumers. We therefore argue that because Daisy is neither part of the lower classes nor part of the new rich class, she is influenced both by a socialization impulse, which according to Simmel characterizes the lower classes and a differentiation impulse that characterizes the upper class (Simmel, 1904).

Furthermore, when Daisy was asked to name her favorite luxury brands, she divided the brands into brands that she used in work-related contexts and brands that she used in private situations like dinners and parties.

"Right now I would like to choose Chanel. I will buy small accessories like this (pointing to her logo-shaped Chanel broche) – but this if for my business requirements – for my work. I want to use it to show my taste."

"At one point I realized that I needed a bag. Not to use it daily... but for special situations or to attend special event like a wedding or some party. So I started to consider: "maybe I should buy a better brand". Then I bought it but I've only used it 2-4 times because I only use it for events. But I don't want to use it every day cause it is too fragile."

These two quotes illustrate how Daisy transfers meaning from the luxury goods onto her life. Drawing on McCracken's consumption rituals, the first quote shows how Daisy enters the grooming ritual as she consciously wears a few luxury accessories at work to show her personal style. The second quote, on the other hand, is an example of both the grooming and possession rituals, since Daisy had been specifically searching for a well-known luxury bag that she could wear at special occasions, where she wanted to display and take possession of the values embedded in that specific bag.

7.3 INTERVIEW WITH TIMOTHY PARENT

Timothy Parent is a fashion blogger and has furthermore founded China Fashion Collective who identifies and promotes Chinese fashion designers internationally. His mother is Chinese and his father American, which is why he grew up in the United States and graduated from Harvard where he studied Chinese Philosophy. The past five years, however, he has lived and worked in Shanghai.

7.3.1 DISCURSIVE PRACTICE

If the conventional order of discourse - of luxury in China - is characterized by consumer behavior reports, from consulting agencies such as McKinsey and The Hurun Report - it becomes quite clear through our interview with Timothy, that he in fact is challenging the conventional view on luxury, and hence has an innovative approach to viewing the discourse of luxury in China and how one defines the term.

"I think that it can be a different concept because luxury definitely existed in China well before Western civilization. It depends on how you define it but I think they can have there own separate notion of luxury – I don't know that it is necessarily 100% developed, but it exists and can be made more robust and accessible to people" (Timothy, interview, January 9, 2014).

Timothy has an educational background within philosophy and fashion, and works within the Chinese fashion industry today – consequently he has a deep understanding of the luxury and fashion business, which definitely influences the text that he produces. His notions on luxury are explicated in a very abstract and philosophical manner and thus his text involves a high level of interdiscursivity wherein he draws on several other texts in order to explain himself and how he understands luxury:

"To me, luxury can be found in anything."... "Nature to me is very comfortable." ... "There are a lot of abstract notions that I put into the idea of luxury."... "I try and find luxury anywhere I can and appreciate as much as I can."... "Maybe you can say that luxury is almost like a frame of mind."... "If you're grateful and appreciate anything around you – you can see that as a luxury."

In Timothy's effort to clarify his perception of what luxury is, he draws on more intangible discourses that include 'frame of mind', nature and gratefulness. He links discourses of the mind and of nature, to the discourse of luxury – a discourse that otherwise more often typically seems to be associated with something much more materialistic and tangible.

Generally the text comes across as very sincere and well considered, wherein Timothy comes across as respectful of the Chinese heritage and culture - and contributes nuanced insights and understandings of how luxury could be perceived through the eyes of the Chinese public.

"Fashion is quite understood and luxury also. Not as much as in the West – I think because there aren't as many shows." ... "But now I think Chinese people have so

much exposure and I think they have a very unique context where they can create a very personal sense of style and have a Chinese aesthetic."

7.3.2 TEXT

When looking at how and who sets the agenda, we as interviewees took the lead in regards to establishing the topics and ensuring that a certain structure was maintained and focus was kept on our main research purpose throughout the interview. However, although we were responsible for introducing the topics, Timothy was able to elaborate and develop on the topics. He presented new information and aspects on luxury and consumerism in China, and thus essentially was responsible for establishing which themes and subjects were relevant to the topics presented. One can therefore argue that the text produced is symmetrical, because although we as interviewers set the overall agenda – Timothy consistently elaborated and controlled the conversation with his views on luxury in China.

Throughout the interview, we, the interviewers, thought the level of modality in Timothy's text was quite noteworthy. This is because Timothy consistently initiated his sentences with the words *'I think...'* Furthermore it was words like *'maybe'*, *'kind of'* and *'not necessarily'* that made us look towards the level of modality in the text. Analyzing modality essentially means analyzing the speakers' degree of commitment and certainty to his or her statements. The chosen modality or degree of commitment to a statement has consequences for the discursive construction of both social relations and structures (Phillips & Jørgensen, 2002). Timothy's statements concerning luxury and consumption in China generally came across with a low degree of commitment. Consequently for the interpreter of Timothy's text – it seemed that Timothy was in many of his statements attempting to make his points as subtle – and to an extent almost as neutral – as possible.

For example:

'It's very similar to the West. Editors, celebrities. And I personally think designers are a huge part of it – but maybe average Chinese people don't necessarily think that.'

'Bloggers are kind of starting a little bit.'

'But now I think Chinese people have so much exposure and I think they have a very unique context where they can create a very personal sense of style and have a Chinese aesthetic.'

Although Timothy's text comes across with a low level of modality, we argue that his choice of words and phrasing has much more to do with his philosophical background, than it has to do with his certainty regarding what he is talking about. Out of all our interview participants, Timothy seemed to be the one with the most well thought out, in-depth and nuanced responses.

Subjectivity, "personhood" and "the self" are an enduring feature of the luxury and consumption discourse. By reading across and within our participants' transcripts it was clear that much of their discursive work was aimed at conveying the subjective

nature of luxury and consumption incentives. On a very basic linguistic level, the repeated use of the personal pronouns *I* and *Me* first drew attention to this theme. These personal pronouns were very visible, anchoring multiple clauses, sentences and entire passages to the choices, opinions, definitions, actions and reactions of the subject:

"I am really torn between quality and leisure."

"I think time is definitely a luxury...."

"Whatever comes through here I definitely think it undergoes some sort of process."

Like it was the case with most of the participants, subjectivity in Timothy's text was also expressed through higher-level discursive contrasts between categories of the self and categories that the rest of the Chinese consumers belonged to. Although he is incredibly subtle about it, Timothy makes an implicit distinction by contrasting his personal, subjective view on luxury with the collective (the Chinese public) position of others. 'The *I* versus *them*' becomes clear in statements like:

"I think luxury to them; it is defined in a more traditional sense, where it's based on class and socio-economic status – like money and exclusivity"

"But I don't think they have explored all the ways you can have luxury."

"But I think because a lot of people aren't that religious here, it is very easy for capitalism to thrive. It's something tangible for them to grab on to. They are super materialistic and Marxists."

"The idea of luxury itself is definitely something people want to tie themselves to or associate themselves with."

Furthermore, discursive contrasts were, in our interview with Timothy, often rendered visible by the presence of a particular feature of discourse - a discourse marker. Discourse markers are linguistic devices such as; 'but', 'however', 'though', and 'on the other hand' that serve two main purposes (Fairclough, 2003). One is to indicate that there are two strands of discourse in the passage. The other is often to promote one strand of discourse over the other. There are various reasons why respondents synthesize "discursive struggle", but in Timothy's case, it seemed that his purpose was to align a personal, but still somewhat objective, view on luxury. This again, we argue, is because of Timothy's general philosophical and abstract approach to the topic. It seemed that he was generally very aware not to make any fixed or definite statements.

"But I think there is a growing group of people who understand the craftsmanship and the creativity. It's growing – it's getting better."

"And I personally think designers are a huge part of it – but maybe average Chinese people don't necessarily think that."

"But I don't think they have explored all the ways you can have luxury..."

Last but not least – when analyzing the linguistic part of our interview with Timothy – the words that Timothy used overall to describe luxury were: brand heritage/brand story, class, leisure, a lifestyle, exotic, style, individualism, and good values. Originality, quality, and comfort were, however, the adjectives mostly emphasized, if we were to limit the words down to only three.

7.3.3 SOCIAL PRACTICE

As we mentioned earlier on in the analysis, the hegemonic assumption of what luxury entails, generally involves a focus on materialistic elements and tangible items and experiences. However, because Timothy draws on such abstract notions of what luxury essentially can be, as well as what it is to him - we perceive Timothy to be challenging the order of the luxury discourse. This comes through in statements like:

"To me, luxury can be found in anything."

"You can say lifestyle is a luxury because you can incorporate nature into lifestyle."

"Studying Daoism was how I found what really connects with me."

"It's ((luxury) less conspicuous – I like to know that my things are very well made and designed by someone interesting and talented."

In contrast to his own notions of luxury, however, Timothy draws on non-discursive socio-economic phenomena when explicating what the luxury discourse entails through the eyes of the Chinese people. This includes non-discursive elements like status, class and hierarchic systems, Marxism, Capitalism, wealth, religion, as well as spiritual philosophies - elements that come across in statements like the following:

"I think luxury to them; is defined in a more traditional sense, where it's based on class and socio-economic status – like money and exclusivity."

"But I think because a lot of people aren't that religious here, it is very easy for capitalism to thrive. It's something tangible for them to grab on to. They are super materialistic and Marxists."

"Money is a very clear indication of winning."

"It very important for people to tie themselves to the Chinese upper class. Chinese people are really grabbing on to the idea of capitalism, hierarchy and status. Because of economic development."

In addition, Timothy is also trying to change the order of discourse on luxury in China by insinuating that the Chinese – although they have up until now been 'copying' the Western notion of luxury – are capable of creating their own construal of what Chinese luxury should be.

"They can have their own separate notion of luxury"

"But now I think Chinese people have so much exposure and I think they have a very unique context where they can create a very personal sense of style and have a Chinese aesthetic."

"I don't think there should only be coming ideas out of New York, Paris and Milan. There are so many interesting places where we should get inspiration from."

Thus, Timothy encourages a new cultural agenda, wherein it shouldn't only be the West who gets to dominate and mark what luxury is – what Timothy is essentially suggesting, is that the Chinese people are just as much capable to setting an agenda for and changing the order of discourse in the luxury industry.

7.3.4 CONSUMER BEHAVIOR

When speaking to Timothy on the topic of how trends evolve in China, Timothy very much relates to the classic references of Veblen's trickle down theory and how the masses look towards the 'innovative groups' for inspiration and guidance.

"I think there are a group of people who contribute to the evolution of it and then another group that are kind of copying and following."

"It's very similar to the West. Editors, celebrities..."

"People that are semi-public obviously get more exposure and have more power to connect and influence people."

However, although Timothy references Veblen's theories on how trends actually evolve in society – he doesn't necessarily agree with the structure: *'I don't feel people should be idealized or followed...Ideologically everyone is an equal.'* For the interpreter this statement can come across a little contradictory – considering Timothy works in the fashion industry and hence it is his profession to influence and inspire consumers to purchase the latest trends. There is juxtaposing between what Timothy believes in – and his actual actions, his profession.

On the topic of how trends in China evolved, Timothy furthermore refereed to the digital component, and the power it potentially holds – not only to inspire the masses in regards to trends, but also to contest the current system and encourage a more democratic approach to how trends are started. *'A lot of people are connected through the Internet so that gives an opportunity for a democratized society. People can find inspiration from anybody.'*

Timothy furthermore supports many of McCracken's theories on consumption; in particular McCracken's possession rituals can be applied to how Timothy views the Chinese consumer's incentive to purchase luxury products. He refers to people's need to signal status and wealth as a main incentive for luxury consumption, and furthermore admits that this too was his own objective before he had access to the luxury world and before he was introduced to more philosophical and ideological worldviews such as Daoism.

"I think luxury to them; it is defined in a more traditional sense, where it's based on class and socio-economic status – like money and exclusivity."

"If something is exclusive or in short supply and if it takes a lot of time to make..."

"I think originally I had a very similar idea of what luxury was before I had access to that world. I always thought of it as things that were expensive."

7.4 INTERVIEW WITH WAYNE CAO

Wayne Cao – our fourth interviewee – is the Marketing Director of Bentley and Bugatti in Shanghai. He is part of the Chinese upper class and has previously been living and studying abroad for ten years. Wayne Cao has a Bachelor degree in International Business from New Zealand and a Masters degree in Marketing from Australia. He was employed at Jaguar and Land Rover in Australia where he worked for four and a half years where after he relocated to Shanghai in 2008 when the Chinese market began to improve.

7.4.1 DISCURSIVE PRACTICE

The production of text during our interview with Wayne involved various discourses. However, the discourses that Wayne drew on, in order to elaborate on his and the general perception of luxury in China, were all within the conventional order of discourses related to the luxury discourse. The level of interdiscursivity was therefore relatively low during the production of this text.

Wayne for example drew on a market discourse when explicating the current state and development of the luxury market in China.

"It is a young market, they don't understand the luxury lifestyle yet... In the western culture, people are quite mature with luxury. They are not spending all their money to buy luxury goods – they just use it when they need it... In China – nowadays – people are just crazy about it, spending all their money. For example, a girl working here will earn 5000 RMB a month and spend it all on a bag... it is different in the Western culture – they wouldn't do this."

The market discourse allows Wayne to describe how the luxury market is less mature in China compared to the West and how that difference consequently affects the consumers' perception of luxury. By drawing on a market discourse, Wayne thereby suggests that luxury is still a new concept in China and that the Chinese consumers do not fully understand the true concept of luxury.

When analyzing Wayne's method of producing and distributing text, it becomes clear that intertextuality not only shapes the meaning of the text Wayne is producing about luxury but also serves as a tool to create an image of credibility. By articulating texts about, for example, "the maturity of a market" and "the Western culture", Wayne attempts to demonstrate that he has a comprehensive and nuanced understanding of the different aspects of luxury.

Wayne seemed trustworthy and sincere throughout the interview. He did not make use of irony while producing his text, however, his statements came out as relatively negative when describing how the Chinese consumer in general perceives luxury. Generally, to the interpreter, it seemed that Wayne's perceptions on luxury and consumption patterns in China were articulated with critique and it was clear that he attempted to distinguish and distance himself from how he perceived the general norm to be, something we will elaborate upon in the following textual/linguistic analysis.

Having analyzed the discursive practice in the interview with Wayne, we conclude that the text was relatively conventional in its interdiscursive properties. Hence, the text that Wayne produced contributed to the reproduction of the established order of the luxury discourse.

7.4.2 TEXT

When analyzing the linguistic aspect of Wayne's text, we initiate with the level of modality – the degree to which Wayne committed to the statements that he made. And according to us, the interpreters, we argue that the level of modality in Wayne's text was quite high. Wayne seemed very clear about his choice of phrasing, with limited hesitation, he neglected to make use of juxtaposing and none of his sentences were initiated with *'I think'*.

Furthermore, like all our interviews – we the interviewers, had a fixed line of questions that we then allowed for Wayne to interpret and elaborate upon freely. Consequently, although we set the agenda for the interview and maintained somewhat of a control – it was Wayne who controlled the issues within the given discourse of luxury in China. One can hence argue that the interview was, at least to some extent, symmetrical – wherein Wayne did the majority of the talking.

When interpreting Wayne's text on a very basic linguistic level, there was – as with most of the participants - a repeated use of personal pronouns *I* and *Me*, which clarified Wayne's subjective perception of what luxury is and how the discourse operates in a Chinese setting. These personal pronouns were very visible, anchoring multiple clauses, sentences and entire passages to the choices, opinions, definitions, actions and reactions of the subject:

"For me luxury must be tailor-made – it can only be for a small group of people."

"I am not influenced by any dictating trends."

"I do appreciate the fashion and luxury culture – but for myself I don't think it's quite necessary to be spending money on that."

"I won't purchase anything unless I need it."

Subjectivity in Wayne's text was also expressed through a higher-level discursive contrast between categories of the self and categories of the rest of the Chinese consumers. As we mentioned earlier, it was quite clear to the interpreter that Wayne made a clear distinction between his own purchasing patterns and perceptions of

luxury, contra how the Chinese people in general view luxury. He made explicit distinctions by contrasting his personal, subjective opinion with the collective position of others: the 'I versus them' was clear in statements like:

"They don't really understand what luxury means. They pretend that they understand, but they don't. They are chasing it now days – because they wish to show off."

"They know its luxury even though they don't understand it. But they believe: 'once I have something on my body, I am different.'"

"They always have a social circle. They always have some friend who is also rich and have probably been overseas before. They always have some friend who knows or understands luxury more than them."

Not only does Wayne make the clear distinction between himself and Chinese consumers in general, but he also made use of adverbs to clarify this distinction and generally to communicate his aversion to Chinese consumerism. An example was when Wayne was asked to point out which adjectives and synonyms, from a list, that he thought best described luxury. When he came to the word 'Chinese', his reaction was the following: *'Obviously not Chinese.'* In this case the adverb – obviously – signified a certain general negativity towards the grouping of luxury and all things Chinese.

Other words Wayne used to describe luxury included; VIP experience, elegance, quality, style, expensive, fashion, spirituality, and good values. Wherein the three most important ones, according to Wayne, were brand heritage, lifestyle and VIP experience - words that have emphasis on the intangible assets of luxury, as opposed to physical assets. For Wayne, luxury is first and foremost the associations and the experience that you relate to a specific brand. *'If it's just from last year I can't recognize it as luxury.'*

When Wayne elaborated on his own approach to luxury he also made use of metonyms. In one case he compares his approach to consumption to that of Ferrari's general approach to making cars, wherein he states that quality and uncompromisability are determining factors.

"I am the kind of person that never compromises myself to quantity. I don't give up on quality. The same with Ferrari, as far as I can see it is the only brand that never compromises itself to the commercial side."

Furthermore Wayne makes use of metonyms to compare the current state of financial development in China with that of the movie *The Great Gatsby*. With this he implicitly refers to phenomena's such as excessive overspending and extravagant lifestyles, something you experience among the newly rich societies in China – and which you experienced in America during the 1920's.

"It makes me think of the movie The Great Gatsby. I think the movie talks about similar stuff as to what is happening in China now a day."

This statement furthermore relates to the overall macro-sociological perspective of Chinese society today and he hence draws on non-discursive economic elements, which is something we will elaborate on in the social practice of the analysis.

7.4.3 SOCIAL PRACTICE

The hegemonic assumption of what luxury entails, generally involves a focus on materialistic elements and tangible items and experiences. And although Wayne's main focus on luxury entails the intangible assets associated with luxury – these assets are still related solely to actual luxury brands and products, such as Ferrari, Bentley and Constantine. Hence we argue that Wayne is not contesting the conventional order of discourse nor is he challenging the general assumption of what luxury involves. On the contrary, he is mainly reinforcing the hegemonic assumption of the luxury discourse in China.

Furthermore, Wayne draws on economic elements when he discusses luxury in China. This, amongst many statements, comes across when Wayne begins to deliberate Chinese luxury taxes and how it will effect the consumption of luxury goods in China.

"The luxury industry in China is booming and it will keep booming. It will be one of the main industries in China in the future. Especially when we cut the tax for luxury imported goods. It will make it much cheaper... that means that in Shanghai you can buy the luxury goods without tax. Just like the airport duty-free shop... So the consumption will be increasing very rapidly compared with now, because right now the price here is very expensive."

From an overall perspective, Wayne's text very much draws solely on economic elements and we conclude, in regards to the social practice, that Wayne does not challenge the status quo of the Chinese luxury discourse - on the contrary, he reinforces it.

7.4.4 CONSUMER BEHAVIOR

Having analyzed the discursive elements that became visible through our interview with Wayne, we now wish to elaborate on Wayne's consumer behavior through the use of consumer theories by Veblen, Simmel and McCracken (Veblen, 1994 (1899)) (Simmel, 1904) (McCracken, 1986).

When speaking about how trends evolve in China, Wayne strengthened the relevance of Veblen's trickle down theory when he describes how the general Chinese consumer is inspired to buy luxury goods.

"They always have a friend that is rich who knows more about luxury than them and who have probably been overseas. So they will learn from their friends. Celebrities are (also) very important and some medias: Fashion magazines and a magazine called The Hurun Report."

In this quote, Wayne elucidates the social structures, that determine who are inspired by whom in the Chinese society. Like our other respondents, Wayne recognizes the tendency for the rich and widely travelled Chinese to have a strong trendsetting effect on the rest of the society. That perception corresponds to Veblen's theory about how the leisure class creates a desire among the lower classes to live a certain way and consume certain luxury goods.

Through the previous quote it also becomes obvious that Wayne does not perceive himself as a regular Chinese consumer. He also mentioned, earlier in the interview, that he appreciates luxury but does not think it is necessary for him to buy unless there is something he needs. We therefore estimate him to be somewhere in between with regards to Simmel's (1904) spectrum of tendencies to imitate or differentiate. On the one hand, he states that luxury to him is only for a small group of people, which point in the direction of a wish to differentiate himself. However, on the other hand Wayne mentions that his favorite luxury brand is Ferrari, which is a widely well-known brand even though it is only accessible to a limited number of consumers due to its price. We therefore interpret that Wayne appreciates owning a brand that is well known to the general public while he also likes the fact that it is only accessible to the upper class.

"Ferrari is always the best – Bentley is more for older people. It is the best sports car ever. I am the kind of person that never compromises myself... on quality. They are very original and always leading the trend and also they never compromise on design and technology. I feel this brand is very consistent. They remain the quality and values."

Talking about the values of his favorite brand, we pay attention to the way Wayne mentions quality, technology and design as something both he and Ferrari value high and never compromise on. With McCracken's rituals for meaning transfer in mind, we interpret Wayne's interest in Ferrari as a good that he wishes to take possession of at some point in order to also take claim of the embedded values. Claiming possession of a Ferrari would, according to Wayne, correspond to the values that he wishes to project as his own.

8. DISCUSSION OF THE DISCOURSE OF LUXURY

Having now focused on four individual analyses, we move on to draw out key findings from our analyses and discuss these in relation to all nine interviews. The purpose of this discussion is to essentially sum up the responses from all nine of our respondents in order to draw conclusions based on a broader spectrum of qualitative data. We initiate by further analyzing and discussing the responses in relation to answering research question one, which aims to answer how Chinese luxury consumers define luxury by using CDA. In the second part of the discussion we focus on answering research question two, by discussing the consumption behavior of Chinese luxury consumers, with emphasis on Veblen and McCracken's consumer behavior theory.

What was common for all of our interviewees was that they all belong to the upper middle class and live under what we would define as privileged circumstances. They have all travelled - and most have even lived abroad. They are well educated and speak English more or less fluently, something, which less than 10% of the entire Chinese population does (Jinzi & Wei, 2012). Consequently, all our interviewees have been exposed to the mass marketing of the luxury industry in China, they have the financial access to purchase luxury products, and thus have an opinion about luxury consumption as well as an individual understanding and opinion of what luxury essentially means.

8.1. THE HEGEMONIC ASSUMPTION OF LUXURY

We initiated each interview by presenting our interviewees with a list of descriptive words and asked them to check off the ones they associated with luxury. We furthermore asked them to add any words they might have thought were missing. This is what led us to ask our interviewees, more in depth, what luxury to them meant.

This approach led us to discover that throughout all of our interviews, there were two words, which were continually repeated – either by being checked off on the list – or explicated verbally when asked to elaborate on how they defined luxury. The two words were style and quality.

"I buy luxury because I appreciate the style and quality..." (Nilar, E-mail, January 11, 2014).

"...with good quality, the price is very high, so that a normal person does not have enough money to buy it" (Irene, Interview January 10, 2014).

"I just buy it (luxury) because of the style." "I look for style, comfort and simplicity." (Emily, Skype Call, 19 January, 2014).

"...it (luxury) has to have quality and sophistication in it" (Emily, Skype Call, 19 January, 2014).

"It (luxury) has to have quality, lifestyle, and the whole experience." "It has a lot to do with the quality that other people might not have" (Ailene Interview, January, 14 2012).

"I am the kind of person that never compromises myself to quantity. I don't give up on quality. The same with Ferrari, as far as I can see, it is the only brand that never compromises itself to the commercial side" (Wayne, Interview, January 10, 2014).

"Quality, comfort and originality would be my three basic words when defining luxury" (Timothy, Interview, January 9, 2014).

Another common denominator amongst the majority of our interviewees was, that luxury entailed an aspect of inaccessibility and exclusivity – something that is not within reach to everybody and something that not everybody can have. They all seemed, to some extent, to agree that once too many people owned a specific item or a certain brand – it somehow lost its right to be defined as something luxurious.

This, for example, was explicated when we asked Irene Yu, manager in a Chinese import firm, to describe her favorite brands and why. Irene picked Hermès, because *"...it is the most expensive..."*, *"The price is higher and not many people will have it."*, *"Not any discounts."*

Another example was from Jin, when she recapped the story of her first Chanel bag. This was a bag she had yearned for, for decades – a bag that would represent that she had finally achieved success. However, when she finally got it, she ran into eight other girls at a dinner party, who were carrying the exact same bag – and hence the bag had lost its appeal to her: *"I felt so mass market". "Luxury to me is unique, it's different. Not everybody can afford it – not everybody have it."*

Similarly, Wayne argued that *"For me, luxury is tailor-made – it can only be for a small group of people."*

This finding contradicts Kapferer's idea about rarity not being synonymous with luxury in China or other BRIC countries, which we mentioned earlier in section 4 (Kapferer J. N., 2012). This brings us back to one of the motivations behind writing this thesis, which questioned the validity and usability of generalizing the consumption patterns of consumer segments, without emphasizing the nuances that may be present within such a large group of consumers.

8.2. DEFINING LUXURY: TANGIBILITY VS. ABSTRACTNESS

As we made our way through the interviews, we started to see a pattern, wherein two dominating schools of thought and approaches to understanding and defining luxury were formed amongst the participants. We came to notice a quite clear distinction between the interviewees who had regular access and exposure to the fashion and luxury industry, through working with fashion, art or other luxury goods as a profession – contra the interviewees who worked in more corporate environments that were not necessarily related to the fashion and arts scene.

Furthermore, it became clear through our interviews, that there were many similarities in perceptions, between the interviewees who had spent a lot of time abroad and who, on a regular basis, interacted within an international environment and who worked within the fashion and arts world – like Timothy, Jin and Deon. This group generally

seemed to communicate with a higher level of interdiscursivity, and drew on several discourses when explicating their thoughts on luxury and luxury consumption. This group generally had a much more abstract and intangible way of perceiving luxury, wherein elusive concepts like time, nature and spirit were considered luxury as opposed to a more traditional and perhaps materialistic perception of what luxury entails to many.

This became clear in sentences like:

"Luxury is different to everybody... To me it's an experience, something I wouldn't be able to get if I was home" "For me, at this stage, luxury is going away..." (Deon, Interview, January 10, 2014).

"Luxury can be found anywhere" " If you are grateful and can appreciate anything around you, you can see that as a luxury" (Timothy, Interview, January 9, 2014).

"To me, luxury is sophistication. ... I really like the things that are comfortable" (Jin, Interview, January 9, 2014).

For this group, two descriptive words were often repeated when asked to define luxury, which were originality and a lifestyle. Jin, amongst others, illuminated the importance of originality by saying: *"Luxury is unique. Like personality – it is something special. Luxury to me is unique, it's different."*

This approach to luxury differed much from many of the other interviewees, who were perhaps less integrated in the arts and culture world, and thus had a more tangible and materialistic understanding and perception of luxury. This included interviewees like Wayne, Emily, Aileen and Irene. Although Wayne is well travelled and works within the luxury industry, as does Irene – their professional roles were more corporate and sales driven, as opposed to creatively driven, which is why we argue that their answers were much more focused on materialism, brand image, and the experience revolving the purchase of an expensive product.

This group of interviewees particularly weighed descriptive words like VIP experience high, when defining luxury. Aileen, commented: *"It's the whole experience – from the moment you purchase the item to you are using it."*

Another common thread for this group was, that their level of English was not as strong as the other group. This is a possible explanation as to why their statements were much more direct and to the point, and thus, generally included a lower level of interdiscursivity. Generally, a tendency for this group seemed to involve a much more tangible and price oriented notion of what luxury is – where brand image as well as the physical aspects of actual products were emphasized the most. This was visible in sentences like:

"I think luxury must come with a certain long history and background" (Wayne, Interview, January 10, 2014).

"Price and quality are important factors. ...Like when I bought my Chanel bag, for example" (Daisy, Interview, January 9, 2014).

"I think brand awareness is very important... I think of the cost when I buy luxury" (Aileen, Interview, January 11, 2004).

"I sometimes follow trends from high-end magazines. ... I look for design, quality and style in a brand" (Nilar, E-mail, January 11, 2014).

Consequently, what we came to learn through our study was that there was an enduring theme in defining luxury, which essentially became a question of possessions and owning, versus experiencing. We came to learn that there is a constructed tension between having (owning) material objects on the one hand and being and doing (experiencing luxury) on the other – a perception much related and subject to occupation and industry, as well as accessibility and exposure to the luxury and arts industry.

8.3. DISCURSIVE PRACTICE

If we attempt to sum up a few general, but key observations from our nine interviews, it was discourses such as materialism, experience, originality, lifestyle, as well as economic discourses that were drawn upon amongst our participants, when asked to define luxury.

Materialism in the sense, that tangible concepts such as style and quality were essential factors for the majority of our interviewees, when they were asked to use descriptive words to define luxury.

The experience discourse was particularly drawn upon in relation to the participants who held more corporate positions – for them, luxury was much more about the exclusivity, tailor-made items and the experience of walking into a luxury boutique and receiving outstanding service when purchasing an expensive item.

The participants who worked within a creative industry, and thus had regular access and exposure to the fashion and arts scene, predominantly drew upon the lifestyle discourse. For them, their associations to luxury were often more aloof and intangible connotations; wherein nature, comfort and gratefulness were brought up when describing what luxury was to them.

A common discourse brought up, throughout all of our interviews, was the economic discourse – wherein social status and the social hierarchy was an important factor for many of the interviewees to mention. Additionally, it seemed that the majority of the contestants also associated luxury with a high cost – something that was expensive, and thus not accessible for everyone.

It was also interesting to notice that the level of interdiscursivity was much higher amongst the participants who had regular exposure and accessibility to the luxury industry. Which begs the question; had the subject been something entirely different from luxury, would they have been able to give the same complex and in-depth

answers as they did? And vice versa with the contestants who operated within a more corporate environment – perhaps their level of interdiscursivity may have been much higher, if the discourse had not been luxury, but something that they were more familiar with.

8.4 TEXT

It is difficult to make a general assumption in regards to analyzing the textual part of the interviews, as all interviewees had individual ways of speaking and approaching the topic.

What should, however, be noted as a common denominator throughout all the interviews – was the way, in which all participants made a noticeable and clear distinction between themselves and the rest of the Chinese population. Words like *'they'* and *'the Chinese'* were repeatedly used to clarify the difference in perception with regards to defining luxury and contemplating consumption patterns.

It was almost as if each of the participants, in certain instances, placed themselves above the rest of the Chinese consumers – and considered themselves more informed and educated – and hence, they did not consider themselves unified nor a part of the masses. Only very rarely did the interviewees use the word *'we'* in regards to a common belief system or frame of reference. An observation we thought was quite noteworthy because it indicates a dissociation from the lower social classes in China.

8.5 SOCIAL PRACTICE

Based on our analysis of the conventional order of luxury discourse centered on heavy consumer reports, we learnt that interviewees like Wayne, Daisy, Aileen, Nilar, Emily and Irene most often were able to re-establish and re-affirm the current order of the discourse of luxury. On the other hand, interviewees like Jin, Timothy and Deon challenged the current order of the luxury discourse in China.

Where participants like Irene, for example, took a very traditional and materialistic approach to luxury in China, which was much alike the various consumer reports we had studied; it was participants like Timothy who challenged this order, by having a much more intangible and abstract perception of how luxury essentially can be understood. He challenged the current order of discourse by implicating that the Chinese should create their own notion of luxury as opposed to being dictated by the mass marketing efforts from Western luxury brands and Western luxury standards. Timothy encouraged a new cultural agenda, wherein it should not only be the West who gets to dominate and dictate what luxury is.

Most participants drew upon non-discursive elements as well, in particular socio-economic phenomena, when they were explicating what the luxury discourse in China involves. This included non-discursive socio-economic elements like status, class and hierarchic systems, as well as Marxism, Capitalism, wealth, religion, and spiritual philosophies.

9. DISCUSSION OF CONSUMER BEHAVIOR

After having defined luxury from the perspective of a Chinese consumer, we now turn our focus towards discussing how the perception of luxury influences the Chinese's behavioral patterns with regards to consumption of luxury. To provide a holistic discussion of our analysis findings, the following section will be structured according to the theoretical foundation of our consumer behavior analysis.

9.1 THE TRICKLE DOWN THEORY

When Veblen in 1899 presented the trickle down theory, he discovered a social incentive for consuming, which we will argue still characterizes the Chinese consumer behavior today. During our interviews, Veblen's ideas repeatedly manifested themselves through the messages conveyed by our respondents.

Several respondents explicitly confirmed the existence of a social hierarchy in which the lower classes admires and imitates the consumer behavior of the upper class. In particular, they all affirmed that expensive and logo-imprinted luxury goods are used by the lower class to display wealth and attain the same status and lifestyle as the higher classes.

For instance, Nilar stated that Chinese consumers perceive luxury as famous and expensive international brands, which they can use to display their social status and spending power.

Likewise, the following quotes display a clear consensus among the respondents' view on existing social structures in China.

"If someone very, very famous in China, a female celebrity (for example), is using sweatpants, everyone will buy it. They might be the ugliest sweatpants but they are going to sell big time!" (Aileen Fang, Interview, January 11, 2014).

"People recently got a lot of money and they don't know how to spend it. You know how a lot of our taste can come from our family or our friends? They don't really have that here yet because a lot of their parents or grand parents are like farmers or not sophisticated. So they really rely on the magazines or what they see on the street. So...if this gorgeous actress is wearing sweatpants – they think the sweatpants must be good and she must be rich. Therefore (they think) "this is something that I need to have as well" (Aileen Fang, Interview, January 11, 2014)

"On the snobby side, it (luxury) is about the quality. The difference that you have, that other people might not. Like the average people might not have. It could be a luxury brand or it could be luxury experience like going to a luxury spa for example" (Aileen Fang, Interview, January 11, 2014).

"They like it (luxury), because it is a lifestyle. They want it because everyone else has that Dior or Celine bag. They think: if I buy it, I become one of them" (Emily Yang, Skype call, January 19, 2014).

"(In China) trends evolve ... through fake everything. It became so easy when the fake came and helped a lot of luxury brands... Because the copies educate the Chinese... Everyone who buys fake is all mass-market so they create this desire. But when the real thing comes – the people who have the money, they buy the real one and feel they are very special. They look down to the people who are carrying the fake one. They think: "You are the fake but I am the real"" (Jin, Interview, January 9, 2014).

On the basis of the preceding analysis of the luxury discourse and consumer behavior in China, we consider these quotes and the quotes presented in our analysis to confirm the continuous relevance of Veblen's trickle down theory because lower classes still imitate the upper class. Furthermore, this same theory usefully enabled us to look in to the social structures in China, which evidently has a crucial influence on the consumption of luxury goods.

As Kapferer (2012) also noticed, there are some major differences in the luxury sector in the West compared to the developing countries. As mentioned in section 4, Kapferer for example stated that luxury in the BRIC countries is not necessarily synonymous with rarity, which is the case in the West. In that context, we take note of the critique that Veblen's theory has received with regards to a lack of relevance in today's consumption patterns. We argue that Veblen's theory is still useful when examining consumer behavior in China and other developing markets, since these markets are experiencing trends similar to what Western markets previously have gone through.

More specifically, through the use of the trickle down theory, we reached the conclusion that the wealthiest Chinese consumers predominantly are inspired by the consumption patterns of the West. Secondly, the rest of the upper class in China look to both the West but also to their network and fashion magazines when they look for inspiration. Third, the upper middle class look to the upper class, and lastly the rising middle class gets inspiration from both the upper middle class and the upper class. This segmentation of consumers is further envisioned in the Consumer Evolution Model in section 10, where we display and elaborate on the evolution of a luxury consumer in China.

9.2 DIFFERENTIATION VS. IMITATION

Our analysis of the consumer behavior in China furthermore revealed a tendency for consumers to either *imitate* other consumers or *differentiate* themselves from others. Simmel (1904) discovered this difference in behavior as he studied the trickle down theory within the fashion industry. His postulate, which we in the following will defend, was that the upper class showed a clear wish to differentiate itself from the masses, whereas the lower classes were highly inclined to imitate other consumers in order to belong to a group and through goods, display a high status in the social hierarchy. All our respondents either explicitly or inexplicitly referred to the existence of these two behavioral patterns.

For instance, Jin showed a clear wish to differentiate herself from the rest of the Chinese consumers. She repeatedly emphasized her distaste of the tendency to imitate, which is exemplified in the following quotes.

"Why do you have to wear the exact same thing?" (Jin, Interview, January 9, 2014).

"When I studied in London, I wore clothes from Topshop. But all my classmates – they all also wear Topshop. I felt so not special. So when I come to London now ... I wear things from China ... and people say "Oh, where is this from" but then when I come back here I wear Topshop, because Topshop does not exist here and every time I go out people say .Where is that from?" (Jin, Interview, January 9, 2014).

"To me luxury is unique, it's like personality and something special" (Jin, Interview, January 9, 2014).

In accordance with Simmel's ideas about the tendency to differentiate, we consider Jin to represent a group of Chinese consumers who have knowledge and experience with luxury and fashion goods and therefore have the confidence to differentiate themselves.

As Kapferer & Bastien (Kapferer & Bastien, 2009) noticed, the democratization of luxury has created an anxiety of freedom because all consumers are able to determine their identity and convey an image of belonging to a higher societal level based on the goods that acquire. What our analysis shows, is that consumers without a long-term exposure or knowledge about luxury are in fact intimidated by that freedom of choice and therefore opt for the "safe choice" by imitating the consumer behavior of either their network or people from higher classes. We further argue that this anxiety is a result of the traditional collectivist culture, which as mentioned in section 2.4 has existed in China for several years. It is our conviction that only in recent years, after China opened up for foreign trade and the Chinese started to attain power through wealth, has the tendency for consumers to differentiate developed.

As our respondent Aileen phrased it, the Chinese consumers cannot be inspired by their parents' or grandparents' perception of luxury because a lot of the luxury consumers in China have only recently obtained wealth, and are hence "new rich" – consequently they cannot look towards their family for inspiration. Jin also touched upon this, when characterizing the Chinese consumers as 'weak' and more prone to accept the rather aggressive advertising of the major international luxury brands.

To exemplify the tendency of imitation, the following quote shows how our respondent Emily recognized that her friends almost felt forced to buy the same luxury goods as their other friends.

"I have a lot of friends who buy luxury. They love the style and the new collections that are popular in the world. Their friends – they are all wearing luxury bags and dresses. They want it because everyone else has that Dior or Celine bag. They think: if I buy it, I become one of them" (Emily Yang, Skype call, January 19, 2014).

This quote tells us that standing out from the masses, is indeed a concern for a lot of Chinese consumers. We therefore argue that these consumers are predominantly newly rich or part of the rising middle class who earns enough to purchase luxury goods after only a few months of saving. Several respondents confirmed this perception by stating that middle class workers will save up or even spend an entire

month's salary to buy a specific luxury good from a well-known brand. Another respondent mentioned that the young generations in China allow themselves to spend in this manner because they know that their family, who due to the one-child policy, only has one child or grandchild – who they will do anything to take care of.

The measures to which these consumers will go, in order to be part of a group or differentiate themselves from that group, relates to the meanings that are embedded in luxury goods. It is this very meaning that enables the consumers to define their status and identity, which we will elaborate on in the following section.

9.3 TRANSFERRING MEANING FROM LUXURY GOODS

In accordance with McCracken's (1986) theory, our analysis and discussion point to the fact that luxury goods are embedded with cultural meaning. Furthermore, our findings show that some Chinese consumers purchase luxury goods in order to utilize and take possession of that meaning. Through grooming and possession rituals, the consumers transfer meaning from the goods onto their own life (McCracken, 1986). The following quotes from our interviews explain how and why this meaning transfer takes place.

"For Chinese – the new wealth – they don't think about the money and therefore they buy to show off their power – their spending power... I think brand is equal to power. So they might not necessarily think about the value that it brings them and their family. They don't think "do I need it?" It is more like "I just want it!"... So they will for example buy a car to show off their status... I think it comes down to the brand and what that brand means" (Aileen, Interview, January 11, 2014).

"It (luxury) projects status. They have money – that's why they go for the brand name products. They recognize the brand name. If they carry a Chanel bag, then that's a status-projection that means, "I achieved a certain status." Or they drive a Porsche – you know – a luxury car" (Deon, Interview, January 10, 2014).

"All the luxury brands have a story. I find it really meaningful. If you buy this you are not only going to buy the bag but also to meaning something because (that brand) has a story and a spirit" (Emily Yang, Skype call, January 19, 2014).

Lastly, we want to draw attention to our respondent Wayne Cao who explicitly mentioned his loyalty to the brand Ferrari, which to him represents consistent quality and brand history:

"For cars, I prefer Ferrari. It is always the best. Bentley is more for older people. In general it is the best sports car ever cause I am the kind of person that never compromise myself on quality. And the same for Ferrari, right? ... I am kind of similar as a person" (Wayne, Interview, January 10, 2014).

This example is interesting to examine, because Wayne Cao as mentioned in the analysis, relates to the values of Ferrari, which matches the values that he as a person wishes to project. At the same time, by relating himself to the Ferrari brand, he also

distances himself from Bentley, which according to him represents values and meaning that do not correspond with how he perceives himself.

When analyzing our interviews, it became clear that consumers have different intentions when drawing meaning from luxury goods. Essentially, our findings show that the desired outcome of meaning transfer varies from consumer to consumer and is heavily influenced by the consumer's general perception of luxury. Connecting the perception of luxury with the desired outcome of meaning transfer, we argue that the longer consumers have been exposed to luxury while also having the access to it financially, the more they will be inclined to look for luxury goods that project individuality, sophistication, and simplicity. On the other hand, consumers with less experience in luxury goods will be more motivated to buy brands that are easily recognizable to the masses and which right away displays wealth, success and status. In other words, they opt for the "safe choice."

However, we do not argue that the trend to purchase logo-branded goods will vanish any time soon. Instead, we claim that the demand for recognizable brands and the tendency to imitate will remain relevant for the rising middle class who has previously not had access to luxury goods. Additionally, as the first-tier cities develop in a direction towards more individual and maturing takes on luxury, the second-tier, third-tier and less developed cities begin to adapt and develop a demand for a mass-marketed, logo and symbol branded consumer culture.

Because the current upper classes have had access to luxury for a longer period of time, we argue that they will increasingly look for individuality when they purchase luxury goods. Additionally, our findings suggest that this group of consumers will eventually change their entire perception of luxury, and thus move in a direction less focused on the materialistic aspects. Rather, their focus will shift towards a more spiritual and aloof direction, wherein intangible elements are considered to be luxurious – like for example; nature, travelling, and spending time with family. It moreover appears as though they will be inspired by the luxury consumer behavior of the West and consequently, to some extent "imitate" the Western luxury consumers.

The connection between behavioral patterns and the perception of luxury is accounted for in the next section, in which we also develop a model that displays the different stages that a luxury consumer goes through as their perception and familiarity with luxury matures.

10. THE EVOLUTION OF THE CHINESE LUXURY CONSUMER

When we gathered conclusions from the previous discussion points, we began to recognize a pattern in the respondents' answers. It was this pattern that led us to come up with a model that would demonstrate and clarify these patterns more clearly. This was how we came up with our take on 'the evolution of the Chinese luxury consumer'.

We found that the most essential factors influencing a consumer's perception of luxury is the extent to which they are exposed to the luxury industry, including their familiarity, accessibility and interest in the world of luxury. Other factors that determine their perception and approach to luxury goods include their level of international experiences, the timeframe in which they have had financial accessibility and who they are primarily influenced by. We have chosen to omit the magnitude of consumers' wealth, since we learnt, through our interviews, that even though a Chinese consumer may not be able to afford a specific product right away, they would within a few months saving, be able to obtain it.

When developing this model, we furthermore drew inspiration from the previously mentioned consumer report – The Hurun Report – where Chinese luxury consumption is divided into three stages, including wealth creation, wealth preservation and wealth appreciation (Hurun Report & Industrial Bank Co. Ltd., 2012). During these stages, the consumer can go from utilizing luxury brands as a way of emphasizing social status to appreciating and sharing their wealth. In our model, we however, wish to elaborate on this process in order to capture a more distinctive consumer progression. Hence, we wish to explore the diversity of consumption behavior within the luxury consumer segment.

The figure is meant as a structural framework that ranges from stage 1 (The Introduction) to stage 5 (The Abstract sense of Luxury) visualizing the process in which the consumer may develop, in regards to his/her perception of luxury.



STAGE 1: THE INTRODUCTION

Perception of luxury:	Logo, expensive, status, upper/high class, style.
Level of exposure/access:	Might have been exposed to luxury but have only recently had access to it financially.
International experience:	None or limited travelling experiences both privately and professionally.
Influenced by:	The higher classes, celebrities, network, social media.
Imitation vs. differentiation	Tendency to imitate.

STAGE 2: BRIEF ACQUAINTANCE

Perception of luxury:	Status, style, VIP experience, logo.
Level of exposure/access:	Have been exposed to luxury through advertising, society and friends and have had access financially for some years.
International experience:	Moderate travel experiences – privately and/or professionally. Possibly studied a semester or two abroad.
Influenced by:	The higher classes, network, social media.
Imitation vs. differentiation:	Tendency to imitate.

STAGE 3: CONSCIOUSNESS

Perception of luxury:	Brand heritage, VIP experience, style, quality, a lifestyle, good service.
Level of exposure/access:	Have been exposed to luxury through advertising, society and friends and have had access financially for some years.
International experience:	Have lived, studied or worked abroad for some years and/or have travelled a great deal.
Influenced by:	Magazines, celebrities, advertising, network, social media.
Imitation vs. differentiation:	Tendency to both imitate and differentiate.

STAGE 4: INDIVIDUALIZED PERCEPTION

Perception of luxury:	VIP experience, travelling, sophistication, quality, individualism, elegance, a lifestyle, originality, avant-garde, spirituality, simplicity.
Level of exposure/access:	Have a developed understanding of luxury through a long-term exposure and access and/or through work experience in the luxury industry.
International experience:	Lived abroad for a few years and has traveled a lot.
Influenced by:	International luxury consumers, network, international magazines.
Imitation vs. differentiation:	Tendency to differentiate.

STAGE 5: ABSTRACT SENSE OF LUXURY

Perception of luxury:	Spirituality, individualism, comfort, good values, people, art, travelling, time.
Level of exposure/access:	Have been exposed and have had access to luxury for several years – possibly through work.
International experience:	Have either worked or studied abroad for several years or traveled an extensive amount.
Influenced by:	International luxury consumers, foreign cultures, international magazines, nature, people.
Imitation vs. differentiation:	Tendency to differentiate.

As displayed in the above model, we perceive the evolution of a luxury consumer to consist of five stages, which we will now shortly elaborate on. Furthermore, we will indicate which stage each of our respondents is at, according to the answers they gave during our interviews. This will assist us later when analyzing the respondents' reaction to our two case companies.

10.1 STAGE 1: THE INTRODUCTION

At the introduction stage, the consumer has begun to earn enough money to buy luxury goods, which they for some time have been exposed to through the presence of large luxury stores in China, mass marketed advertising campaigns, as well as through influence from celebrities and through social media. Due to the exposure contra the limited financial access to luxury (up until this point), these consumers perceive luxury goods as symbols of success, status and wealth. Hence, the main focus for consumers at this stage is most often to display their newfound status and acquired style, as well as their position to buy luxury goods – either immediately or after having saved up for a few months to obtain a specific product.

Consumers at stage one have had very limited international experience - meaning that they have not lived or worked abroad and have not travelled a lot internationally; and if they have – it has presumably been as part of a tour group.

With regards to luxury consumption, the higher classes in society, celebrities and their network inspire stage one consumers. Because of their limited time of access to luxury, consumers at this stage tend to imitate other consumers rather than independently deciding which luxury products they like.

Stage one consumers amongst our respondents include: Irene Yu.

10.2 STAGE 2: BRIEF ACQUAINTANCE

At the second stage of the evolution process, the consumers have had access and exposure to the world of luxury goods for some time. At this stage, the valuation of obvious status symbols, like logo branded goods, therefore start to devalue without disappearing completely. The consumers are still aware of purchasing well-known brands – however the main motivation is more to display status and style rather than solely projecting wealth. At this stage, the consumers furthermore begin to value the VIP experience that they receive when purchasing luxury goods.

At stage two, the consumers also pursue international experience – either through business trips or private holidays. Travelling internationally alters their awareness and perception of luxury, because they are exposed to new consumer cultures, new brands and new trends.

At this stage, consumers are, to a lesser extent than in stage one, inspired by celebrities but rather by the higher classes, as well as their network, family and friends. Due to their brief acquaintance with luxury, these consumers have become less 'vulnerable' – meaning that they have a greater understanding of luxury and are therefore more aware of a brand's values, origin and history. Nevertheless, the

consumers at stage two still have a tendency to imitate other consumers rather than differentiating themselves from the masses.

Stage two consumers amongst our respondents include: Daisy Tao, Emily Yang, and Aileen Feng.

10.3 STAGE 3: CONSCIOUSNESS

At the third stage, consumers become very conscious about how other consumers consume luxury, which consequently affects how they themselves perceive luxury and what values they look for in a luxury brand. The consciousness derives from having access and being exposed to luxury goods for a longer period of time. It might, however, also be due to working experience within more creative industries or even in the luxury industry. At this stage, consumers start to look for luxury goods that offer them more meaning, wherein factors such as brand heritage, quality, style and lifestyle begin to play an essential role. Consumers at this stage furthermore appreciate the whole experience that surrounds purchasing luxury goods, such as experiencing special treatment and good service.

The consciousness stage also includes knowledge of foreign cultures, due to a great deal of international experience. Either the consumers at this stage have been traveling a great deal privately and/or on business, and/or they have been studying and/or working abroad for some years.

Due to the greater consciousness about luxury, these consumers are less prone to follow the behavior of the higher classes. Instead, they look for inspiration in magazines, celebrities, advertising and especially their network. They therefore also move more towards the tendency to differentiate themselves from the masses – however; they still appreciate possessing brands, which are known for their quality, style and brand heritage - and brands that are still quite widely recognized.

Through stages one to three, the dominating perception of what luxury is, includes all things tangible and materialistic – physical luxury products like bags, clothes, watches, jewelry, cars, houses, etc.

Stage three consumers amongst our respondents include: Wayne Cao and Nilar Ma.

10.4 STAGE 4: INDIVIDUALIZED PERCEPTION

At stage four, consumers attach great importance to values like sophistication, elegance and individualism. Their prolonged access, exposure and possible working experience with luxury have developed their perception of luxury to be more individualized. Instead of focusing on brand heritage and the recognition of a brand, consumers at this level start to value originality, simplicity and spirituality. Additionally, they begin to perceive intangible things like travelling, time off, and lifestyle as luxury.

In that context, the consumers also spend more money and time on travelling – either privately or work related and have often spent several years abroad. For consumers at this stage, the purpose of travelling is discovering new ways of living, new cultures and

with regards to luxury – it is an opportunity to discover new brands, which are not accessible or known in China.

Their individualized perception of luxury, gives them the confidence to differentiate themselves from the masses in China rather than trying to imitate others. While they are still influenced by their network, they also look to international luxury consumers and international magazines for inspiration.

Stage four consumers amongst our respondents include: Jin Yuan Yuan and Deon Zhang.

10.5 STAGE 5: ABSTRACT SENSE OF LUXURY

Consumers at stage five, have been exposed and have had access to luxury to a degree that has influenced them to place greater importance on abstract notions of luxury such as time, spirituality, and people. While they still appreciate luxury goods – their focus is rather to purchase luxury goods because of the brand's good values, because the design makes them stand out or simply because it is comfortable. Additionally, whether a product is luxury or not is not essential to stage five consumers. At this stage, the general values of the consumer have changed in the sense that when these consumers buy luxury goods, it is not because it *is* luxury but because they are attracted to the values, the design or the quality of the product.

Consumers at stage five are very international-minded and have a comprehensive understanding of luxury consumption tendencies – especially in the West. They have worked and/or studied abroad for several years and are frequent travellers.

Due to their abstract sense of luxury, they are influenced by foreign cultures, nature, and people in general. Hence, these consumers are very individualistic and wish to differentiate themselves as trendsetters in China as apposed trend followers.

Stage five consumers amongst our respondents include: Timothy Parent.

10.6 REFLECTIONS ON 'THE EVOLUTION OF A LUXURY CONSUMER'

Having reviewed the characteristics of the five stages that a luxury consumer in China may go through, we now wish to reflect on the implications of the consumer evolution model.

The purpose of the consumer evolution model is to provide companies and marketers with a tool to better understand the diversity amongst Chinese luxury consumers and in that sense assist them in narrowing down the most relevant consumer group. We therefore briefly explain how the model can be utilized.

A brand's values should be assessed and subsequently compared to the values of the consumers at each of the five stages. Thereby, it will be possible to determine which consumer stages remain most relevant for a particular brand. By considering a brand's

values according to our consumer evolution model, the communication towards the Chinese consumers can be done much more specified and efficiently.

In that context, we recognize a need for further research with regards to the most efficient ways of communicating to each stage - once a brand has determined which group of consumers to target. While the consumer evolution model determines the sources of inspiration for each stage of consumers and thereby indicates how a brand should ideally reach their consumer group, it will be necessary to examine which type of marketing has the greatest impact on each stage. However, this part of the process is outside the scope of this thesis.

We are therefore aware that this model is not a fully encompassing definition of all luxury consumers in China and it is not meant as a complete step-by-step guide to attract Chinese consumers. Rather, it is a tool in the examination process where it is determined whether or not China is in fact an interesting market for the brand in question to enter, and if it is in fact relevant – which consumers to focus on. We thereby also emphasize that there will be variations among consumers at each stage due to aspects such as age, origin and profession, which is inevitable when describing such a broad spectrum of consumers.

Developing the consumer evolution model, we purposely left out the consumers' income level and their status in the social hierarchy. As mentioned earlier, we assessed it less relevant in this particular context, since we found that a consumers' perception of luxury is not determined by their wealth. Our findings for example suggest that even though a consumer climbs the social ladder and start to earn more money, their perception does not necessarily develop further than stage three.

When discussing the tendency to imitate versus the tendency to differentiate, we additionally discovered an interesting trend amongst consumers at stage four and five. As we described earlier, these consumers wish to differentiate themselves from the masses in China and actively take a stand on which brands appeal to them personally. As also accounted for, international luxury consumers influence these consumers and hence the notion of 'differentiating' one self can therefore be discussed, since they merely follow the behavior of consumers outside of China – especially the West. However, we argue that following the behavior of international consumers does not entail purchasing the same products as them but rather imitating or adopting a different mindset with regards to the consumption of luxury goods.

This again leads us to defend the validity of Veblen's trickle down theory, since this trend suggests that all consumers are at least to some extent inspired and influenced by the behavior of other consumers – if not from higher classes, then by consumers from more developed economies – who again have had access to luxury for a longer time than the Chinese consumers have.

Concurrently with China's growing upper middle classes, we will most likely experience many more Chinese luxury consumers, evolve through the different stages in the consumer evolution model over the next coming years. For most however, we argue that their evolution will stop somewhere between stages three and four, since further

development, most often only includes the people who work within the luxury industry or within other creative industries.

11. BIRGER CHRISTENSEN & SHAMBALLA JEWELS IN CHINA

In the following section, we will test our analysis findings and the consumer evolution model by applying them onto our two case companies - Birger Christensen and Shamballa Jewels. We are thereby able to assess the consequences of the two companies' current strategy to penetrate the Chinese market and subsequently provide them with recommendations for improving their approach to reach the Chinese consumers. We will then briefly compare the future prospects of the two brands in China, based on our findings.

Before applying our findings onto the cases, we will introduce quotes from our respondents that, as part of the interviews, elaborated on the two brands' marketing material.

11.1 BIRGER CHRISTENSEN CONSUMER FEEDBACK

Each of our participants were presented with sales material from BC, including a lookbook containing all the fur coats from the entire collection – as well as a digital campaign booklet starring Caroline Brasch Nielsen - an internationally renowned Danish top-model – which was shot in the center of Copenhagen (see appendix number 7).

Across all of our participants, the brand generally seemed to be received positively and the majority predicted good potential for the brand to succeed in China - our interviewees particularly emphasized that North China would be an ideal market. This was exemplified in statements like:

"There will be people interested in this brand for sure" (Jin, Interview, January 9, 2014).

"It's beautiful, it can be shown in Vogue or some other fashion magazine" (Daisy, Interview, January 9, 2014).

"The Chinese would love it, I think"... "I think they could definitely be successful, they have some really good stuff." "I think the North is definitely a market... because it's practical there" (Timothy, Interview, January 9, 2014).

"I can see quite a lot of Russian elements in here, and Mongolia." "It will be popular... especially in North China" (Wayne, Interview, January 10, 2014).

"I think the quality of the products look luxurious – I think luxury"... "I was going to say... I think Beijing would be good, because of the colder weather" (Deon, Interview, January 10, 2014).

"Fur would do very well here" (Aileen, Interview, January 11, 2014).

What was particularly emphasized amongst respondents like Wayne and Timothy, was the designs' uniqueness – it was something they had not seen before on the Chinese market. Their perception seemed to be, that the uniqueness factor, was a positive thing – and an element that would essentially win over the Chinese luxury consumers. This came across in sentences like:

"I actually think it's quite different from the other stuff that I have seen. I think they could definitely be successful" (Timothy, Interview, January 9, 2014).

"It's quite interesting design – it's quite unique." "...I haven't seen this kind of stuff before in China, the design is really unique" (Wayne, Interview, January 10, 2014).

Jin also expressed a great deal of enthusiasm for BC and even suggested we put BC in touch with her if they were interested in taking part in Shanghai Fashion Week.

"If they want to do a show at Shanghai Fashion Week, tell them. I represent Shanghai Fashion Week" (Jin, Interview, January 9, 2014).

Amongst the interviewees who were less enthused about BC, were Deon and Nilar. They, as opposed to Timothy, Jin and Wayne – thought the designs came across quite generic and mainstream.

"So it's not very individualized, I would say. It's very generic. It could be any brand" (Deon, Interview, January 10, 2014).

"This screams mainstream style" (Nilar, Email, January 10, 2014).

An element we thought was noteworthy in regards to the responses was how some of our respondents immediately linked BC to being a French or Parisian brand when they were presented with the campaign booklet, which was actually shot in the center of Copenhagen.

"This is Paris?" (Irene, Interview, January 10, 2014).

"Did you say it's from France?" (Wayne, Interview, January 10, 2014).

Another question we thought was interesting to mention was in regards to the price point. Common for most of our interviewees, including Irene, Timothy and Jin, were their curiosity for what the price points of the items were. This was actually the case for both the BC fur coats, as well as the Shamballa bracelets.

There did not seem to be any misunderstandings amongst the participants, that BC is in fact a luxury brand. Most of the participants used the word luxurious to describe the material they were looking at, and some made references to brand heritage and European values.

"It looks luxurious, and with good material" (Daisy, Interview, January 9, 2014).

"This speaks luxury to me, for sure." "I can see the brand heritage and the history, like I said – it looks like something that is 200 years old or something like that" (Wayne, Interview, January 10, 2014).

"Again, it comes down to perception, and people do believe that when things come from Europe it is better, because of the history and the design." "I do see people wearing it – and we all know it is expensive ...People are willing to pay..." (Aileen, Interview, January 11, 2014).

"...the products look luxurious" (Deon, Interview, January 10, 2014).

There was a tendency for the interviewees to react differently towards the BC brand material that we presented them with. Generally, our participants seemed more enthused about the campaign booklet starring the international supermodel, versus the product lookbook. Some statements implied that the product lookbook communicated to an elderly target audience, whereas the campaign pictures were much more youthful and stylish – and hence, had a stronger appeal.

When Daisy was presented with the product lookbook she initiated by saying: *"The style is much more suitable for my mom."* When presented with the campaign booklet, however, her opinion seemed to shift: *"Because of the model, this makes me change my mind a little bit" "It's beautiful, it can be shown in Vogue..."* (Daisy, Interview, January 9, 2014).

Despite a few participants, who perceived the designs as somewhat generic, the BC brand was generally well received and BC was projected to have good potential on the Chinese market – in the North, particularly. The only other hesitations that we met towards the brand, was the issue of morality in regards to fur and animal rights. An issue that two of our participants, Timothy and Aileen, brought up but also quickly dismissed again as an issue, because they did not think it would bother the Chinese consumers at large.

Timothy also brought fourth the issue of conspicuous consumption, with regards to China having entered an era where there is less focus on 'bling bling' and flashy products. This is, as Timothy mentioned, much related to political circumstances and the fact that the Chinese government has publicly addressed the issue of corruption and thus has encouraged subtler spending in regards to luxury products.

"Conspicuous consumption is an issue here – you can't show off too much."... "I love these... and these are actually less conspicuous" (When flipping through the lookbook) (Timothy, Interview, January 9, 2014).

11.2 BIRGER CHRISTENSEN DISCUSSION

Based upon our research of luxury from an academic perspective, studying Chinese consumption patterns and future trends, analyzing the responses and the feedback we got from our interviewees, as well as reviewing the brand strategy discussion we had with Morten Langsted, Chief of Export at BC (see appendix 9); we argue that BC has the proper foundation and the right elements to achieve great success in China.

Furthermore, through our interview with Langsted, it became very apparent that he had a very thorough grasp of the luxury consumers in China and had much insight into their behavioral patterns. At one point during the interview he went on to explicate the evolution in maturity that the luxury consumers had gone through, which included a shift from being solely focused on logo to become much more aware about the quality of the product. An observation came to find incredibly relevant and in sync with our own findings.

As we mentioned in the above section, the vast majority of our interviewees expressed great enthusiasm about the brand; its unique designs, the fact that it conveyed luxury – and a few clearly stated that they saw BC as a good fit for the Chinese market. We will in the following section attempt to advise BC on how to further develop their business in China and which consumer stages they should be focusing on. This is based on our findings and the consumer evolution model we have developed.

BC essentially represents a very traditional and 'old school' approach to luxury goods; values which were also recognized and applauded by our interviewees – in particular the elements of good and luxurious quality as well as its old, European brand heritage. Brand heritage and brand story were especially important factors to Wayne, who we categorize as a stage three consumer.

From stage three and onwards consumers have moved passed solely focusing on flaunting wealth and status, and instead begin to form more complex relationships with the brands they choose to purchase and hence identifies with – brands, wherein intangible factors such as the story and values built up around the brand, begin to become essential 'reason-to-choose' factors.

"I can see the brand heritage and the history..." (Wayne, Interview, January 10, 2014).

When navigating within a consumer culture like the Chinese, which is entirely different from the West, Langsted acknowledges the need to adapt its brand values to the Chinese consumer market. He recognized the paradox wherein BC on one hand has to promote its Western values while also making sure to adapt to the Chinese market as much as possible, in order to appeal to the Chinese consumer: *"You need to listen to the market and be able to adapt to the Chinese consumers – if you just stick to your old strategy and don't make any changes you can be sure that you will fail"* (Langsted, 2013, s. 18.12).

According to Kapferer, the value system and perception of luxury can vary drastically according to the specific culture. In BRIC countries, Kapferer argues, that luxury is not equivalent to rarity, which is the most often case in the West. In these markets, Kapferer argues, the demand for luxury rather increases proportionally with the mounting visibility and awareness of a certain luxury brand (Kapferer J. N., 2012).

According to our consumer evolution model, however, Kapferer's school of thought towards BRIC countries and luxury is more applicable for brands that are looking to target stage one and two consumers in China. These are often the type of consumers who have only recently acquired financial access and wealth, and thus seek out 'safe'

mass marketed luxury brands that have the most recognition value through visible elements such as logo and patterns. This commonly includes massively exposed brands, with huge marketing budgets, like Louis Vuitton and Burberry – brands that can easily be used to signal wealth and social status.

BC on the other hand, will most likely never have the kind of financial backing it would require for such extensive brand exposure as big luxury conglomerates have access to – nor should that be their goal. They should continue evolving their brand around elements such as uniqueness, quality, exclusivity, brand heritage and extensive service and product knowledge, which stages three and four value in luxury brands. Hence, stage one and two consumers are not the segments BC should be targeting – and thus Kapferer's perception of luxury in BRIC countries become less relevant for this case. BC's focus should, as previously mentioned, be to reach stage three and four consumers.

In order to reach stages three and four, they will nevertheless, still have to increase brand visibility and awareness. Even though their strategy is to firstly penetrate Beijing by means of a single showroom – Beijing is still a city with over 25 million inhabitants, and thus it will require a certain level of brand exposure, targeted towards stage three and four consumers. These consumers, amongst many elements, value brand heritage, quality, lifestyle, and originality. They look for special treatment and generally seek out an experience revolving the purchase of a luxury product. They are knowledgeable and curious about the world and seek out foreign cultures for inspiration. They furthermore draw inspiration from fashion magazines, their network – including friends and family – as well as other high profile luxury consumers (see Consumer Evolution Model in section 10).

Consequently, in order for BC to reach these consumers – BC will have to emphasize it's brand values even more through increased brand exposure and visibility. This could for instance be through more extensive efforts to build stronger partnerships with fashion magazines, stylists, key influencers, and perhaps participate in Shanghai Fashion Week, like Jin offered to help out with.

BC will have to seek out some of China's most influential operators within China's fashion industry and establish a strong connection with them, in order to start building the necessary hype and brand excitement – and essentially create appeal, visibility and awareness towards stage three and four consumers. To build this connection, they will have to emphasize and utilize that they offer a very unique product on the Chinese market. This includes accentuating brand elements such as their royal Danish brand heritage, their outstanding handcrafted quality, as well as the lifestyle and service that revolves around the purchase of one of their furs. We think the campaign with Caroline Brasch Nielsen captures and represents their brand elements well – and thus should be utilized even more in their Chinese marketing efforts.

Consequently, BC should not entirely be compromising its brand values in order to meet the Chinese market; on the contrary, they are in a unique position to offer something that the Chinese market may very well be in demand of. And it is our opinion that it is in fact their brand values that make them appealing to the Chinese market - especially stages three and four.

Stage three and four consumers are most often looking to seek out new trends. And yet they do not want to stand out too much from their peers – which is why they are more often trend followers as opposed to trendsetters. They are not to the same extent as stage one and two consumers mesmerized by the mass marketing efforts of major luxury brands – yet they still wish to maintain some sort of conformity in their purchasing patterns, while at the same time demonstrating individuality and independence through their material possessions. The following statement from Jin, a stage four consumer, demonstrates quite well how she wishes to distinguish herself and her style, without standing out too much:

"I have to wear it (pointing to her Burberry scarf) because I am seeing a Chinese client and the Chinese client love to see that" ... "Yesterday, I wore Helmut Lang and some more alternative looking... That is my style. But when I meet different clients, I have to dress in a different way so that they can recognize" (Jin, Interview, January 9, 2014).

According to the majority of our respondents, BC is offering a unique product in a category where there at present time are not many competitors. They furthermore, seem to have done right by focusing on and establishing their brand in Beijing, in Northern China. And moreover, their brand elements, such as their royal brand heritage, their focus on quality, as well as their visual brand universe – all seem to be elements that many Chinese consumers appreciate. Factors, which all indicate, that there is a demand and hence big potential for BC to do well on the Chinese market.

As mentioned, the consumer groups that they should particularly be focusing on are stage three and four consumers – who not only have the financial access to purchase BC's furs, but are also the consumers who most likely would find an interest in what the brand has to offer. Given BC's current structure and size, they are in no position to take on a mass-marketed approach, like many other luxury brands do in China. And thus, we argue that this excludes stage one and two consumers, as BC's main target. Instead, they should be embracing their brand values and story and focus on creating more brand exposure and visibility, through, for example, attending Shanghai Fashion Week and through general PR efforts.

We now move on to analyze our second case, Shamballa Jewels (SJ), in order to learn how SJ was generally received amongst our consumer respondents.

11.3 SHAMBALLA JEWELS CONSUMER FEEDBACK

Before elaborating on SJ's strategy to enter the Chinese market, we will firstly account for our respondents' general perception of the brand.

As expressed in the quotes below, most respondents were generally positive about SJ's products and marketing material.

"I think any diamond jewelry brand gives you the sign of luxury" (Aileen, Interview, January 11, 2014).

"I do like this jewelry brochure because I think it is unexpected with the cover cause it show a scenery which is usually not the case with a jewelry company. It is almost like a

travel brochure, you know; "where is this place". What makes it interesting, is that they have a story" (Deon, Interview, January 10, 2014).

"The quality and design is very unique for sure and then that it tells a story can be luxury. I do like the style" (Deon, Interview, January 10, 2014).

"I think it is very good for the Chinese because they believe in the Buddha. That story about Tibet ... might make the Chinese think that if they buy this, the Gods will bless them. So sorry to say but they are very superstitious" (Emily, Skype call, January 19, 2014).

"Uh, I really like this one... cause it is a little bit more edgier and I think Chinese people are edgy and experimental which is really great... They also like the really nice stuff. More the Chinese people than me cause I am not really into jewelry but Chinese people definitely are" (Timothy, Interview, January 9, 2014).

"I think the image and the layout is really cool" (Timothy, Interview, January 9, 2014).

"I think this brand has beautiful products" (Wayne, Interview, January 10, 2014).

However, while most respondents initially responded positively towards SJ, a few also expressed a personal dislike of the design and the values, which comes to show in the following quotes.

"Shamballa is very oriental style. I think it will be popular with traditional Chinese but definitely not my style, too subtle and reserved" (Nilar, Email, January 11, 2014).

"No (this does not communicate luxury). The paper definitely needs to change. The size of the book need to change and too much information here. You know, luxury is less is more. Even the logo is too complicated. The statement needs to be sophistication" (Jin, Interview, January 9, 2014).

"I saw some Tibet language? For me personally that is not my style but they are pretty" (Emily, Skype call, January 19, 2014).

"This is like Tibet. I like Tibet but I don't like this style Tibet. It is very dark" (Irene, Interview, January 10, 2014).

"In China it is frowned upon - a lot of people don't talk about religion. Even if you are a catholic or Christian, church is only for international passport holders because the Chinese are not allowed to go to church, so the government has strong culture on religion. So if you have reference to religion in your design – I would be worried " (Aileen, Interview, January 11, 2014).

As pointed out in the last couple of quotes, the Tibetan and religious reference in SJ's marketing material (see appendix 8) was especially an issue that our interviewees reacted to.

"I think it comes down to design. I think it has a lot of religious reference... If we talk about the Chinese market, I would be more aware about it... because you don't see a lot of religious influence here. That is something I would be more aware of - particularly for this line because it has a lot to do with religion. Especially if they talk about a dragon ... which religion are you referring to? I think the religion part needs to be more clear because you don't mix religions" (Aileen, Interview, January 11, 2014).

"But style, what kind of style are they? Tibetan, right? ... I got it because of one of the designs. It does not look like Danish? It has nothing to do with Danish. So how are you going to introduce Danish designer into Tibetan culture and doing a luxury jewelry that look like (this)" (Jin, Interview, January 9, 2014).

"If Shamballa is a hidden city, don't put in Tibet here (in the brochure). This (on the brochure) is the capital city. It is very mainstream. This is like a postcard. This is like if you put in London Eye. You know what I mean? It is not luxury, it tourism. If it is secret – tell the owner" (Jin, Interview, January 9, 2014).

"Any association with Tibet should be like "hands off!". It is a no-go here" (Timothy, Interview, January 9, 2014).

Whereas some of our respondent expressed a concern for especially the Tibet references present in SJ's marketing material (see appendix 8) – our respondent Wayne had a more reflective approach to SJ's references:

"I have seen similar jewelries somewhere else. Actually it is quite popular to make jewelries mixed with the culture from this area (Tibet) – even for us – the Chinese. It is also a mystery to the Chinese people – not only to foreigners" (Wayne, Interview, January 10, 2014).

"It is a new brand and as I said, a brand without a long history and heritage is not a luxury brand. But I think for foreigners – Europeans and Americans – I think it is really attractive because it is something from Tibet, far away. But for us, it is attractive but not that strong because we see this kind of thing quite often because it is also part of the Chinese culture. I can see the mix of Western and Tibet culture is a great match but I think for Chinese people they will prefer some brands from Europe like Cartier with the heritage. Because I don't think anybody knows this so far" (Wayne, Interview, January 10, 2014).

Hence, the attitudes toward the Tibetan and Buddhist references were very individual. Whereas Timothy warned SJ about implementing any Tibetan references into marketing material – Wayne expressed a curiosity towards Tibet, which he claimed applied to Chinese people in general. However, he also added that it might not stand out in China because Chinese people are exposed to these kinds of values regularly, whereas the same values might be popular in the West because it is not as well known and therefore more mysterious and spiritual.

A few respondents moreover mentioned that the material seemed more like a travel brochure and Jin stated that it appeared mainstream, cheaply produced and overloaded with unnecessary information.

"The first impression I have is the flight catalogue – you know when you sit in a flight, they have some jewelry. I always question, "Who is buying that jewelry?" (Jin, Interview, January 9, 2014).

"They can focus on maybe making a signature style and then in the very beginning when they promote – they should only promote the signature style. The rest of that (the brochure) is only just an option. Otherwise you give too much information. Maybe this book is not for consumers, maybe it is a book for buyers" (Jin, Interview, January 9, 2014).

"I do branding and it is very expensive. But this catalogue cost nothing" (Jin, Interview, January 9, 2014).

On the other hand, the respondents generally requested more information about the quality of the diamonds, which they perceived as essential when purchasing such high priced products.

"I don't know the level for the diamond. I think we need to know more detail. Because in China, people want to know how big it is and what the color is. I need to know if the level is E or F because I know the level H is better. If the level is under H it is not good" (Irene, Interview, January 10, 2014).

"How many carats? If you communicate how many carats there are, then I think you can communicate value really quickly. But here, I can't see the total value and for somebody that would be buying these – they would want to know" (Timothy, Interview, January 9, 2014).

"Chinese people are pretty extreme ... This might be a little subtle but also at the same time I actually think that something like this could work really well cause it is not too conspicuous but if you told someone that it is all diamonds, it is quit impressive. But the robe makes it seem less precious" (Timothy, Interview, January 9, 2014).

11.4 SHAMBALLA JEWELS DISCUSSION

Our respondents generally accepted Shamballa as a luxury brand – which we argue was primarily because they were informed of the material (diamonds) and the price (apprx. 100.000 RMB). We considered the overall positivity towards the brand as an act of politeness rather than a genuine interest in the brand, since none of the respondents uttered a desire to actually wear the jewelry themselves. A few thought we as interviewers worked for SJ, which might have caused the somewhat polite responses.

However, keeping our analysis findings in mind, we again recognize an obvious division of consumers; one group who has extensive international experience as well as a work related understanding of luxury versus another group who has less experience from abroad and who work in less creative industries. This distinction became apparent in the diversified reactions, which our respondents had to SJ's marketing material.

The two respondents who expressed the most interest in SJ's products were Timothy and Deon. As referred to earlier, they both represent a group of highly internationally minded Chinese consumers, which we earlier related with a tendency to differentiate one self from the masses. In the review of the five stages of the evolution of a luxury consumer (section 10), we furthermore determined that both Timothy and Deon were in stages (five and four respectively) where the consumer generally looks for simplicity, spirituality and individualism in luxury goods - all of which correspond with SJ's design and values. Thus, differentiating one self as a consumer in China means wearing things that are not necessarily obvious symbols of wealth. We believe this to be part of the reason why these two respondents were appealed to Shamballa's products.

Jin, who we determined to be at stage four of the consumer evolution model, however, declared that she did not perceive SJ as luxury due to the design. We interpret her counterintuitive response as a consequence of her background in PR, as she took a very professional approach to evaluating SJ's marketing material and the brand's general potential on the Chinese market. In that respect, she expressed a concern of marketing a product in China, which is from Denmark but inspired by Tibetan and Buddhist values.

Jin thus predicted that the brand would have trouble reaching the Chinese consumers due to the company's values and design. The rest of our respondents reaffirmed Jin's prediction, since they were hesitant towards the brand and its products.

With our analysis findings in mind, we claim that the consumers' hesitations toward SJ are partly due to a general confusion about the religious references in the marketing material. It seemed that our respondents were indifferent with these references even though they took note of them. We claim that it has to do with the fact that Chinese people in general are not very religious, which several respondents also pointed out. Secondly, Buddhism, which values SJ is inspired by, is so well known in China, that the Chinese consumers have been overexposed to these values and therefore do not react to them significantly. Hence, the brand values impede the potential of the actual products.

Additionally, we would argue, that if the respondents had not been aware of the price, they would not have been as positive toward the brand. This insinuates that the perception of SJ as an attractive luxury brand in China is challenged by the fact that neither the material, design, visual universe, nor brand values signal luxury to a degree that appeals to the Chinese consumer.

Conclusively, we argue that SJ's brand did not appeal to consumers at stages one through three of our consumer evolution model. According to our findings, these consumers demand brands that are well known and project easily recognizable status, which SJ seemingly does not accomplish through its design or marketing material. By the use of the consumer evolution model, we thereby determine that SJ – due to its brand values and design - should exclusively target consumers at stages four and five. In the following section, we will utilize that conclusion through suggestions and a general evaluation of SJ's strategy to enter the Chinese market.

As mentioned in section 3.1, SJ is planning to target promotion efforts towards surrounding markets in Southeast Asia and Hong Kong, in order to influence Chinese consumers who they believe travel to and gather inspiration in these markets. However, through our conducted interviews as well as our consumer reports review in section 2.4; our findings in no way suggested, that Chinese consumers are inspired by luxury brands in the surrounding markets. According to our research, that may be attributed to the fact that Chinese consumers do not associate these markets with luxury – maybe with the possible exception of Hong Kong, which one of our respondents described as a symbol of extreme quality. We therefore estimate that there is a potential for SJ to attain credibility through their presence in Hong Kong – both towards Chinese consumers, but possibly also towards Western consumers. This credibility is enforced by the fact that SJ products are sold in Lane Crawford, which is a highly recognized luxury specialty store.

However, as mentioned in section 3.2, SJ has not managed to actually sell a lot of products in Hong Kong, which we would argue is due to a miss match between what Chinese luxury consumers generally seek in a brand and the values that SJ essentially projects. We therefore suggest that SJ stay in Hong Kong with the purpose of gaining credibility, but should moreover begin to focus on targeting the right Chinese consumers as opposed to spending resources on entering the surrounding markets, in the hopes of better reaching Chinese consumers. Establishing a presence in Southeast Asia should thus not be with the purpose of reaching Chinese consumers, due to the fact that the vast majority of Chinese luxury consumers do not travel to Southeast Asia to purchase luxury goods.

If SJ decides to enter China, their efforts should be focused on reaching stage four and five in the consumer evolution model.

Furthermore we advise that SJ rethink the visual universe in which they have created as well as their communication, in order to better fit the Chinese luxury market. If their goal is to achieve demand amongst the masses (stages one, two, and three consumers), we suggest that SJ create a sub brand, wherein they incorporate values and a communicative approach that directly targets and appeals to the demands of consumers at stages one, two, and three.

With an offset in the consumer evolution model – such a sub brand would necessarily demand a clearer luxury profile - both with regards to brand values, marketing material and design. The implications of such an approach and how it could potentially challenge SJ's integrity are, however, not accounted for in our suggestion.

11.5 COMPARING BIRGER CHRISTENSEN AND SHAMBALLA JEWELS

As mentioned in section 3.3, where we compared the strategies of our two case companies, it seems that BC's strategy to reach the Chinese consumers is more

thought out, wherein they have spent more time preparing and gathering knowledge in China.

From an overall perspective, the differences in our suggestions point to the fact that we consider BC's chances in China to be significantly enhanced compared with SJ. SJ's brand draws on spiritual and religious values, which we in the previous case discussion concluded to be somewhat indifferent to the majority of Chinese luxury consumers. BC's brand values, on the other hand, which include the Danish brand heritage and focus on quality, proved to be appealing to the Chinese luxury consumers.

Our prediction of BC's potential success is furthermore rooted in their approach to reach the Chinese consumers, which we learnt corresponded well with the findings from our analysis. It is apparent that Langsted is a huge asset to the Birger Christensen brand in the sense that he has gained comprehensive knowledge about luxury consumption in China and seems to very aware of the evolution in maturity happening across Chinese luxury consumers. An insight, which we assume to be a valuable competitive advantage for the brand.

An aspect, which we did not focus on, during our interviews with our respondents and case company representatives, was the digital aspect – a growing trend amongst Chinese consumers that we accounted for in section 2.4.3. Because the purpose of this thesis has been mainly to examine and understand the Chinese consumers with regards to how they perceive luxury and the motivational drivers behind brand preferences, we have chosen to narrow our focus on developing a model, which assists brands in targeting the right Chinese consumer group.

Consequently, even though we are aware of the significance and influence that the digitalization trend has on Chinese consumers - our focus has been less on defining and locating the communication channels from which these brands can reach the Chinese consumers. However, we thought it imperative to mention, that both brands – BC and SJ – should bare in mind the possibilities and the effect that implementing a digital platform could have on their brand. A strong digital presence could potentially determine their level of success, because online media channels allow them to tap into, and reach a much larger audience.

12. REFLECTIONS AND IMPLICATIONS

We now move on to reflect on our findings and contemplate on possible further research, as well as alternative approaches we could have chosen to focus on in regards to consumer behavior in China.

As just mentioned in the previous section, we limited our focus to obtaining knowledge and insight about Chinese luxury consumers – and hence we refrained from focusing on the communicative channels, in which brands can best reach their target audience. If we were to elaborate on this thesis and expand our scope – it would be interesting to explore which channels were most relevant to the specific consumer stages within the luxury consumer segment, and thus utilize the knowledge gained from specifying which consumer stages to target. In particular, given that China is the most digital nation in the world, it would be relevant to closely examine how best to utilize digital channels – through e.g. specific social media platforms (McKinsey, 2012).

The fact that Chinese consumers have become so active on the World Wide Web, introduces a new world of information for the Chinese public. This includes the possibility of being exposed to and inspired by international trends, movements and brands. As we have already confirmed in our consumer evolution model, the tendency to be inspired by international consumer patterns and trends already exists, primarily within stage four and five consumers. Consequently, another area that could have been interesting to further investigate is how foreign brands can best reach these consumers and take advantage of their tendency to imitate Western consumer trends.

When we initially set out to write this thesis, we contemplated the different possible areas of focus. One focus, which we were particularly drawn to, was the scenario surrounding Chinese luxury tourism – wherein Chinese consumers travel to Europe and the United States to purchase luxury products. Our hypothetical research question entailed how Danish luxury companies could reach these consumers in Denmark, and thus potentially build a strategy that involved building a strong brand image and establishing a presence abroad, amongst the Chinese consumers, before the brand in question entered the Chinese market.

During our interview with Timothy, Timothy questioned why trends had to be dictated through capitals like Milan, New York and Paris, and thus implied that China could just as well obtain the power to dictate trends and the luxury agenda. We thought this was a noteworthy and natural skepticism towards the luxury industry and one that we ourselves had contemplated when initiating this thesis. Who dictates how luxury is defined and why do these perceptions dominate other definitions of luxury? Viewed from a discursive perspective, the definition of luxury is a result of hegemonic power struggles – wherein the most collective opinion achieves hegemony and thereby gets to define luxury. It was, amongst other, this dispute that led us to chose discourse analysis as our main theoretical approach.

Other social aspects that could be interesting to further study is the implications that the one-child policy has had on the consumption patterns amongst Chinese consumers at large - an aspect that we briefly touched upon during our discussion of consumer behavior in section 9.

With that said, the research scope within the area of Chinese luxury consumption is incredibly comprehensive, and thus, the above-mentioned reflections are only a few suggestive research aspects amongst a very broad spectrum of possible focus areas.

13. CONCLUSION

In this paper we set out to become more knowledgeable about the Chinese luxury consumer. We wanted to explore the underlying reasons behind why some foreign luxury brands have achieved great success in China, where others have failed.

We initiated this paper by questioning what essentially appealed to the Chinese consumers and how we could learn more about Chinese consumers' approach to luxury goods. Our initial assumption was that in order for brands to achieve success in China, marketers would have to obtain extensive knowledge about the Chinese luxury consumers.

Based on our assumption, we needed to find an approach that allowed us to thoroughly study and explore the meanings and values behind the concept of luxury. This is essentially why we decided to implement the theory of critical discourse analysis as one of our main theoretical approaches in this paper. Discourse analysis is derived from a socially constructive perspective. Social constructionism is based on the assumption that reality is created and constituted through our own reality. Social phenomena are hence never constant, but are continually constituted and recreated through historical and social processes. Because discourse analysis roots in social constructivism, this seemed to be a suitable approach to gain a nuanced understanding of how luxury is perceived amongst consumers in China.

13.1 RESEARCH QUESTION ONE

How do Chinese consumers define luxury?

By applying critical discourse analysis to our conducted qualitative interviews, we began to see a pattern in behavior amongst the collected responses. What we came to learn through this study was an enduring theme in defining luxury, where in two dominating schools of thought and approaches to understanding and defining luxury were formed. The differences in understanding were essentially a question of possessions and owning, versus experiencing. We came to learn that there is a constructed tension between having (owning) material objects on the one hand and being and doing (experiencing luxury) on the other – a perception much related and subject to occupation and industry, as well as accessibility and exposure to the luxury and arts industry.

Although there were two dominating school of thoughts, we still noticed one dominating hegemonic assumption, which was used to describe luxury. The

descriptive words included, quality and style. When applying discourse analysis, the definition of luxury is a result of hegemonic power struggles – wherein the most collective opinion achieves hegemony and thereby gets to define luxury. Because more or less all of our respondents mentioned quality and style as key words to describe luxury – we came to conclude, that Chinese luxury consumers in fact interpret the concept of luxury through elements such as style and quality.

Other words which were frequently repeated during the interviews, included VIP experience and lifestyle, as well as inaccessibility and exclusivity. The concept of luxury, hence, equally involves something, which is not within the reach of everyone and something, which is just as much about the experience revolving, say the purchase of a luxury good, and the values a specific product may convey. These findings, especially with regards to exclusivity, somewhat contradict Kapferer's claim that luxury, especially in BRIC countries, is not equivalent to rarity, which is the case in the West.

This substantiates our initial assumption that marketers have to be cautious of solely relying on academic literature and quantitative based consumer reports, because although these sources may provide marketers with a good overall indication and trends amongst a consumer segment, it does not necessarily reveal a nuanced understanding of the facets within this segment. Therefore marketers risk missing a comprehensive understanding of the specific groups within a segment, which their brand essentially should be targeting. Thus, they may miss the chance of properly understanding the mindset behind the consumers they are trying to target, as well as what drives these consumers towards specific brands – information which can be vital for a brand trying to find its position within a market.

13.2 RESEARCH QUESTION TWO

What are the key drivers that influence the Chinese luxury consumer?

As mentioned just before, a pattern became clear in our analysis, wherein two dominating schools of thought and approaches to understanding and defining luxury. We came to notice a quite clear distinction between the interviewees who had regular access and exposure to the fashion and luxury industry, through working with fashion, art or other luxury goods as a profession – contra the interviewees who worked in more corporate environments that were not necessarily related to the fashion and arts scene.

It was also interesting to notice that the level of interdiscursivity was much higher amongst the participants who had regular exposure and accessibility to the luxury industry, as well as the ones who had a great deal of international experience. It was these observations that led us to create a model, which mapped out the diversity amongst the luxury consumer segment. The intention of the model was to map out the different stages a consumer may go through, as they mature and gain familiarity with luxury goods. Most Chinese consumers have not had access to financial wealth for very long, and thus there are some clear distinctions between the consumers who have only recently obtained wealth and the ones who have had money for a longer period of time.

Constructing the consumer evolution model confronted our initial skepticism towards marketers conducting marketing strategies based on generalizations toward the luxury consumer public at large. It is our conviction that it is close to impossible to articulate one single response to our research question of which key drivers influence the Chinese luxury consumer. And thus, instead of focusing on pointing out specific drivers across a wide segment, we found that it is more important to, first of all, understand the consumer range and diversity within a consumer segment. In that respect, we identified five stages, which a luxury consumer may develop through. Each stage is characterized by certain values and influencing factors that help determine which elements essentially appeal to these consumers.

Stage one consumers have only recently gained the financial access to acquire luxury products; these consumers are driven by values that convey success, status and wealth. The main motivation behind stage two consumers is to display status and style rather than solely projecting wealth. In stage three, consumers have matured to the extent that they look for luxury goods that offer more meaning, wherein factors such as brand heritage, quality, style and lifestyle begin to play an essential role. Stage four consumers have developed a more individualized perception of luxury and thus start to value elements like originality, simplicity and spirituality, as well as more intangible phenomena like traveling, time-off and lifestyle. Stage five consumers, the last stage in our model, place greater emphasis on abstract notions of luxury, such as time, spirituality and people.

The purpose of this model is to provide marketers with a tool to narrow down which consumer stages are most relevant to the brand in question, with regard to brand values. Through this model, we hope to provide a means to improve and target communication that can essentially optimize chances of succeeding, when entering the Chinese luxury market. The model is thus also a tool to specify which key drivers best influence specific luxury consumer groups (stages) within the luxury segment.

Conclusively, we emphasize that the research scope within China, luxury and consumer behavior, is incredibly extensive and comprehensive. Nevertheless, our aim with this thesis has been to provide findings that contribute with an analytical tool to better gain knowledge and insight into the mindsets of Chinese luxury consumers.

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APPENDIX 1: INTERVIEW QUESTIONS

PART 1: AJECTIVES RELATING TO LUXURY

- Tick off the keywords, which you define as luxury (See appendix 2)
- Do you feel any words are missing?
- If you could only pick three words, which would they be?
- So to sum up, what is luxury to you?

PART 2: CHINESE' PERCEPTION OF LUXURY

- How do you think Chinese consumers in general view luxury? Why?
- Do you think there is a difference in the way you perceive luxury in comparison with how luxury generally is perceived in China?
- Do you think there is a difference between the way that the general public in China perceives luxury as opposed to someone from the US or Europe? If yes, which are the main differences do you think?

PART 3: TRENDS AND INSPIRATION

- How do you see trends evolve in China?
- Do you think that image conscious Chinese consumers look towards key trendsetters for inspiration? (E.g. bloggers, celebrities, politicians, etc.) If yes, can you name any?
- Where do you get your inspiration?
- Which, if any trend influences, inspire you? Why?
- Which luxury brands are your favourite?
- Why do you consider them to be luxury?
- What values do you look for in a brand?
- Which factors determine why you would chose one brand over another?

PART 4: BIRGER CHRISTENSEN AND SHAMBALLA JEWELS CASE MATERIAL

Shamballa Jewels:

- What are you impressions of this material and their communication?
- Does their communication convey luxury to you?
- Is there anything about their material that you dislike?

Birger Christensen:

- What are you impressions of this material and their communication?
- Does their communication convey luxury to you?
- Is there anything about their material that you dislike?

APPENDIX 2: LUXURY KEY WORDS

TICK OFF:

BRAND NAMES	A LIFESTYLE
BRAND HERRITAGE/STORY	WESTERN LIFESTYLE
VIP EXPERIENCE	ORIGINALITY
CLASS	COUNTRY OF ORIGIN
ELEGANCE	EXOTIC
STATUS	BLING
UPPER/HIGH CLASS	MONEY
SOPHISTICATION	STYLE
QUALITY	SPIRITUALITY
LEISURE	INDIVIUALISM
EXCESS	COMFORT
EXPERIENCING GOOD SERVICE	AVANT-GARDE
SPLENDOR	EXTRAVAGANCE
EXPENSIVE	INDULGENCE
GIFTS	GOOD VALUES
THE GOOD LIFE	SIMPLICITY
FASHION	HONG KONG
CHINESE	

ARE THERE ANY ADJECTIVES YOU THINK ARE MISSING?

APPENDIX 3

INTERVIEW SUMMARIES

Jin Yuan Yuan – Director of YYO Production House

Top three keywords associated with luxury:

Sophistication, creativity, original

Keywords:

Class, Elegance, Sophistication, Quality, Experiencing good service, The good life, A lifestyle, Originality, Country of origin, Exotic, Style, Spirituality, Individualism, Comfort, Avant-garde, Extravagance, Simplicity, Art, Design, Unique, VIP experience

Summary:

Jin generally showed a great appreciation of luxury that exuded art and design. She stated that luxury necessarily had to make her feel comfortable yet unique. Moreover, Jin underlined that luxury was not only synonymous with fashion. She also viewed travelling as a luxury in life. However, both regarding fashion and travelling she mentioned that it was luxury because "not everyone can afford it – not everyone has it". Hence stating that possessions or experiences that are inaccessible to the mass market created a sense of exclusivity and luxury.

As the only respondent, Jin expressed awareness about what brands she wore on which occasions. She consciously wore specific brands to relate to the people she was meeting according to their age, profession or country of origin.

Jin stated that Chinese consumers in general lack a sense of style with regards to luxury because since they have only had access to it for a short period of time. To compensate for the lack of understanding about fashion, Jin stated that Chinese consumers tend to look towards celebrities or bloggers to get a sense of direction with regards to fashion.

Perception of case companies:

BIRGER CHRISTENSEN: Jin seems quite enthusiastic about Birger Christensen – she took an instant liking to the designs and was quite eager to represent them during Shanghai Fashion Week. She could see great potential for the brand to succeed in China, in particular North China.

SHAMBALLA JEWELS: Jin referred to Shamballa in a very negative manner. She generally stated that it did not communicate luxury to her – neither the brochure nor the products. The Tibetan references confused her since she perceived the Danish origin to be one of the brand's selling points.

Daisy Tao – External affairs Manager at Shanghai Duke Biotech Park

Top three keywords associated with luxury:

Elegance, Brand names, Quality

Other keyword:

Status, Upper/high class, Experiencing good service, The good life, Fashion, Western lifestyle, Style, Good values

Summary:

Daisy grew up in Shanghai and described the city and its citizens as open-minded towards new international brands. According to her, that influenced her and she had always been aware about and open to the luxury brands that were represented in Shanghai. Generally, Daisy described luxury as something international and also mentioned the Western lifestyle as luxurious.

During her childhood, Daisy thought that if she became successful – she would be able to buy a Louis Vuitton bag, which was luxury to her. However, travelling to Paris and experiencing a LV store filled with Chinese consumers made her feel less special and therefore not wanting that brand anymore.

When describing the Chinese consumers, Daisy placed emphasis on the newly rich segment that she described as stylish and inspiring to the rest of the Chinese who did not have the same wealth as the newly rich (The "Tu Hao"-consumers).

Perception of case companies:

BIRGER CHRISTENSEN: Daisy's initial impression of Birger Christensen was that this was not a brand targeted at her, but for the elder generations – like something her mother would wear. She became more receptive, however, as she continued to flip through the lookbook pages. Once we presented her with the campaign material, Daisy admitted to having a change of heart – this was particularly due to the model wearing the furs. She thought it was beautiful and products that belonged in the pages of VOGUE or some other high-end fashion magazine.

SHAMBALLA JEWELS:

Due to practicalities, we were not able to show Daisy the campaign material from Shamballa Jewels, and thus it has been left out of the interview.

Timothy Parent – Founder of China Fashion Bloggers

Top three keyword associated with luxury:

Originality, Quality, Comfort

Other keywords:

Brand heritage/brand story, Class, Leisure, A lifestyle, Exotic, Style, Individualism, Good values

Summary:

Timothy had a very abstract sense of what luxury was. As the only respondent, he mentioned time, people and nature as something that he perceived as luxury. He expressed that he actively tried to find luxury everywhere and appreciate everything.

Through his responses, Timothy repeatedly differentiated himself from the general Chinese consumers. He for example stated that spirituality was interesting but that Chinese people did not regard it as such. However, he also suggested that Chinese people's perception of luxury might not be fully developed but that they could develop their own sense of luxury that was not necessarily inspired by how luxury was perceived in the West.

On the other hand, Timothy underlined that even though the Chinese have been exposed to luxury, they have not yet explored all the ways you can have luxury. Hence, indicating that his own abstract perception of luxury would be more common, if the Chinese people had a better understanding of luxury.

As the only respondent, he mentioned a Chinese designer among his favorite luxury brands, which also emphasized his opinion that luxury should also come from China and not only places like Paris and Milan, which is traditionally known for producing and designing luxury goods.

Perception of case companies:

BIRGER CHRISTENSEN: Although Timothy made it clear that he wasn't personally into either jewelry nor furs – Timothy generally opened up and became much more receptive towards the products, the more material he was presented with. He took a liking to many of the coats in the lookbook and predicted success for Birger Chirstensen in China, in particularly North China. He furthermore thought the designs were unique and stood out for anything else on the Chinese market.

SHAMBALLA JEWELS: Also with regards to Shamballa's material and products, Timothy had an open mind and was generally very positive towards the brand. However, he warned the brand about references to Tibet since he predicted that it might create some tension on the Chinese market. Furthermore, he requested more information about the quality of the diamonds and emphasized that for the Chinese – Shamballa's design might be too subtle and not pretentious enough.

Wayne Cao - Marketing Director of Bentley and Bugatti in Shanghai

Top three keywords associated with luxury

Taylor made, Brand heritage, A lifestyle

Other keywords:

VIP experience, Elegance, Quality, Expensive, Fashion, Spirituality, Good values

Summary:

Wayne explicitly made it clear that he did not perceive luxury as anything Chinese. He several times referred to "the Chinese people" who according to him do not understand luxury. He claimed that the Chinese consumer purchased luxury in order to show off while he rather focused on buying luxury goods that were tailor made.

For Wayne, brands necessarily needed a brand heritage to be luxurious, since that to him was synonymous with quality, which he perceived as a vital aspect of luxury goods. He especially emphasized his appreciation of the car manufacturer Ferrari.

He furthermore underlined that he was not influenced by trends and that he only purchased luxury products if there was something he needed. He mentioned that Western cultures are more mature with regards to luxury than in China, because Western consumer does not feel the need to spend "all their money" on luxury goods.

Perception of case companies:

BIRGER CHRISTENSEN: Wayne's first question, when he was presented with the campaign material, was whether or not the brand was French. He took an instant liking to the designs and thought they were quite unique and interesting. He hadn't seen anything like it in China before, but thought the designs referenced something Russian or Mongolian. He predicted that Birger Christensen could become quite popular, especially in the North of China. For Wayne, this was a brand that spoke luxury. It was a brand, wherein you could see the brand heritage and history.

SHAMBALLA JEWELS: With regards to Shamballa, Wayne was skeptical towards the youth of the brand, since he generally appreciated brand heritage. He empathized that even though Buddhism and Tibet was also mysterious and interesting for the Chinese – the brand might be more popular in the West because it was far away from Tibet and therefore even more intriguing.

Irene Yu – Export Manager

Top three keyword associated with luxury:

VIP Experience, The good life, Quality

Other keywords

Expensive

Summary:

Irene several times underlined that she perceived luxury as something expensive and something that not everybody can afford. To purchase a certain luxury goods, she will save up for one or two years until she can afford it. In that line, she also mentioned that her favorite brand is Hermes, because it is expensive. She furthermore emphasized that she appreciates luxury brands that do not put their products on sale, which according to her makes a brand even more exclusive.

Irene described that her source of inspiration regarding luxury is movie star, friends and advertisement.

Irene furthermore made it clear that she did not perceive her self as part of the masses in China. She claimed that the general Chinese consumer do not understand luxury because they do not have the same perception of luxury as Western consumers. According to Irene, Western consumers perceive very expensive brands – such as Hermes - as luxurious whereas Chinese consumers view less expensive brands - like Gucci - as luxury.

Perception of case companies:

BIRGER CHRISTENSEN: Irene's initial response to the material we gave her was to ask about the price. Secondly she asked whether it was from Paris. She generally seemed receptive and positive towards Birger Christensen, but didn't say much. She expressed more concern with how the coats would be able to get through the Chinese toll system.

SHAMBALLA JEWELS: Right away, Irene recognized the Tibetan references in Shamballa's material and emphasized that it was not her style. She was clearly very interested in the exact quality of the diamonds and indicated that it would be a determining factor for her and other Chinese consumers' purchasing decision.

Deon Zhang – Gallery Owner

Top three keyword associated with luxury:

Sophistication, A lifestyle, Simplicity

Other keywords:

Brand heritage/story, VIP Experience, Elegance, Upper/high class, quality, Experiencing good service, The good life, Fashion, Originality, Style, Spirituality, Individualism, Avant-garde, Indulgence, Hong Kong

Summary:

Deon was generally very acceptant of different ways of perceiving luxury and explicitly said that luxury is different to everyone. To her though, luxury is something that she cannot get at home. She emphasized that luxury for her needed to be special yet not pretentious.

She explained the differences in the perception of luxury as a consequence personal life experience and stated that living in Hong Kong, US and Switzerland personally had influenced her. She now perceived going away or time with family as luxurious. Something she also recognized as a tendency for Western consumers.

Regarding the general Chinese consumer, she mentioned that they wish to purchase brands that are easy recognizable and project status. According to Deon, that the status projection is the reason for the success of the logo-branded goods because the Chinese have been exposed to these for several years.

Perception of the case companies:

BIRGER CHRISTENSEN: Generally Deon though the quality and the overall look of the products showcased in the material presented, seemed luxurious. However, she furthermore thought that most of the designs came off as quite generic and hence, not particularly unique. She thought Beijing would be a good market, due to the cold weather.

SHAMBALLA JEWELS: Deon was generally very open and positive towards Shamballa's brand and products. She mentioned that the material was unexpected and that design was very unique and appealing to her.

Aileen Fang – Marketing Manager at Standard Chartered Bank

Top three keyword associated with luxury:

Quality, A lifestyle, The whole experience

Other keywords:

VIP Experience, Sophistication, Experiencing good service, Style,

Summary:

For Aileen, luxury is more than just a tangible good. It is rather the whole experience from the purchase to actually using the product. She furthermore emphasized the importance of the quality that luxury goods offers which makes it possible to benefit from the goods for several years.

Aileen furthermore argued that price is not determining to the purchasing decision of the general Chinese consumer. Rather, she stated that showing spending power is the main reason for purchasing luxury goods in China. In that connection she oppose Chinese consumer behavior with Western, which she argues is more influenced by need rather than a desire to own a certain brand.

Aileen was very fond of Chanel and described it as a brand that all women know, as elegant, beautiful and easy to recognize. She furthermore valued the good service that she automatically expected when purchasing luxury goods.

Perception of the case companies:

BIRGER CHRISTENSEN: Although Aileen seemed quite cautious about fur products and the moral issue of animals rights – she didn't think this would be an issue for the general Chinese public. She was very positive towards the brand – and was of the general understanding that it would be well received due to its European roots, which would automatically be linked to a long history and good design. Furthermore she acknowledged that all people perceive furs as something expensive and predicted success for Birger Christensen in China – their products would be something people are be willing to pay for.

SHAMBALLA JEWELS: Aileen remained very critical towards the branding of Shamballa's products. She for one mentioned the religious references, which she thought was obscure and a misfit for the Chinese consumer. Even though she liked the design, she emphasized that the values of the brand would be a problem when communicating to the Chinese consumer.

Nilar Ma – Works in Finance

Top three keyword associated with luxury:

Indulgence, Fashion, Style

Other keywords:

None.

Summary:

According to Nilar, Chinese consumers value well known brands since they display social status and spending power. Nilar additionally underlined the importance of the price, which necessarily has to be high to be a symbol of success.

Personally, Nilar perceive luxury goods as high quality and stylish products but underlined that it is something one can live without in the day-to-day life. High-end magazines inspire Aileen as well as fashion shows. She furthermore stated that she from time to time follow the trends she discovered here.

Nilar compared Chinese and Western luxury consumption by stating that while Chinese consumers focus on displaying status, Western consumers focus more on fashion and style when purchasing luxury goods.

Perceptions of the case companies:

BIRGER CHRISTENSEN: Nilar wrote very little feedback that was directly pointed at Birger Christensen, and hence his response was more or less that the designs 'screamed mainstream style'.

SHAMBALLA JEWELS: For Nilar, Shamballa's products came of as too reserved and subtle yet original. She expressed a personal dislike for the

design; however, she expected that the brand would be successful amongst the traditional Chinese consumers.

Emily Yang – Event Coordinator

Top three keyword associated with luxury:

Brand heritage/story, Quality, Style

Other keywords:

None.

Summary:

Emily emphasized the importance of style and quality with regards to luxury goods. She furthermore values a brand with a story that she can relate to. To her, all luxury brands have stories that gives them meaning and spirit. She for example pointed out Burberry, who she felt has accomplished creating consistent and luxurious brand.

With regards to the general Chinese consumer, Emily mentioned that a lot of her friends purchased luxury goods due to their popularity and style. While her friends prefer new collections, Emily would rather buy something that was her style – regardless of trends.

Emily indicated those Chinese consumers are interested in luxury goods that are expensive because these brands project a certain lifestyle. She claimed that a lot of Chinese consumer feel that "they have to have" certain luxury brands because a lot of their friends have it.

Perceptions of the case companies:

BIRGER CHRISTENSEN: Emily was generally very positive towards Birger Christensen. She described the furs as "beautiful" and "nice". According to her, Birger Christensen signals luxury because it is fur and since fur often is expensive. She asked to the price of the furs and subsequent to the answer (around 100.000 rmb), she predicted that Birger Christensen had good chances of succeeding in the Chinese market.

SHAMBALLA JEWELS: At once, Emily took note of the Tibetan references. She stated that she liked the design but that it was not her personal style. She however also mentioned that the religious references would be popular among the Chinese consumers since as she stated "they are superstitious" and will think that the Gods bless them if they purchase this brand – due to the religious references of the brand.

APPENDIX 4: Interview transcriptions

JIN YUAN YUAN

Director of YYO Production House

INTRODUCTION & GENERAL DISCUSSION

Min: 0-6.04

- "Honestly, I think all the patterns and logos this is very major – you know – too mass market. So it is not luxury"
- " I have to wear it (pointing to her Burberry scarf) because I am seeing a Chinese client and the Chinese client love to see that."
- "Yesterday, I wore Helmut Lang and some more alternative looking... That is my style. But when I meet different clients, I have to dress in a different way so that they can recognize".
- When talking about how to dress according to the client she is meeting, JYY adds, "This is a statement. Before you talk to people, you just give them a statement".
- "But then if I meet you guys as a client or for a project, then I know what you guys like and I would wear things that are related".
- "I think the consumers in China haven't really defined their style yet - in terms of luxury because the marketing it too much. It is so strong so they dominate and manipulate what luxury is."
- "When I was young I already had this dream to my self: if I am successful, I wanted to have a Chanel bag". "And I never had one – until last season – I saw this beautiful Chanel bag with mat leather and I think, "that's me"... But then when I had that bag, I came back and had a dinner with a friend. We had 14 people, 10 girls – so 8 girls had the Chanel bag... I didn't feel special at all! I felt so mass market!"
- "Also, all the girls were young girls like you, younger than me, energetic, blah, blah, blah but I felt like "I am in the same age as them" but career wise I felt like "I am not successful having a Chanel bag.. You know what I mean? It is not sophisticated anymore".
- " I think logo and luxury companies are focusing more on the younger generation when they are having this dream. So it is easier for them to achieve because maybe they can save for 2-3 months' salary and so they can have the bag."
- "But for us, I think when you become more mature you begin to think of buying things that you cannot find in China. So now I am shopping more when I travel... Also, if you are shopping the exact same thing, it is more expensive in China, than if you shop abroad".
- " Why do you have to wear the exact same thing?"
- Studying in London she always wore Topshop clothes like everyone else. Now when she comes to London, she wears Chinese design and everybody asks where it is from.
- "I think the market is looking for alternatives in terms of luxury."
- "To my parents generation – to them luxury is good quality. But then to the younger generation ... luxury is logo. To me – I am in between. Its like, luxury is unique. Like personality – something special".

PART 1: WHAT IS LUXURY TO YOU?

Min. 6.07-14.27

- Sophistication for sure!
- Expensive - not necessarily but they are generally expensive anyway
- Brand heritage but I also enjoy new brands
- "I really like the things that are comfortable"
- "I believe fashion has to be comfortable" – if not, it is not luxury
- The old Chinese is luxurious
- Art and design is luxury
- Good service is a quality
- I like the organic things
- When considering whether country of origin is important for luxury products, JYY explains: "In general, I think people think that – but not necessarily to me."
- Japanese is actually extreme quality (like Germany for car)
- Sum up: "Luxury to me is unique, it's different. Not everybody can afford it – not everybody have it".
- "In general, 80 pct. of the Chinese is still looking for a definition of luxury. Right now it is all about money"
- We don't have classes. Here we are all flat. All you have is money (to differentiate yourself).

JYY'S BACKGROUND

Min. 14.28:18.07

- Studied fashion design. I studied in London as well. My background is actually originally Chinese. I am from the middle of China.
- I moved to Shanghai nine years ago after I graduated. I stayed in London for five years.
- When asked what made JYY move to London she replied: "Because fashion"
- I saw an article in ELLE (which was normally locked in a cabinet in my university in Southern China) about London College of Fashion. So I went to London and worked for McQueen for almost a year in PR.

PART 2: GENERAL CHINESE PERCEPTION OF LUXURY VS. US AND EU

Min: 18.08-19.05

- No background for the Chinese to perceive luxury – not the same understanding and meaning of life. "The value of life is different. In America the value of life is freedom. In this country value of life is not being poor."
- "Not being poor is show-off"
- "The value of Europe is all about class"

HOW DO TRENDS EVOLVE IN CHINA?

Min: 19.06-

- "I think trends evolve by the internet and the fake CDs – fake everything... fake make everything easy because it helps the luxury brands".
- "The copies educate the Chinese consumer... and create a desire... but when the real thing comes, people who have the money buy the things and they feel they are very special".

- "They look down to the people with the fake and think, "you are the fake – I am the real"

ARE THERE ANY KEY TRENDSETTERS?

Min. 20.14-23.46

- Chinese only look to celebrities for inspiration
- Not politicians because they cannot wear anything trendy – only uniforms
- The younger consumers follow bloggers and celebrities because they look cool.
- The older generation is inspired by their friends. "When someone buys something – everyone buys it"
- The mid-age segment are inspired by the Internet and magazines

WHERE DO YOU GET YOUR INSPIRATION?

Min. 23.47-25.12

- "I like to work with young people and also travel and then exhibition – you know – see different things. I have a curiosity. But I don't follow trends but I try to analyze them because I am in the industry."

WHICH ARE YOUR FAVORITE LUXURY BRANDS?

Min. 25.13-28.00

- Favorite luxury brands for dressing up: Balenciaga and Alexander McQueen.
- "Commes des garcon – I try so hard, but it is not me"
- For work: Celine, Chloé
- Because I am from design, I always look for design when I shop. And I like the texture.
- "I don't go for one destination – I go trough all brands and select my style."
- "I am very into this Jackie O. But that's my formal wear"
- Shamballa:
- I am a very visual person so I think about the texture and the photo
- They do not look expensive.
- I like the black ones
- What style is it? Tibetan right?
- Looks like a biker brand Kong Heart (?)
- Does it communicate luxury? NO..

30-35 min

- They need to change the paper, the size of the book is too much. Luxury is; less is more. Even the logo is too complicated. The statement needs to more sophisticated.
- The design is very Tibetan
- It does not look Danish?
- Many messages – you need a straight forward communication
- Rolex, cartier is not luxury or expensive – they are in the middle – everybody can afford it.
- People only buy the limited editions
- The name is too long
- This is like a postcard for Tibet – like using London eye and that is not luxury but tourism
- if it is something secret – tell the owner

- the brochure is like an image bank
- to many descriptions that I don't need

35-40 min

- first impression: look like the flight catalogue
- very cheap catalogue!
- Tiger has office just opposite of Chanel but when I was doing a shoot for them they put me in a motel. So I quit and went to a 5 star and told them that they did not understand the concept of luxury and I could not work for them.
- Black represent mysterious and Tibet so they should focus on a signature product and then go from there.

40-45 min

- That's nice!
- I am talking about the product ..and the image isn't too bad either.
- Are they thinking they are luxury? How much are they?
- It's nice, this is good...
- Photos are not too bad
- "oh dear – this is not good" (about the lookbook)
- Is this also Scandinavian or?
- What type of consumer are they looking at?
- There will be people interested in this brand
- For China that will definitely be people buying this. Just not for young people, maybe more for 60+.
- Do they want to do a show in Shanghai Fashion Week?
- If they want to do a show at Shanghai Fashion Week, tell them – I represent Shanghai Fashion Week.
- It would be a good opportunity for them. If they come to Shanghai Fashion Week, everybody knows and they will be put in the news and things like that.

DAISY TAO

External Affairs Manager at Shanghai Duke Biotech Park

BACKGROUND:

0-2.36 min

- I work in a Biotech park. Most of the staff has a technical background but overseas education. Right now I am working with external affairs so I handle foreign delegations.
- I have been to Europe several times and stayed in Japan a couple of years during my education.

PART 1: DEFINING LUXURY FROM A PERSONAL PERSPECTIVE

Choosing the words that define luxury

Min: 3.28- 7.12

- I don't care about the designers. I like particular brands because the style suits me. Depending on your income I would like to choose brand that can show my taste.

What do you define as luxury?

Min: 7.12-13.25

- I would like to share a story with you to illustrate the economic development. I am Shanghainese and as you know, Shanghai is a very open-minded city and probably the most open-minded city in China.
- During my childhood – my first concept of luxury is the afternoon teatime with my grandmother. My granddad was a quit famous doctor and has overseas experience from the US so my grandmother is quit familiar with the Western lifestyle.
- My favorite time is the afternoon teatime although it is most a British time. My grandmother would serve biscuits. At that time I thought that was luxurious because you can show your style and spend time with your family.
- Afterwards, when I grew up in Jing'An - a German concession, with German building style, which I liked, and thought was Shanghai style. At that time some department stores opened in Shanghai.
- I the big shopping street there was a hotel with a department store who offered the Western product which was luxury to me. Every time I walked past the store, I saw Louis Vuitton, Ferragamo, but my deep impression was LV – Louis Vuitton!
- At that time I was super impressed and thought: if I can buy those goods with the logo of LV I think, "this is good stuff"!
- Then after I graduated and have the opportunity to travel I went to Paris and visited the LV Flagship store and I "was sooo disappointed because it was very crowded and noisy and all the customers were Chinese!"
- Afterwards, I read some papers that compared the bubble period in China with that of Japan in the 1990s where they showed the same behavior as the Chinese now in Europe. Although they sell the products and give good service, I don't think they would like that their products are used like this! Just like you are buying something in the supermarket.
- "And I ended up not buying anything and I still don't have anything from LV because I don't want to be like everyone else".
- It is the same with Haagen Daz – I was very disappointed to find that they only sell it in the supermarkets in the US and that they don't have coffee shops like they do here in China.

PART 2: HOW THE CHINESE IN GENERAL PERCEIVE LUXURY

Min: 13.27-

- !!!!- Maybe we can divide it into different groups. The most famous group is – we have a new definition to define a class – we call it "tu hao" which means the new rich class. They earn a lot of money from some industry. And then when they have a lot of money they want to decorate them selves and show their good taste.
- And then the white collar class (you can add me to that class) – we have a good education although we do not earn so much as them but we look up on them because of the manner and how they use the money. !!!!
 - For these new richer they get their money either because they work hard or have some capability or some resources to make them rich
 - For us – many girls will save up for months to be able to buy these goods. The purpose is that they want to show "I like it and to satisfy the requirements inside"
 - The "tu hao class" you can find everywhere – also in Paris. Because of the high tax in China we still prefer to buy overseas – "just like me I didn't earn so much but I like some good stuff" " If I want to buy – how to deal with it? When I have the opportunity to travel to Hong Kong for a business trip or for travel I will like to go the luxury store to choose one or two products. I really don't care the money as long as it is affordable for

me. And then I get back my colleagues notice because you can maybe not find it in China."

Min: 18.29-

- !!! "Now the luxury is not only the fashion. A lot of people travel to the Us to buy the house!" !!! Because they want a better life and a better education for their kids!

THE WAY A CHINESE PERSON PERCEIVES LUXURY COMPARED TO SOMEONE FROM EUROPE OR THE US:

Min: 19.20

- I actually sometimes discuss this with my colleagues
- !!! In my experience regarding the Eu or US girls – I really thought I would see these girls with big bag with the logo but I am afraid I did not see that! !!!
- Last Nov I stayed in Paris for 4 days for a business trip but I did not find girls with that kind of bag
- but the Chinese girls do and it is very easy to distinguish them. For example when they wear casual wear they would like to wear Juicy Couture with a Chanel bag.

HOW TRENDS EVOLVE:

Min: Ca. 19→

- For the sports shoes they have some special brands that they think are the best brand within special categories. So you can find a lot of girls with the same sense of style. They get their inspiration from celebrities or movie stars.
- I think it is the same in EU and US because I've seen some tv show where they show the movie stars and how they make fashion and some of the girls they learn from the blogs and to learn how to make yourself look more elegant.

Where do you get your inspiration?

Min: 22.35- 28

- As I told you – from my childhood. I was strongly influenced by my family. Shanghai is a very open minded place so it is easy for us to accept the Western lifestyle.
- Sometimes we regard it as upper class.
- So I have always been familiar with western lifestyle.
- I think the point is that you should choose – no matter which brand or fashion style – you have to choose the most suitable one for me.
- just like now I would like to choose Chanel. I will buy small accessories like this (pointing to her broche) but this is for my business requirements and I wear it to work.
- Shanghai lady: a special group compared with other cities: much more family, elegant, more willing to accept new brands, with good education, good manner
- My mother always knew how to make me look elegant but spend less money. So sometimes she took me to these store where they sell goods that are exported to ex. Japan but because of a quality problem they re-imported to China. Here you can find good quality clothes that are not that expensive. My mother knew how to make her children look special.
- Now it is my hobby because the quality of luxury products may be good but maybe the price is not worth it because the fashion is changing every year. Therefore I like Uniqlo.
- I like to go to the small streets and find something special.
- Every time I go abroad – I go to outlet.

FAVORITE BRANDS:

Min: 28.30-

- Besides Chanel, Prada is not bad! I think Coach is not very expensive but very practical. Tiffany. Some of them I never buy it but I think it is luxury. Also Hermes is very popular in China.
- For LV I think I saw it so many times as young so I began to see it as luxury.
- You find a lot of the luxury stores in Shanghai and they have a very luxurious image. And then when you have the opportunity to travel to abroad I would like to choose them.
- I will consider "do I really need it?"
- You can only buy one bag – why would you choose one over the other: In China we talk about the ratio of price and quality. For example during the first three weeks of work I bought a lot of Coach. Afterwards I discovered I need a better bag that is not for everyday use but for when I attend special events or parties. So I started to consider a better brand. Considered which brand? I had a friend working in Chanel so she could give me a good discount (nearly 25 %). I only used it 3 times for events. Don't want to use it every day – it is too fragile.
- Price vs. quality

PART 3: BIRGER CHRISTENSEN & SHAMBALLA

Min: 33.53→

- My first impression of Denmark is the biscuits! My grandmother had those Danish biscuits imported by friends from Hong Kong because you could not get them in China. So I thought "Wow, that is very luxurious!"

Birger Christensen:

Min: 35.33:

- Its fur?
 - Looks good but I don't think I will buy it. Maybe I will buy after 20 years. All of the style is much more suitable for my mom, I think!
 - Yes, it looks luxurious and with good material.
 - But I am not sure whether or not I would be motivated to buy it. (Looking at the lookbook)
- (She is given the campaign book)
- Because of the model – makes me change my mind a little bit.
 - I think it looks nice.
 - Beautiful – It can be shown on Vogue or some fashion magazines.

TIMOTHY PARENT

Fashion blogger and founder of China's Fashion Collective.

PART 1: DEFINING LUXURY

MIN: 1-5.40

- I am really torn between quality and leisure.
- Originality definitely.
- Class is an inherent part of luxury – but I don't think it has to be.
- Quality, comfort and originality would be my three basic when defining luxury.
- To me, luxury can be found in anything.
- Nature to me is very comfortable. Original I guess you could argue is the origin of all things. And quality is kind of like a human ideal – we make quality.

- You can say lifestyle is a luxury because you can incorporate nature into lifestyle.
- Luxury can be found anywhere.

PART 2: HOW CHINESE CONSUMERS IN GENERAL PERCEIVE LUXURY:

MIN : 5.40 – 7.30

- I think luxury to them; it is defined in a more traditional sense, where it's based on class and socio-economic status – like money and exclusivity.
- They have been pretty exposed to it and they have a pretty decent understanding of what it means in a traditional sense.
- But I don't think they have explored all the ways you can have luxury.
- I think time is definitely a luxury.
- Space is really important.
- There are a lot of abstract notions that I put into the idea of luxury.
- Materialistic and economic aspect. If something is exclusive or in short supply and if it takes a lot of time to make ...and where it's from I think is actually quite important as well.

TIMOTHY VS. CHINESE CONSUMERS IDEA OF LUXURY:

- I try and find luxury anywhere I can and appreciate as much as I can.
- Maybe you can say that luxury is almost like a frame of mind.
- If you're grateful and appreciate anything around you – you can see that as a luxury.
- And people in China may not necessarily define it as such.
- I think originally I had a very similar idea of what luxury was before I had access to that world. I always thought of it as things that were expensive.
- I don't even know how much Chinese understand the whole concept of intellectual property or the ideas of creative parts of the luxury industry – I think it's still more tied to money, how much it costs and exclusivity and access.
- But I think there is a growing group of people who understand the craftsmanship and the creativity. It's growing – it's getting better.

CHINESE CONSUMER VS. WESTERN CONSUMER CULTURE

MIN: 10- 11.15

- I think that it is generally the same because the Chinese notion of luxury kind of came from the West. So we are kind training them in how we understand it – so there is definitely a connection.
- I think that it can be a different concept because luxury definitely existed in China well before Western civilization. It depends on how you define it but I think they can have there own separate notion of luxury – I don't know that it is necessarily 100% developed, but it exists and can be made more robust and accessible to people.

PART 3: HOW TRENDS EVOLVE IN CHINA

Min 11.15-14.20

- Whatever comes through here I definitely think it undergoes some sort of process.
- I think there is a group of people who contribute to the evolution of it and then another group that is kind of copying and following.
- It's very similar to the West. Editors, celebrities. And I personally think designers are a huge part of it – but maybe average Chinese people don't necessarily think that.

- Bloggers are kind of starting a little bit. Like micro-bloggers who are on Weibo. People that are semi-public obviously get more exposure and have more power to connect and influence people.
- The digital component.
- TV and magazines. Yet print I don't think has that much distribution.
- The Internet will increasingly become more important for that.
- The people that are setting trends right now are definitely a group of more visual people.

WHO DO THE MORE IMAGE CONSCIOUS CHINESE CONSUMERS LOOK TO FOR INSPIRATION..

MIN: 14.20-18

- There is a huge part driven by celebrities.
- I would like to think that they can find inspiration anywhere.
- The idea of luxury itself is definitely something people want to tie themselves to or associate themselves with.
- It very important for people to tie themselves to the Chinese upper class.
- The society is very stratified – there are distinct levels. Through Chinese history there has always been a very hierarchal system.
- That kind of works for China even though ideologically it's all flat. But in some ways they like that hierarchy and distinction.
- Chinese people are really grabbing on to the idea of capitalism, hierarchy and status. Because of economic development.
- A lot of people are connected through the Internet so that gives an opportunity for a democratized society. People can find inspiration from anybody.
- Fashion is quite understood and luxury also. Not as much as in the West – I think because there aren't as many shows.
- But now I think Chinese people have so much exposure and I think they have a very unique context where they can create a very personal sense of style and have a Chinese aesthetic.
- I don't think there should only be coming ideas out of New York, Paris and Milan. There are so many interesting places where we should get inspiration from.

WHERE YOU GET YOU INSPIRATION FROM?

MIN: 21.50-25.30

- To me two places: people and nature.
- I like to have some sort of random connection with a person I saw on the street.
- There are not specific people – I think people that are different. But I also like the juxtaposition of looking at everyday people and drawing inspiration from them. I like to look at the everyday mundane kind of boring stuff.
- I can find inspiration anywhere.
- Nature as a whole is a huge part of my inspiration.
- Studying Daoism was how I found what really connects with me.

FAVORITE LUXURY BRANDS

MIN 25.30- 30

- For Chinese designers I really like Uma Wong. It has amazing fabrics, super well made, very unique and something I think is very Chinese. When I buy things I want

it to be well made and can last a while. Quality is super important. It is super original.

- I like Martin Margiella. I loved their collaboration with H&M. They are a really smart brand.
- Commes des Garçons, Kenzo, Marni, Balenciaga, I like Yes Saint Laurent – not sure how I feel about the whole Saint Laurent name.
- Christopher Kane and Rick Owens.
- It's less conspicuous – I like to know that my things are very well made and designed by someone interesting and talented.
- I don't buy that much mass produced stuff – I'll just wait for the really expensive stuff to go on sale. Or like sample sale stuff.

PART 4:

SHAMBALLA

MIN:30-

- I think it's really nice just from the presentation.
- I like this because it's kind of edgier – and I think Chinese people are edgy and experimental.
- The nicer stuff would speak more to Chinese consumers.
- A lot of Chinese need to put their wealth into things that are small and transportable. So you can take them out of the country.
- A lot of people have started to invest in jewelry as a way to literally put their wealth into something you can place in your carry-on.
- I would not make it political.
- Any association with Tibet should be hands off. Especially a spiritual connection. That's not ok in China.
- Spiritual is interesting because Chinese people aren't really spiritual.
- There is no religious foundation for the country. There is Confucianism and there is Daoism – which is also a philosophy. I guess Buddhism is the closest thing you get to a religion here.
- But I think because a lot of people aren't that religious here, it is very easy for capitalism to thrive. It's something tangible for them to grab on to. They are super materialistic and Marxists.
- Money is a very clear indication of winning.
- I think the images are nice and very cool. The layout and presentation is good – but I can kind of tell that the bracelets are religious.
- If you communicate how many carats there are in each product I think you can quickly communicate value. For a Chinese person who would be buying this I think they would want to know.
- I don't see huge jewels being used. And I mean, Chinese people are very extreme – this might be a little subtle for them.
- If you told someone that everyone of these stones are diamonds it would be quite impressive.
- The rope makes it seem less precious.

PART 5:

BIRGER CHRISTENSEN

- Do you have price points for any of these?

- For me personally, I am not super into either jewelry or fur. That's just a personal thing – because that is just a little too rich for my taste.
- But the Chinese people would love it, I think.
- In the South it would be kind of ridiculous – but I am sure you will have people like that.
- I think the North is definitely a market. Because it's practical there.
- I like the patterns a lot actually. They would really like these patterns (points to a coat in the lookbook)
- This as well – I mean they love animal prints.
- They love animal prints so they might do quite well.
- I don't know if anyone has any ethical hang ups about fur in China.
- Conspicuous consumption is an issue – you can't show off too much. Especially government. There is a lot of anti-corruption. So they actually like things that are really expensive but that don't look too super expensive.
- Subtle statements.
- I mean this is nice ...this is quite interesting.
- I love the reversible ones and some of these are actually less conspicuous.
- This is quite cool. I love this one!
- I actually think it's quite different from the stuff that I have seen. I think they could definitely be successful.
- They have a lot of designs. That's interesting. They have some really good stuff.

WAYNE CAO

Marketing Director of Bentley and Bugatti

PART 1: WHAT IS LUXURY

MIN: 2-5.50

- Obviously not Chinese.
- Tailor made. For me luxury must be tailor-made – it can only be for a small group of people.
- Brand heritage, a lifestyle, VIP experience
- Luxury to me is a culture.
- Its always just for a small group of people.
- I think luxury must come with a certain long history and background.
- If it's just from last year I can't recognize it as luxury.

PART 2: HOW CHINESE CONSUMERS GENERALLY PERCEIVE LUXURY

MIN 5.50-6.50

- They don't really understand what luxury means. They pretend that they understand, but they don't. They are chasing it now a days – because they wish to show off.
- They know its luxury even though they don't understand it. But they believe: 'once I have something on my body, I am different.'
- It's a young market and not really mature enough to know luxury.

WAYNE CAO VS. CHINESE CONSUMERS UNDERSTANDING OF LUXURY

MIN: 6.50-8.20

- Quite different.

- Western culture is quite mature with luxury. They are not spending all their money to buy luxury goods. They just use it when they need it – they are not going to chase it.
- Now days in China people are just crazy about it and are spending all their money on luxury.
- For example, a girl working here makes like 5000RMB a month – and they will spend it all on a bag. In western culture they wont do this.

PART 3: HOW DO TRENDS EVOLVE IN CHINA

MIN: 8.20- 10.10

- The luxury industry is booming and it will keep booming – especially when the tax for luxury goods will be cut.
- Once that happens consumption will be increasing very rapidly. Because right now luxury goods are very expensive. People now are always buying from Europe or the USA.

WHO DO IMAGE CONSCIOUS CHINESE CONSUMERS LOOK TO FOR INSPIRATION

MIN: 10.10-12.10

- From word of mouth. They always have a social circle. They always have some friend who is also rich and have probably been overseas before. They always have some friend who knows or understands luxury more than them.
- They will learn or hear or ask their friends.
- For these kind of brands, you don't see them spend that much money on marketing.. you don't see TV commercials or that many billboards. Most often they know the brands from their friends.
- That's why for us, we have to take care of every owner of our car. Probably they are going to be our salesmen one day.
- Celebrities are very important as well as some medias. Like fashion magazines, not many but some are important. There is a magazine called The Hurun Report.

WHERE DO YOU GET YOUR INSPIRATION?

MIN: 12.10-13.18

- I don't have a strong desire to purchase luxury brands at the moment.
- But if I do purchase something one day, it will be a natural need. I am not influenced by any dictating trends.
- I do appreciate the fashion and luxury culture – but for myself I don't think it's quite necessary to be spending money on that.
- I wont purchase anything unless I need it.

FAVORITE LUXURY BRANDS

MIN 13.18- 16.10

- For cars, probably Ferrari. It's always the best.
- Bentley is a bit more for elderly people.
- For watches; Constantine
- For Ferrari for example, it's the best of all sports cars ever.
- I am the kind of person that never compromises myself to quantity. I don't give up on quality. The same with Ferrari, as far as I can see it is the only brand that never compromises itself to the commercial side.

- They are very advanced - always leading the trend and they never compromise design or technology to other reasons.
- It's a very consistent brand. They have lasted 70-80 years and they have never changed. They have remained their quality and their values – they believe in their brand and never compromise and I think that's the things that attract me to the brand. Also, it's a really good car!

PART 4:

SHAMBALLA

MIN.16.10-

- I think I've seen similar jewelry somewhere else and actually it's quite popular to make jewelry that mixes with culture from this area. Even for us Chinese.
- It's called Himalaya. It's Tibet.
- It's also a mystery to Chinese people, not only to foreigners.
- There are elements about religion. It's a hot word in China right now, because people think 'we are supposed to have religion.' People are seeking some sort of spirituality.
- It makes me think of the movie The Great Gatsby. I think the movie talks about similar stuff as to what it happening in China now a day.
- Doesn't really speak luxury to me. Because I think it's a new brand – a brand without a long history and heritage is not a luxury brand.
- Of course the brand comes with beautiful jewelry, great design, color, everything – elements of religion and Tibet. But I think for foreigners – for Europeans or Americans - I think it's really attractive, because its something from Tibet. But for us, it's not that strong and not very unique. We have seen this kind of thing quite often before, because it's also a part of Chinese culture.
- I can see the mix of Western culture and Tibetan culture is a great match – but I still think that for Chinese people they will prefer some brands from Europe, like Cartier, with heritage and with stories. I don't think anybody knows this. But it's good stuff.
- Probably entry level of luxury in China will be more successful for positioning.
- I don't think it's a brand the younger generations would be more open to.
- Every Chinese young generation will be choosing something from Europe – not from Tibet.
- To be successful they should be positioning and communication to groups of elder people and not young people.

PART 5:

BIRGER CHRISTENSEN

- Did you say it's from France?
- It's a Porche.
- Its quite interesting design – quite unique.
- I can see quite a lot of Russian elements in here and Mongolia.
- It looks very serious in the lookbook. But for the campaign it was positioning a younger generation. The lookbook is more for the elder.
- I haven't seen this kind of stuff before in China, the design is really unique.
- Its like from 200 years ago in Russia or Mongolia.
- I think they look great. Very unique. It will be popular. Especially in North China.

- The winters in the south are not very cold or long but starting in the north where they have winters for over half a year will be easier.
- This speaks luxury to me for sure yes. I can see the brand heritage and the history, like I said – it looks like something that is 200 years old or something like that.
- The design and the pattern, the color and materials used is quite high end. It looks great.
- Beautiful design.

IRENE YU

Import & Export Manager

PART 1: WHAT IS LUXURY

MIN: 0.30-2.20

- Good quality and the price is very high so that a normal person does not have enough money to buy it.
- It will be the target for me in one or two years to save up for something.

PART 2: HOW CHINESE CONSUMERS IN GENERAL UNDERSTAND LUXURY

MIN: 2.20-3.40

- More people have the same idea as me. They think that luxury is only for the rich people.

CHINESE VS. WESTERN CONSUMER CULTURE

MIN: 3.40-4.30

- It is different. In Europe or in Western country they think luxury is not very expensive compared with in China. The brands that we consider luxury are different. Maybe in Europe they think Hermès is luxury and in China they think Gucci is luxury.

PART 3: HOW TRENDS EVOLVE

MIN: 4.30-8.40

- Coach is more fashion in China. Because they have more shops in China and they grow very fast.
- It's popular because many people have the Coach bag in the street.
- The price is cheaper than other luxury brands.
- Look towards colleagues for inspiration.
- Movie stars.
- From my friends or from the advertisements.

FAVORITE LUXURY BRANDS

MIN 8.40-10.00

- My favorite luxury brand is Hermes. Because it is the most expensive.
- The bag and the scarf.
- The price is higher and not many people will have it.
- Not any discount.

PART 4: SHAMBALLA

MIN 10.00-14.00

- The picture is a little dark and not so bright. I like something very bright with the sun and the sea.
- This is like Tibet.
- I like Tibet, but not this style Tibet – this seems very dark.
- Can I know the price of it?
- Are they all made by diamond?
- I don't know the level of the diamonds. I want more information. We need to know more details of the diamond.
- Chinese people want to know how big it is and color of it.
- People will think it is made by hand. Normally in China you will not use this style for diamonds – people will think that it is not safe.

PART 5: BIRGER CHRISTENSEN

MIN 14.00-18.00

- What kind of fur is it?
- What is the price?
- Yes I think it is okay but I will not buy a fur in Shanghai because I don't think it is suitable for the Shanghai weather.
- I think it is better in North of China.
- The style is okay.
- I like this picture.
- This is Paris?

DEON ZHANG

Gallery Owner

BACKGROUND

- Studied in Switzerland and then I moved to the US, California, where I studied Hotel management
- After I graduated, I went back to Hong Kong.

PART 1: WHAT IS LUXURY TO YOU?

Min: 4.00-

- Luxury is different for everybody.
- For me it is an experience that I wouldn't be able to get at home. It would be something original. It has to be very special yet not pretentious that's why I picked simplicity but it has to have quality and sophistication in it.

PART 2: THE CHINESE CONSUMERS' PERCEPTION OF LUXURY IN GENERAL?

Min. 5.53-

- Expensive. Because it projects status. They go for the brand names if they recognize the brand.
- If they for example wear a Chanel bag or drive a Porsche that is a status projection that means that "I achieved a certain status".

HOW DO CHINESE CONSUMERS DIFFER FROM YOUR OWN PURCHASING PATTERS

Min. 7.23-

- I think it is because of personal life experience.
- For me, at this stage, luxury is going away where it is very simple but good service and good quality. Not necessarily has to be expensive or it doesn't have to show of. That would be fulfilling for me.
- But I think in general for the Chinese luxury consumer, I think from the changes they had that was so drastic (going from nothing to everything). You need something to project yourself. And they didn't have that luxury before. So it is part of the experience that they want to have.
- I grew up in very metropolitan city (Hong Kong) so it is also a city with mixed cultures and you are exposed to the lifestyle and products. So I grew up with it even though my family was not particularly wealthy. But we had enough and I was able to go abroad to study and my parents travelled so I got to stay at nice hotels.
- So I just didn't have that craving for luxury items.
- I always feel very fortunate that I got to study in Switzerland and the US and that I travelled a lot. For me that is a luxury.
- After I graduated, I worked in a hotel (always the luxury segment) so I worked in that environment.

WESTERN CONSUMERS VS. CHINESE

Min. 11.58-

- There is certainly a big difference. In the US/EU you would never see a line at luxury shop like you do in Hong Kong. Like Cartier, LV or Gucci.
- I think for European... My husband is German and for example for my brother in law it is not important for them to have luxury bag, watch or car. Luxury for them is to have a nice vacation or go some place to eat. It is a different kind of investment. They don't want to line up to invest. It is not important to them. So I think the values are different.

HOW TRENDS EVOLVE?

Min. 13.38-

- I think they look to the West for influence.
- They used to follow the Japanese but I am not sure they do that anymore.
- Movie stars.
- I think they are inspired by the brand name. The advertisement and exposure.
- Every other store is a luxury brand.
- These stores they don't make that much money but is important to be present and visible here in China because when the Chinese go to Paris for example they buy it there.
- The brand recognition is so powerful here.
- For example for Burberry – people want to have that pattern because it is well known.

WHAT INSPIRES YOU?

Min. 16.17-

- For me probably magazines (Harper Bazaar)
- Also online (The NY Times I subscribe to)
- CITE (an app where you can pull the subjects you like – so the newsfeed is customized by the word you chose)
- Favorite luxury brands: Aman Hotel is just exclusive. You feel a sense of privacy. A luxury experience in hotels gives privacy and good quality of hotel.

- I am not a huge fashion. I am very simple. I go for the same style all the time. I like to look at the magazines to see what is out there but I would rather spend my money to travel or to stay in a nice hotel.

PART 3: BIRGER CHRISTENSEN & SHAMBALLA

SHAMBALLA

Min. 20.05-

- Yeah I do like this jewelry brochure. It is unexpected because the cover is scenery. It almost looks like a travel brochure. You think, "where is this place?". And then you go in and what makes it interesting is that they have something to say and a story that is tied to the jewelry.

- I do think it is luxury. Especially the quality and it seems unique and it tells a story. "I do like this style"

BIRGER CHRISTENSEN

Min. 23.10-

- I think the quality of the products look luxurious

- But I couldn't tell the difference between them and other fur companies. So it is not very individualized I would say...

- It's very generic. It could be any brand.

DO YOU SEE THAT THERE IS A MARKET FOR THEM IN CHINA?

- I don't know if people like fur here...

- Jewelry – I am not sure if they will be successful because the taste here in China because maybe the taste here in China is a little bit more opulent.

- (Shamballa) For me – it is very unique and I like the story that they tell and the design of it.

- But perhaps for the Chinese consumer it is not "bling bling" enough, it's not opulent enough. They would want more diamonds. So it may not appeal to the bigger audience. Maybe it's not for the bigger percentage.

- I am not sure about fur here. I was going to say, I think Beijing would be good, because of the colder weather.

AILEEN FANG

Marketing Manager at Standard Chartered Bank, Shanghai

BACKGROUND

- Studied statistics in Toronto, Canada (from junior high to University)

- So I partly grew up in Canada...

- Lived in China now for 8 years. I find it very interesting here because the market is not a mature so the opportunities are much bigger here. The job is more interesting. Climbing the corporate ladder is much easier here and faster!

WHAT IS LUXURY TO YOU?

Min. 2.0-

- Quality, lifestyle and the whole experience.

- The whole experience: from the moment you purchase the item to you using it.

- Luxury: it's an experience: enjoy it for an amount of years. Not just the money you spend.

- It has a lot to do with the quality that you receive that other people might not have (average people).
- For example a spa or just an experience.

THE CHINESE IN GENERAL?

Min. 5.20-

- It has a lot to do with brand name and I think brand awareness is very important. Therefore it comes down to the spokesperson. So for example if a female celebrity is wearing sweatpants – everyone will buy it.
- People with "new money" don't know how to spend it. A lot of our taste can come from our family but they don't really have that here in China because their families might be farmers or are not as sophisticated so they really rely on the social magazines or what they see on the street. What they see is celebrities, gorgeous actresses for example wearing the sweatpants; they think, "that must be good" and she must be rich and she is buying the sweatpants. So they think "this is something I need to have as well".
- I believe it has a lot to do with the endorsement or the rich have something that they want to have.

YOU VS. THE CHINESE IN GENERAL

Min. 7.03

- I think of the cost when I buy luxury. For example if there is a particular watch I want but it costs more than my salary and if it costs more than I think the value is, I might consider it for quite a long time.
- But I think for the Chinese (the newly rich), they don't think about the money. Therefore they want to buy it to show power. Show their spending power! "So they might not consider what value it actually brings to them and their family. They just want to buy that car when it doesn't really make sense... They think more about showing of their status.

WESTERN CONSUMERS VS. CHINESE

Min. 8.30

- When you see people buying luxury goods in the West – half of them are Asian. And most of them Chinese.
- They go there to purchase.
- I think for consumers in the West – buying luxury is a process. If they REALLY want it – they might buy it. But I think the Chinese don't think "Do I need it", they only think "Do I want it". "If I want it, I can have it all"
- In the West, consumers weigh the pros and cons. For Chinese, the determining factor can be just the brand name. It comes down to brand. They really focus on what the brand means.

TRENDS EVOLVING

Min. 10.20-

- Luxury brands (in terms of fashion) are doing very well here. Like LV and Chanel. I think that has a lot to do with the marketing effort. They put a lot of effort and time into building the brand image.

- For the new brands I think it has a lot to do with the spokesperson. They will be more willing to try it if the brand ambassador is well known. Like the case with Yao Ming (basketball player) is a spokesperson for an English school. Even though he has no connection to that school, the company spends a lot of money to have him as a spokesperson. So people might think that he learned English in this school (which he didn't).

FROM WHERE DO YOU GET YOUR INSPIRATION?

Min. 12.22-

- Through magazines.
- I do stick to what I think is comfortable. Some trends are too "out there" so I won't follow that trend...
- I do enjoy buying luxury brands but I will go for things I can afford according to my salary. For example Hermes – I love it but I just don't have enough money to invest in it.
- (We heard that some people might get 5000 rmb a month and then spend it all on a bag for example)... Aileen: I think it has a lot to do with the cultural difference and the upbringing. With the one child policy – the children are much more spoiled because the Chinese culture believe that the older need to nurture the young so if the young spend all their money they still have a home to go to (their parents') and they can still ask the parents and grandparents for money (which they will get).
- It is a little bit spoiled but I get it. Nothing happens if I spend all my money because my parents will pay until they pass away. So your living standard is set by your family status.
- I don't have a particular person who inspire my. But magazines are effecting my buying decision.
- Favorite brands: Handbags: Chanel I LOVE – it is a classic piece – I see it as an investment. Club Monaco and new designers. Hotels: stick with western hotels that I am comfortable with (if I can afford it).
- They are luxury because of the quality and experience. You automatically know that the service will be good. I feel good about the service for example the help to book a taxi, doctor information and so on.
- But it also has to do with brand awareness. I think most women know Chanel. It is something that you want to have. It is elegant, beautiful and people recognize it.

PART 3: BIRGER CHIRSTENSEN AND SHAMBALLA

Min. 20.00-

SHAMBALLA

- I think any diamond jewelry brands are definitely luxury. I think it has a lot to do with design. I think has a lot of religious reference. In the Chinese market, I would be more aware of this because you don't see a lot of religious influence here. In China it is frowned upon and a lot of people don't talk about religion. I am not sure how they will perceive it. Some people talk about going to temples but a not lot of people.
- I think it comes down to how you will position this and where you will sell it. Is it in a mall? And what kind of mall? So people do have the association so the location is very important. But in China this type of thing can really do well in the 1st Tier cities because it only speaks to the really wealthy people. And if they are not religious in any way – those people might not be interested in purchasing it.

- For Taiwan or Hong Kong this type of thing would do a lot better because those places are much more focused on religion. But then the religion part needs to be clearer because you don't want to mix the religions. You need to make it clear where the references and inspiration come from. The copywriting would need to focus more on the history and the cultural perspective.

BIRGER CHRISTENSEN

Min 23.32

- Fur? Ok...

- Fur would do well here. This is one of the few countries where people are still not protesting against fur, right?

- In the States people would throw things at you!

- In North China there is a fox and mink farm...

- I got a friend who went there and told them what he wanted and he got a mink scarf for his wife.

- To me, it sounds pretty scary – I think of the animal right and all that.

- Again I think China is one of the few countries that people are okay with this. It's no big issue.

- Looks beautiful though!

- People would wear it.

- I mean China is cold enough in many many places... Even in Shanghai you can wear like a fur scarf or something.

- It's nice and if the associations come from Europe – I think the Chinese will react quite well to it versus if the associations come from North China.

- That's nice (campaign)

- Weather wise, China makes sense.

- I think anything fur and coat-like, it does speak luxury and I think people don't have an issue wearing it here. And I do see people wearing it – and we all know it's expensive. I think everybody knows it's expensive and there are a lot of fake ones out there as well, but people are willing to pay for the real money.

Again it comes down to perception; people do believe that when things come from Europe it is better because of history and design. So the market is not as competitive as the jewelry market.

EMILY YANG

Event Coordinator

PART 1: PERSONAL PERCEPTION OF LUXURY

Min: 0.00-

- Brand history, quality, style

- Style is regarding the shape. Like a Celine jacket is really simple but I really like the look

- Brand story: every luxury brand has their own story – like Dior, Chanel, Burberry and I find that really meaningful – if you buy this you are not only buying the style but also to meaning something and a spirit.

- Like Burberry and their Winter World with the wool jackets. And that continues to now so they have a really strong brand – really cool!
- The quality is good if you for example cannot see any lines in the clothes. For natural brand you never can see something messy inside the fabric which I really appreciate because if the style looks good but the inside is really messy it is not luxury.

YOUR BACKGROUND?

Min: 4.04

- I grew up in Chongqing
- I just came back from Shanghai where I worked for a couple of years.
- Studied International language (English) at SISU Chongqing
- I travelled mostly in China but a little bit in Hong Kong, Macau, Milan, London

PART 2: THE CHINESE IN GENERAL

Min: 5.48

- I have lots of friend who do love to buy luxury brand. Especially bags, shoes and dresses.
- They love the style, and the new collections that they think are popular in the world. They follow the fashion.
- They want he new collection but for me I prefer something old maybe but something that is my style.
- But the Chinese in general are more interested in the new things.
- They like that luxury is so expensive because of the lifestyle. Their friends and the people around them all wear luxury bags and dresses so I think it is a lifestyle. They have to have the luxury bags. Because everyone has those Dior or Celine bags!
- For them luxury is a way of showing people their luxury life because their things are very expensive and you don't need to tell others what you are doing because they can see that your products are expensive.
- I just by it because of the style.

WESTERN VS. CHINESE CONSUMERS

Min: 10.38

- Actually I saw in the UK that not many people are wearing the luxury things.
- In China most people are wearing luxury thing
- I think it is also because of the style. In the UK they have so many cool brands that are good quality, good style and good made so I think the European are more interested in the trendy things and more style.
- China is more about the flashy style because we don't have any local brands with a really cool style
- We only know the foreign luxury brands that come to China and that they are expensive and beautiful and really cool style so of course we are going to buy these international brands
- I think the market is too tight for Chinese people. Because there are not too many Chinese brands with Chinese designers. No really popular Chinese brands that are very expensive.
- If we had that we would go to buy that as well!

HOW DO YOU SEE TRENDS EVOLVE IN CHINA/INSPIRATION?

Min. 12.45

- People buy these luxury things because they think "If I buy this, I can become one of "them"". I think that is the reason. You want to feel the same.
- I do like to read some fashion magazine and a Chinese online media called Hai Bau which is really stylish online media. They post international fashion and what international celebrities are wearing every day.
- And I also read magazine – Vogue, iD, (not the Chinese Vogue – I use VPN to get access to information outside of China)
- I think that is a big problem for China – how could they know if something is happening outside China? They can only see what the Chinese publish.
- Favorite brands: I do love Dior – Dior is my favorite! Their dresses, shoes and bags I really love!
- Actually I really like Zara as well. It is not luxury but I really like their style because it is so simple
- And then some Burberry, D&G, Givenchy
- I like these brands because they are simple. Not simple but good shape. Much more comfortable.
- Look for comfort, style, and simplicity

PART 3: BIRGER CHRISTENSEN & SHAMBALLA

Min. 18.30

BC

- I think they are beautiful, really good, looks nice,
- Yeah they are nice
- I think they are luxury because it is fur and that is expensive.
- But the style personally – their style is a bit old for me but it looks nice
- I think I saw Chinese brands that only make fur coats but
- Are they expensive? (Reply: 100.000 rmb) ... Okay, that is expensive... Yeah, I think "OK" for Chinese market.

SHAMBALLA

- Tibet language?
- Personally it is not my style – I only wear rings and earrings but they are lovely.
- The picture and website looks cool
- They are luxury
- I am not sure about whether they will be popular. Do they have a story? (Reply: Tibet, Buddhism....) ... It is good for the Chinese because they believe in Buddhism and also the story the story about Tibet. So if you buy this it is also related to the Buddha. So if they buy this they might think the Gods will bless them.

APPENDIX 5: EMAIL QUESTIONNAIRE (NILAR MA)

Name: Nilar Ma

Occupation: Finance

Where did you grow up?: I grew up in 3 different countries: Myanmar, Singapore and United Kingdom.

Educational background: Bachelor degree and ACCA

- Check off the keyword which you personally define as luxury (in the other attached document "What is luxury").

- Pick 3 of these words that are the most essential to you and write them below.

1. Indulgence 2. Fashion 3. Style

- Are there any words that feel are missing?

Not that I could think of now.

- So to sum up: what is luxury to you?

Anything I can live without in the day to day life but still wanting to have it.

- What do you think the Chinese in general consider to be luxury?

World famous brands and anything that cost thousands of US dollars.

- Why do you think that is the case?

To show their social status and spending power. Minority of them simply appreciate the comfort, quality and style of having luxury.

- Do you think there is a difference in the way you perceive luxury as opposed to the way luxury generally is perceived in China?

I would think so. I buy luxury because I appreciate their style and quality and not just blindly buying because of the brands and trends. Also at the same time, luxury is not something you need in the day to day life, by having it even if you can live without it, is luxury to me as well.

- Do you think there is a difference between the way that the general public in China perceives luxury as opposed to someone from the US or Europe?

Yes, I will think so. People in China will think having luxury will show social status while people in the west will see it as fashion and style.

- How do you think trends evolve in China?

Heavily influence by marketing, Media, Fashion Show.

- Where do you get your inspiration?

High end Magazines.

- Are there any key trendsetters that inspire you?

High End Magazines.

- Do you follow trends? Where did you discover this trend?

Sometimes, high end magazines and fashion shows.

- Do you generally think that the Chinese look towards key trendsetters for inspiration?
Such as bloggers, movie stars, singers, politicians etc.
 - If yes - can you name any?
Yeah, I will say movie stars are one of the main trendsetters, then it will be high end magazines and fashion shows.
 - Which brands are your favourite?
Prada, Chanel, Zara.
 - Do you consider them to be luxury brands?
Yes, Prada and Chanel are.
 - What values do you look for in a brand?
Design, Quality, Style
 - Which factors are most important when you determine to buy one product over another?
Design, Quality, Style and my level of desire in having it.
-

- What are first impressions of the material (both Shamballa's website and Birger Christensen's campaign and lookbook)?
Shamballa is very oriental style, I think it will be popular with traditional Chinese but definitely not my style, too subtle and reserved. Birger Christensen screams main stream style.

- Is there anything you dislike about these pictures?

No. They are generally very pleasant.

- Does this communication speak to you as luxury?

Yes. But its not a must have items of luxury for me.

- According to you, what are the chances of these brands being popular to the Chinese consumers and what do you think it would take for them to become successful?

It should be very successful with a lot of marketing, branding and setting the right image.

- Do you have anything to add about luxury consumption in China?

I believe the luxury consumption in China is expanding. With the populations and the number of high spending power consumers, any brands will sell in China depending on how it protrude and relate itself (the brand) to the locals and at the same time displaying international image.

APPENDIX 6: Interviews as audio files

See attached disc with the eight interviews recorded as audio files.

APPENDIX 7: Birger Christensen marketing material





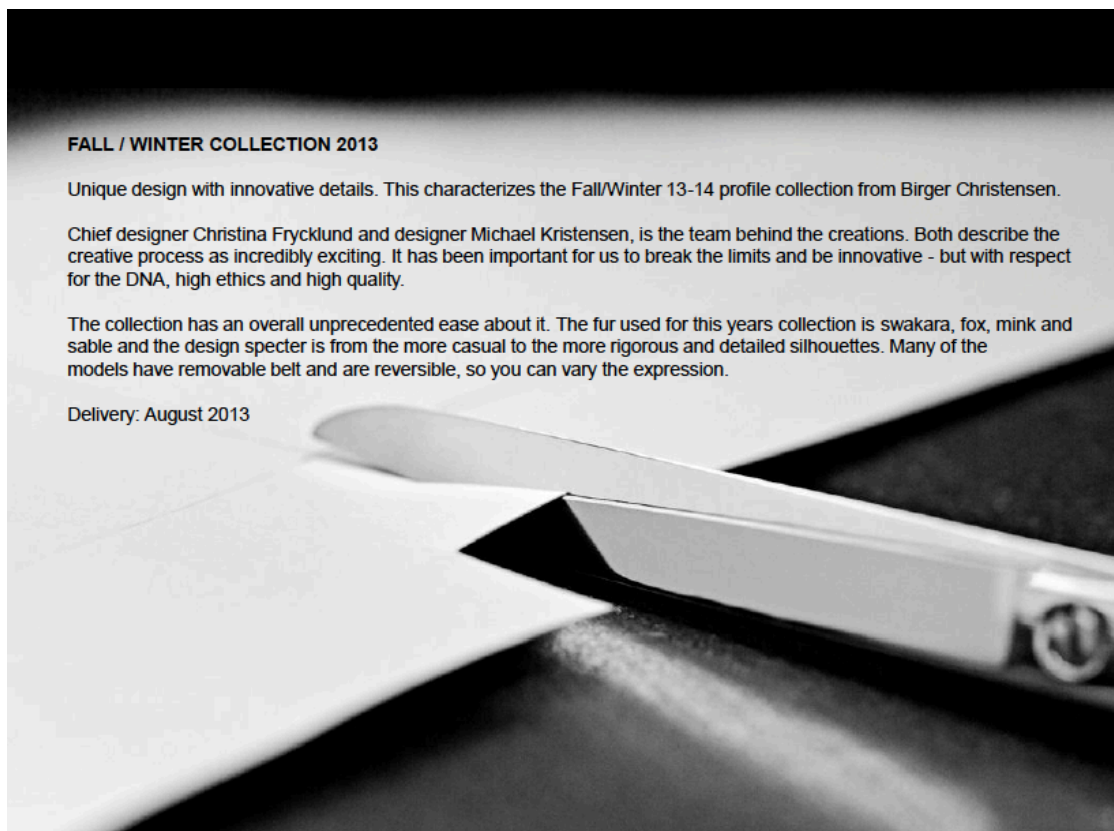












BIRGER CHRISTENSEN.

MADELAINE 403689



Length: 62 cm
Width: 112 cm
Sleeves: 59 cm
Sizes: 32-48
Fur: Mink

Grey / blue dyed mink with transparent cipria and suede.
Silk covered push buttons, slit pockets. Reversible.

BIRGER CHRISTENSEN.

CONCORDE 403699



Length: 90 cm
Width: 126 cm
Sleeves: 40,5 cm
Sizes: 32-48
Fur: Karakul / sable

Opale dyed karakul with mastice dyed Russian sable and silver metallic cipria. Covered push button, slit pockets. Reversible.

BIRGER CHRISTENSEN.

CHAMPION 403766



Length: 86 cm
Width: 132 cm
Sleeves: 60 cm
Sizes: 32-48
Fur: Natural Russian sable

Natural Russian sable with cipria and gros grain ribbon.
Hook & eye, slit pockets. Reversible.

BIRGER CHRISTENSEN.

ALMA 403696



Length: 96 cm
Width: 128 cm
Sleeves: 61 cm
Sizes: 32-48
Fur: Swakara / shadow fox

Black dyed swakara with cipria and detachable shadow
fox collar. BC button, slit pockets. Reversible.

BIRGER CHRISTENSEN.

WHITE HORSE 403799



Length: 102 cm
Width: 191 cm
Sleeves: 75 cm
Sizes: 32-48
Fur: Mink

Glow mink. Hook & eye and slit pockets.

BIRGER CHRISTENSEN.

OPERA 403691



Length: 60 cm
Width: 102 cm
Sleeves: 32-48
Fur: Mink

Powder dyed mink with transparent cipria and reindeer suede. Hook & eye. Reversible.

BIRGER CHRISTENSEN.

CORNELL 403777



Length: 72 cm
Width: 122 cm
Sleeves:
Sizes: 32-48
Fur: Mink

Bordeaux dyed mink with cipria. Tie belt and slit pockets.
Reversible.



APPENDIX 8: Shamballa Jewels marketing material

(See attached brochure)

APPENDIX 9: Interviews with Birger Christensen and Shamballa Jewels as audio files.

(See attached disc with interviews with Morten Langsted and Stephaine Binau.)