

# MASTER'S THESIS

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## Social Values Vs. Personal Values: A Study on Young Collectivists' Luxury Value Perception

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## Sammendrag

Luksusprodukter er viktige enheter som viser statussymbolet for eierne. Den utmerkede kvaliteten på slike produkter har høye priser og var tradisjonelt bare oppsøkt av velstående og elitister. Men de siste dagene er det også populært blant middelklasseforbrukere. Asiatiske forbrukere er for tiden det største markedet for luksusvarer. Med veksten i asiatiske økonomier har økende antall asiatiske forbrukere betydelig disponibel inntekt. Denne studien tar sikte på å forstå de underliggende motivasjonene for asiatiske forbrukeres luksusforbruk. Spesielt undersøker den de asiatiske kollektivistiske forbrukernes oppfatninger av luksusverdier. De kollektivistiske forbrukerne er kjent for å være motivert med sosiale verdier, men med et økende antall asiatiske forbrukere som reiser utenlands og påvirker vestlig livsstil, er deres verdsoppfatning noe lik vestlige forbrukere. Studien har til hensikt å studere innflytelsen av sosial verdi og personlig verdioppfatning på luksusforbrukatferd hos unge kollektivistiske forbrukere i to kulturelle sammenhenger. Hypotesene ble dannet for å finne forskjeller og likheter i kollektivistisk luksusverdioppfatning i kollektivistisk så vel som individualistisk samfunn. For å teste hypotesene ble en online undersøkelse rettet mot unge nepalesiske forbrukere bosatt i Nepal og Norge. Respondentene var delt på grunnlag av deres nåværende hjemland. Totalt 100 svar ble samlet inn og analysert ved bruk av SPSS. Resultatet viste at både sosiale verdier og personlige verdier delvis påvirker luksusforbruksadferd til kollektivister i begge sammenhenger. Videre har sosiale verdier høyere betydning for respondentene fra Nepal, mens personlige verdier har større betydning for respondentene som bor i Norge.

Stikkord: unge luksusforbrukere, luksusforbrukatferd, kulturell innflytelse i luksusforbruk, kollektivistiske luksusforbrukere, merkevare luksusindeks

## **Preface**

This thesis is written as a final requirement for the completion of the Master of Science in Business degree at Nord University. Writing this thesis was, at times, very challenging, mainly due to the ongoing COVID-19 pandemic. Despite the challenges and demands, this thesis has been good for learning more about the field of research I am interested in. Living in a foreign country, I found myself fascinated to know more about the influence of culture on buying behavior. So, I decided to find a topic on cultural influence to write my thesis.

Throughout this thesis, I have received immense support and assistance. Before all else, I am grateful to my supervisor, Professor Frode Nilssen, for his constant support, guidance, and supervision. His expertise was a great source of knowledge. I am grateful that he pushed me to work harder and provided me with constructive feedback that helped me to sharpen my thought process.

I would also like to thank my sisters for believing in me. Although far from me, they always helped me get through the challenges I have faced during these trying times. Finally, I want to thank my partner, Shesan Baraili, for his patience and support. I would not have completed my dissertation without him.

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## **Abstract**

Luxury products are key entities to showcase the status symbol for their owners. The excellent quality of such products came with high prices and was traditionally sought out by wealthy and elitists only. But in recent days, it is popular among middle-class consumers too. Asian consumers are currently the largest market for luxury goods. With the growth in Asian economies, an increasing number of Asian consumers have a considerable disposable income. This study aims to understand the underlying motivations for Asian consumer's luxury consumption behavior. Specifically, it investigates the Asian collectivist consumers' luxury value perceptions. Collectivist consumers are known to be motivated by social values, but with an increasing number of Asian consumers traveling abroad and the influence of western lifestyles, their value perception is somewhat similar to western consumers. The study intends to investigate the influence of social value and personal value perception on the luxury consumption behavior of young collectivist consumers in two cultural contexts. The hypotheses were formed to find the differences and similarities in collectivists' luxury value perception in a collectivist and individualistic society. To test the hypotheses, an online survey targeted young Nepalese consumers living in Nepal and Norway was distributed. Respondents were divided based on their current country of residence. A total of 100 responses were collected and analyzed using SPSS. The result showed that both social values and personal values partly influence the luxury consumption behavior of collectivists in both contexts. Moreover, social values have higher significance on the respondents from Nepal, whereas personal values have more significance on those respondents living in Norway.

**Keywords:** young luxury consumers, luxury consumption behavior, cultural influence in luxury consumption, collectivist luxury consumers, Brand Luxury Index

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# 1 Introduction

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*The first chapter of this paper provides the readers with relevant background information to the study and illustrates the research problem and research purpose. The research problem identifies the gaps in previous literature, which helps construct a research question that this paper aims to answer. At the end of this chapter, an overview of the study's structure is presented.*

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It is a widespread belief that people are irrational consumers, and their desire to purchase and own finer things in life might never change ("The Psychology Behind Why People Buy Luxury Goods," 2019, p. 6). Wearing and owning luxury or precious items has always been a medium for people to express their lifestyle and status. In ancient times, people dressed up with expensive jewelry and clothes and lived in luxurious houses to show their affluence and power. Today, luxury consumption is still one way modern consumers extend themselves (Dogan, Ozkara, & Dogan, 2020). The luxury good industry is a flourishing industry and is growing by each year. According to Bain & Company, the luxury industry grew by 4% in 2016 (Aliyev & Wagner, 2018) and by 5% in 2018, according to Bain & Company. The luxury market grew with an estimated €1.2 trillion globally. The sale of luxury cars increased to €495 billion, the market for personal luxury goods reached €260 billion, and shoes and jewelry had an increase of 7% each (Company, 2018). Availability of such luxury items, economic ability, and desire to acquire such products does, however, vary quite a lot across countries, regions, and cultures. In some cultures, people are willing and interested to spend a relatively large amount of their disposable income on luxury products. Other countries and cultures are more reluctant to do so. To look more into this phenomenon, I have designed a study that allows investigating the role cultural contexts may have on consumer's perception of luxury value. The paper focuses on understanding the impact of social values and personal values on young Asian consumers' luxury consumption behavior.

Traditionally, luxury goods were only sought by the wealthy and elitists (Sharda & Bhat Anil, 2018). According to Veblen (1899), only those belonging to the superior class consumed luxuries and comforts, while the dynamic class only consumes what is necessary. However, industrial development and globalization have led to a rise in consumerism. An increase in spending power and democratization has led to increasing people getting access to luxuries

(Turunen, 2018, p. 16). Luxury goods are getting popular among middle-class consumers, which has led many researchers to debate what influences consumers to buy luxury goods. It is essential to understand why consumers buy luxury goods and how their luxury value perception affects their luxury consumption behavior (Wiedmann, Hennigs, & Siebels, 2009). According to Aliyev and Wagner (2018), one way of understanding luxury consumption behavior across cultures is by looking into cultural relativity. Understanding how consumer's underlying motivation to buy luxury goods differs by culture and what accounts for those differences is essential (Bian & Forsythe, 2012). Some researchers argue that the globalization of consumption culture and the popularity of consumption society will lead to similar value perceptions. In contrast, many researchers believe that culture has created an environment for valuing global differences (Oleinik). Despite the emergence of global consumption culture in the last few decades, it is stalling and leading to renewed interest in local culture (Steenkamp, 2019). Hence, understanding the role of culture in luxury consumption behavior is essential.

Geert Hofstede explained the significance of culture with his view of the American theatre piece, *Twelve Angry Men*. He used the play's characters to explain how different people react to the same problem primarily based on what culture they have been raised in. Culture is the values, beliefs, and symbolic practices learned from society that further develop a behavior pattern by which people live. Each individual has developed a set of values and emotions that they believe are important. These values and emotions play a significant role in their consumption behavior. Many researchers have identified the importance of value perceptions to understand the influence of culture on consumer buying behavior (Aliyev & Wagner, 2018; Shukla, 2012; Shukla & Purani, 2012; Sun, D'Alessandro, & Johnson, 2016; Vigneron & Johnson, 2004; Wiedmann, Hennigs, & Siebels, 2007; Wiedmann et al., 2009). Previous researchers have linked luxury consumption with symbolic consumption, where consumers are affected by both individual materialistic desires and social influences of reference groups (Kim & Jang, 2017; Wiedmann et al., 2009).

Vigneron & Johnson (2004) introduced five value perceptions of luxury as Brand Luxury Index (BLI), which became the most cited article related to luxury consumption due to its emphasis on the fundamental value, i.e., social, personal, and functional values (Aliyev & Wagner, 2018). According to Vigneron & Johnson (2004), value perceptions can be categorized as personal (hedonism and extended self) and non-personal (conspicuousness, uniqueness, and quality). The non-personal values are price-driven, whereas the personal values are consumer-driven

(Aliyev & Wagner, 2018). The Brand Luxury Index model is consistent with previous studies that show a balance between personal and inter-personal motives for luxury consumption (Vigneron & Johnson, 2004).

This study focuses on the differences between social-directed motives and personal-directed motives that influence luxury consumption in Asian consumers. It is essential to look into Asian consumers since they are currently the largest market for luxury goods to understand luxury consumption in the current context. With the growth in Asian economies, an increasing number of Asian consumers are traveling and studying abroad and are introduced to foreign culture (Kim & Jang, 2017). To best understand the influence of culture, it is essential to study consumers who are part of a culture in different cultural contexts. Furthermore, young consumers should be the target for luxury consumption study because they have a higher intention of luxury consumption than older consumers (Zhang & Cude, 2018). Hence, the study intends to study the luxury value perception of young Nepalese consumers living in Nepal and Norway.

## **1.1 The problem**

Researchers have considered the importance of exploring personal and social value components in understanding the luxury value perception of consumers (Loureiro & Araújo, 2014; Sharda & Bhat Anil, 2018; Shukla, 2012; Sun et al., 2016; Tuu, Olsen, & Chí Công, 2017; Wiedmann et al., 2007, 2009; Zhang & Zhao, 2019). It has been highlighted that understanding personal and social values help to distinguish the value perception between collectivists and individualists. However, previous research lacks proper identification of motivators that differentiate luxury consumption's social and personal value factors. For example, in their study of Chinese upper-middle-class luxury consumers, Sun et al. (2016) argued that a single motivation factor such as uniqueness value could have social-directed and personal characteristics. This dissertation aims to avoid such intertwinement and focus on differentiation between personal and social values to understand the luxury consumption behavior of Asian consumers.

Similarly, most of the previous studies have been focused on studying luxury consumers in one cultural setting. For instance, a study in the USA showed consumers engage in conspicuous consumption to exert power (Koo & Im, 2019). A similar study on young professionals of the UK showed that price has a powerful influence on conspicuous consumption than fashionable

elements (Lewis & Moital, 2016). The increasing demand for luxury goods and services in the Asia Pacific region led to a study on young female Taiwanese whose results showed engagement in luxury consumption for social status (Wu Meng-Shan, Chaney, Chen Cheng-Hao, Nguyen, & Melewar, 2015). Researchers have highlighted the role of symbolic consumption leading to rising in popularity of luxury goods in South Korea (Kim & Jang, 2017) and India (Sharda & Bhat Anil, 2018). However, these studies are limited to one cultural setting, and understanding how individualists and collectivists perceive luxury consumption requires cross-cultural study to identify the similarities and variations (Hennigs et al., 2012; Seo, Buchanan-Oliver, & Cruz, 2015; Wiedmann et al., 2009). This limitation was supported by Shukla (2012)'s study that highlighted several differences in the luxury value perception among consumers from western developed markets (the US and the UK) and Eastern emerging markets (India and Malaysia). However, previous cross-cultural studies include collectivist consumers from rapidly developing Asian countries. Researchers should now focus on small emerging economies of Asia that pick luxury consumption at slower rates while conducting cross-cultural studies (Shukla, Singh, & Banerjee, 2015). Nepal is one of the small emerging Asian countries that have been understudied, despite its gradual increase in luxury consumption. Previous researchers have neglected to study these small emerging countries that are more and more fascinated by luxury goods. The study aims to understand what luxury value perception leads them to buy luxury goods.

Likewise, this study will also be the first to study collectivist consumers in both collectivist and individualistic societies and investigate the similarities and differences in their behavior. This study will help understand if the influence of being introduced to new culture brings changes in the values and behavior of consumers. Previous researchers like Seo et al. studied the luxury consumption behavior of European New Zealanders and Asian New Zealanders. The focus of their study was to understand the relation between local and foreign cultural meanings in a single national market (Seo et al., 2015). This dissertation explores the interplay between national and foreign culture from a slightly different perspective. Nepalese consumers will be studied in the collectivist society of Nepal and the individualistic society of Norway to find out if their luxury value perception remains similar or differs.

Therefore, this study intends to fill the gap in the existing literature. Even though there are various cross-cultural studies regarding luxury consumption behavior, this study will be the first to study luxury consumers of one country in different cultural contexts. Furthermore, this

study has chosen an emerging country that has not been studied before in cross-cultural luxury consumption behavior research.

## **1.2 The Purpose**

This research paper investigates the impact that cultural contexts can have on consumers' luxury value perception. The paper's primary focus is to understand the impact of social values and personal values on young Asian consumers' luxury consumption behavior. With the increase of luxury consumption among young consumers worldwide, researching the luxury consumption behavior of young consumers in two cultural contexts can help us understand what drives them to buy luxury goods.

The growing popularity of western luxury goods like iPhone, Louis Vuitton bags, Victoria's Secret perfumes, luxury cars, etcetera among the high-income earners and young consumers in Asia is not necessarily proof that they are a part of westernization. Most of them buy such luxury goods due to peer pressure, showing off, or be associated with a particular social group they aspire for. Conspicuous consumption is popular among the low-income population or the emerging economy since it results in households feeling better about their economic well-being (Jaikumar, Singh, & Sarin, 2018). Many researchers argue that luxury consumption is getting popular among Asian consumers of the emerging economy due to the Western lifestyle (Kim & Jang, 2017). However, some researchers believe that Asian culture is facing modernization instead of westernization. Even though modernization was initiated by western culture, a century of modernization is not enough to change millennia of cultural development (Schutte, 1998). This study aims to understand if collectivist cultural values play a role in luxury value perceptions leading to luxury consumption among young Asian consumers.

This paper is unique and exciting because the consumers of one cultural system are studied in two different contexts. The primary purpose is to understand why a collectivist consumer buys a luxury good despite spending their entire month of salary and if that underlying motivational factor changes when introduced to the individualistic culture.

## **1.3 The Research Question**

The straightforward question in studies regarding luxury consumption behavior of young consumers is 'Why do young consumers buy luxury goods?'. This study, however, is attempting to dig deeper into the luxury consumption behavior of young consumers by understanding the

influence of social values and personal values in the luxury consumption behavior of collectivist consumers. Thus, the problems discussed above in the study and the literature gap give rise to the following question that this study will attempt to solve.

1. What are the impacts of social values and personal values on the luxury consumption behavior of young collectivist consumers?

#### **1.4 The perspective**

This study is conducted from the consumer's perspective. Thus, the data is collected and analyzed from the perspective of young luxury consumers.

#### **1.5 Context of study**

##### **1.5.1 Young Nepalese luxury consumers**

Nepal is a relatively small landlocked country in South Asia with an emerging economy. The population of Nepal is around 28 million, with an expected GDP of approximately \$122 billion. The percentage of poor people has seen a steep decline from 59% in 2006 to 28.6% in 2018 (*Nepal Multidimensional Poverty Index, 2018*).

Nepal is known to have a highly collectivist culture since people tend to value social interest more than personal interest. The social structure in Nepal is characterized mainly by a patriarchal society, extended family size, and diverse culture (Ghimire, 2019). Age plays a vital role in buying behavior of Nepalese consumers (Thagunna & Khanal, 2013). Young consumers of Nepal show growing interest in modern lifestyles and clothing. The question is, why Nepalese consumers buy luxury goods? Young Nepalese prefer modern lifestyle and clothing, but the underlying motivation to buy them has not yet been studied.

##### **1.5.2 Nepalese in Norway**

A total of 7.2% of the Nepalese population are found abroad in search of better opportunities, be it employment or education, making remittance 30% of the total GDP of Nepal (Ghimire, 2019). Norway is experiencing an increasing amount of immigration (Gurung, 2019). There are various Asian communities in Norway, but the migration of Nepalese to Norway is relatively low. As of March 2019, there are only 2376 Nepalese in Norway, but it is comparatively higher than 681 in 2010, which means there is a rise in Nepalese population in Norway (Ghimire,

2019). A study on Nepalese people living in Norway shows Nepalese can adapt to the Norwegian lifestyle. Still, the cultural and social values they acquired in their homeland have not lost all their meaning and significance (Gurung, 2019).

## **1.6 Delimitation**

The primary data for this study is limited to Nepalese luxury consumers living in Nepal and Norway. Since the study aims to understand how a luxury consumer behaves when introduced in a different cultural context, Nepalese consumers currently living in Norway will be studied and compared with those living in Nepal. The study is also limited to the age group of between 20-34 years old.

## **1.7 Key terms**

**Luxury brand:** Despite considerable prior research, there are no widely accepted definitions of luxury brands (Ko, Costello, & Taylor, 2019; Turunen, 2018, p. 6). According to Ko et al. (2019), a luxury brand is a brand that is perceived to be of high quality, offers authentic value, is worthy of premium price, has a prestigious image, and can inspire deep connection with consumers.

**Culture:** Culture is a “lens shaping reality, and a blueprint specifying a plan of action” and is unique to a specific group (Luna & Gupta, 2001). It is the collective programming of mind since it is shared with people who live or lived in the same social context and is used to distinguish members of one group from others (Hofstede, Hofstede, & Minkov, 2010). Culture influences consumers' value perceptions, resulting in differences in buying behavior (Aliyev & Wagner, 2018).

**Social value:** Social value is a construct where behavior is influenced through the mediating role of group norms (Terry, Hogg, & White, 1999). Social values are the values that consumers construct according to social norms and reference groups.

**Personal value:** Personal values are the values and beliefs that are important to individuals. Personal value helps to create their individual identity.

**Reference group:** Reference group is a group of people used as a standard basis for comparison. People tend to base their values and behavior based on the reference group they prefer.

**Social status:** Social status is the level of value an individual holds in society. The social status shows the respect and power the individuals have compared to other members of the society.

**Social identity:** Social identity is the identity that individuals create for themselves based on their group membership.

**Hedonism:** In philosophical psychology, hedonism refers to the view that all human action is ultimately influenced by desires and emotions (Bruton, 2016). Hedonism value is associated with feelings, self-fulfillment, and self-pleasure.

**Materialism:** Materialism can be defined by the importance consumers attach to worldly possessions and the desirability of acquiring and possessing things (Ger & Belk, 1999). Materialistic consumers tend to put great importance on possessions.

**Extended self:** Self-identity refers to each individual's perception regarding their internal aspects (Loureiro & Araújo, 2014). Extended self includes self-identity and the part of self that can be described through consumption of goods.

## **1.8 Structure of the study**

**Chapter one:** Chapter one focuses on the background of the phenomenon to be studied. The chapter tries to illustrate how culture influences luxury consumption with the help of various past researcher's works. It also describes the limitations of the past studies and what this study aims to achieve, and why.

**Chapter two:** The second chapter starts with literature reviews. To better understand how to conduct particular research, it is necessary to comprehend relevant past literature. The literature review helps to provide a foundation for this study. Later in chapter two, some theories associated with the central concepts of the research question are discussed to develop the hypotheses for the study.

**Chapter three:** The third chapter illustrates the research model used in this study. The model is well-described, along with a clear explanation of how the research was conducted. The chapter demonstrates the sample size, research method, data collection tools, and data analysis tools.



**Chapter four:** This chapter will have a clear illustration of the findings from the study. The relationship between the dependent and independent variables identified for the study is analyzed using various statistical techniques.

**Chapter five:** Finally, the fifth chapter presents the analyzed result in conjunction with past literature. The theoretical and managerial implications of the findings are presented. And finally, the study's limitations are identified to provide recommendations for future researchers.

## 2 Literature review

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*This chapter illustrates the academic literature that will be the foundation for this study. The chapter discusses the definitions of core issues and concepts. The findings from previous research papers are used to identify the conceptual model and prepare hypotheses for the study.*

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The concept of luxury is difficult since it is subjective, relative, and contextual and depends on the situations and needs of consumers (Hennigs, Wiedmann, Klarmann, & Behrens, 2015; Tuu et al., 2017; Vuitton, 2019; Wiedmann et al., 2007, 2009). Everyone has their own opinion on luxury, making it difficult to define luxury goods or luxury brands. Researchers have constantly debated over the definition of luxury and what drives luxury consumption. The essence of luxury remains unclear since the point where the ordinary ends and the luxury starts depends on each individuals' judgment (Tynan, McKechnie, & Chhuon, 2010). Some researchers believe the luxury market has shaped a specific experience among consumers of what luxury is. For example, Luxury goods are expensive and not mass-produced, so consumers perceive they are of high quality, which helps them differentiate from other products (Hwang & Lyu, 2018). It is also a widespread belief that luxury brands provide high-quality products compared to non-luxury brands (Vigneron & Johnson, 2004).

Since most luxury brands are global, the luxury brands have likely imprinted a similar version of 'luxury' across countries, continents, and cultures (Kapferer & Michaut, 2016). Still, the degree of luxury can vary based on context and people concerned (Vigneron & Johnson, 2004). What one perceives as a luxury might be a basic necessity for another based on their situation. However, despite the complexity of understanding what luxury is and how it depends on individual needs, it is crucial to understand what values are considered necessary among the consumers (Hennigs et al., 2015). Luxury goods and services should be able to provide enough value to the consumers regarding the high price required to consume them.

## 2.1 Various definitions of luxury

*“Luxury is contingent: it depends on what society assumes to be beyond the expected.”- (McNeil & Riello, 2016, p. 4)*

*“Luxury owns a complex meaning; it has more than one meaning depending in the context. While luxury continues to transform, tangible and intangible luxuries still appear as to be controversial phenomena that by their inherent meaning and conditions rest on a paradox.”- (Cristini, Kauppinen-Räsänen, Barthod-Prothade, & Woodside, 2017, p. 105)*

*“A definition of luxury should not follow a narrow but rather an integrative understanding of the luxury concept, as luxury is a subjective and multidimensional construct.”- (Wiedmann et al., 2007, p. 3)*

*“The concept of luxury is not an absolute category but rather a relative group that connects specific products, brands, and services.” - (Turunen, 2018, p. 6)*

*Table 2-1 Various definitions of luxury*

## 2.2 Value orientation

Value, as simple as it may seem to define, is rather complex to understand. Values represent what one may perceive as desirable and worthy (Roccas & Sagiv, 2017). The value of any product depends on the perception of the consumer. The product's value may seem high for one person, whereas the same product may not be of similar value to another. Values can be functional, monetary, social, or psychological. Through luxury consumption, consumers expect to attain the values that are the most important for them in their perspective. Which type of value a person strongly connects to largely depends on the culture in which the person is raised. Many researchers have explored various areas of culture to explain its relationship with consumer behavior. For example, some cultures have a higher preference for group goals rather than individual goals. They regard family and social groups as more important than personal

benefits (Nayeem, 2012). Such consumers are more likely to buy products by consulting with the group members or even to impress them rather than looking into functional or performance-related benefits. Hence, to understand why consumers buy luxury goods among various cultures, it is essential to look into what value is important for them.

Studies have shown that cultural value orientation significantly influences consumer's motivation and behavior (Stathopoulou & Balabanis, 2019). There are various frameworks to understand consumer behavior in a cross-cultural context. Hofstede et al. (2010) developed six cultural dimensions, among which Individualism versus Collectivism is the most popular dimension among researchers to study the diverse culture and its effect on consumer behavior. Based on various previous literature, many theories regarding luxury consumption have been developed to understand the impact of culture on consumer behavior. Researchers have focused on how luxury enables consumers to express their ideal self or specific dimension of self through luxury consumption (Vigneron & Johnson, 2004). They have conceptualized luxury value perceptions using various ways such as brand luxury index, consumption values, and co-creation (Shukla et al., 2015).

Vigneron and Johnson (2004) introduced the distinction between personal and inter-personal value factors that later became the base of various studies. Many researchers (Aliyev & Wagner, 2018; Christodoulides, Michaelidou, & Li, 2009; Conejo, Cunningham, & Young, 2020) tried to understand the role of culture on the luxury consumption behavior of individualists and collectivists. Individualists are independent and unique and view themselves against a social background, whereas collectivists do not consider themselves separate from the social background (Aliyev & Wagner, 2018). A vast majority of people in this world live in collectivist societies where the group's interest is greater than the individual's interest (Christodoulides et al., 2009; Hofstede et al., 2010). Personal values like self-expression attitudes and self-presentation attitudes have been used to understand the purchase intention for luxury brands in a cross-cultural context (Bian & Forsythe, 2012).

Similarly, the concept of 'face,' which represents the interpersonal relationship between individuals and groups in Asia, has been used to study the differences in the consumption behavior of consumers among Western and Eastern economies, where the concept of 'face' may represent different meanings due to differences in the culture (Pervin, 2016). For many Asian consumers, 'face' would mean spending more money on goods to show off among their peers, relatives, and society members. According to Aliyev & Wagner (2018), high quality and

conspicuousness affect the collectivist’s luxury purchase decision more than individualists, showing that collectivists are partly price-driven consumers who focus on non-personal values driven by social context, whereas individualists are more consumer-driven.

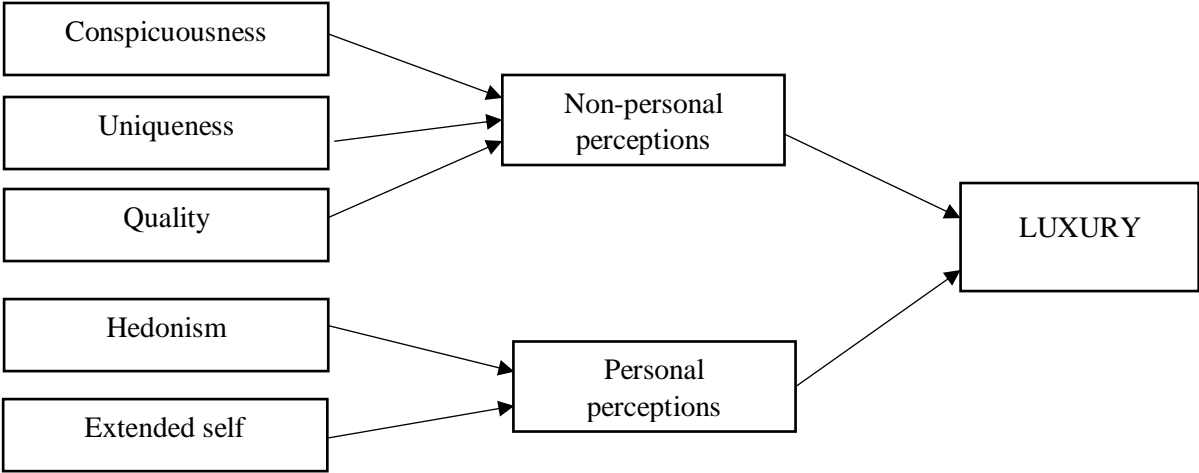


Figure 2-1 Brand Luxury Index (Vigneron & Johnson, 2004)

Various research shows conspicuousness has no significant impact on luxury consumption (Aliyev & Wagner, 2018; Shukla, 2012). Furthermore, the consumers perceive conspicuousness as undemocratic and believe luxury should be available to all members of society (Aliyev & Wagner, 2018). However, some researchers have argued that conspicuousness significantly influences luxury consumption among Asian consumers (Zhang & Zhao, 2019). Thus, the results regarding conspicuousness among Asian consumers are inconsistent. Instead, Shukla (2012) argues social identity can be used as a price-driven social factor to study luxury consumption since conspicuousness is related to social identity. Hence, this study will not have conspicuousness as an independent factor.

According to Aliyev & Wagner (2018), another non-personal value factor, the perceived uniqueness, is valued similarly in both individualistic and collectivist. But other researchers have different views regarding the perceived uniqueness. For example, uniqueness is an essential dimension of brand luxury among individualists but not so relevant for Asian consumers since Asian consumers may purchase luxury to be accepted by their society members, not to stand out from the rest of the society (Christodoulides et al., 2009). Thus,

uniqueness might not be an excellent factor to understand Asian consumers' luxury consumption behavior.

Based on the Luxury Brand Index approach, this study is also trying to understand whether the social values have more significance in the luxury consumption behavior of Asian consumers in collectivist culture than in individualistic culture. And also, if the personal values have more importance on them in individualistic culture than in collectivist culture. The study will be using various constructs of social and personal values to understand the luxury consumption behavior of collectivist consumers.

### **2.3 Social value**

Perceived social value is the perceived ability of products to enhance social self-concept among individuals (Sun et al., 2016). Social value is the non-personal value you can gain after owning a product that allows you to connect with the others in your social group or your desired social group. People are regarded as social animals that conform to social norms and direct their behavior through group membership (Sun et al., 2016). Our consumption behavior expresses who we are, ourselves and others, and how we fit in or stand out from others, rather than just showing a traditional utility maximization behavior (Goodwin, Harris, Nelson, Roach, & Torras, 2014). Consumers tend to base their behavior on the opinions of those they consider to be prestigious and desirable in society. Thus, consumer's consumption behavior is primarily influenced by what others think of them and how others might act towards them based on their choice of products (Sun et al., 2016).

A research on Korean and British luxury consumers shows that Korean consumers maintain their social identity and save 'face' by purchasing luxury goods. However, British consumers do not purchase luxury goods to save face (Hann, 2011). The concept of 'face' is fundamental in the collectivist society of South Asia, where consumers gain 'face' through achievement and well-being and judge themselves through the lens of society (Pervin, 2016). Face consumption is prevalent among Nepalese consumers since judging people based on their lifestyle is common in Asia (Karki, 2017). Lifestyle is a major contributing factor for consumption among Nepalese women, despite their occupation status and income level (Thagunna & Khanal, 2013). A study conducted on New Zealanders and East Asians showed that New Zealanders tend to have 'tall poppy syndrome,' meaning they prefer consuming goods that are not easily identified than the

ones that are popular and luxurious. In contrast, Asians tend to be concerned with their social image (Seo et al., 2015). This result supported the study done by Aliyev and Wagner (2018).

### **2.3.1 Social identity**

The need to express, enhance and maintain their social identities leads to luxury good consumption (Stathopoulou & Balabanis, 2019). People consume luxury goods for the symbolic value they can get from the goods. Charles Cooley (1902) explained with his ‘looking glass theory’ that people are not concerned with who others think they are or who they think they are, but instead with who they think others think they are. When a person looks at a mirror, they see their face, figure, and dress, and they like it because it’s their perception, but the mirror doesn’t tell them how they look, so they tend to perceive in their imagination what others think of their character and appearance (Cooley, 1902). A looking glass self-orientation focuses on incorporating the opinions of social partners to form a self-presentation (Gamble & Yu, 2008). The looking glass theory suggests that the imagined judgment of others is important (Cooley, 1902).

### **2.3.2 Social status**

In today’s society, people regard many high-end goods as essential because status has become an important factor for social existence and personal well-being (Lewis & Moital, 2016). This has led to the rising popularity in status consumption and display of goods to impress others. Consumers create social values through conspicuous status consumption (Shukla, 2012). Maintaining social status has been an important part of gaining social value for luxury consumers. Status consumption is complex since it attempts to satisfy the consumer’s self-recognition in a social group and others’ recognition (Kastanakis & Balabanis, 2012). Traditionally, wealthy people often consumed luxury products for social status. Still, research shows consumers from the bottom of the income distribution are more likely to consume luxury, mostly due to the ‘keeping-up-with-Joneses’ theory. Consumers with fewer possessions of material goods compare themselves with the well-off consumers and try to restore superiority by publicly displaying expensive possessions in the social environment (Zheng, Baskin, & Peng, 2018).

### **2.3.3 Reference group**

Luxury consumption focuses on getting recognized by a preferred social group. Luxury possession helps the consumers to maintain group membership or membership with their desired group because people judge themselves and others based on consumption (Sharda & Bhat Anil, 2018). People who identify strongly with the group find themselves influenced by group norms. The desire to impress others through social status and prestige and be a part of a reference group leads consumers to buy luxury goods despite the high price (Loureiro & Araújo, 2014). Consumers often consume luxury goods based on what it means to the members of social reference groups, which could be to fit in or stand out (Shukla et al., 2015). A popular luxury product that others from a reference group also consume is taken as a symbol that increases the consumer's social benefits and lowers the chance of being considered as belonging to a lower social class (Kastanakis & Balabanis, 2012).

## **2.4 Personal value**

The 'we are what we have' is the most basic and influential factor of consumer behavior (Russell, 1988) and has led to an increasing number of consumers purchasing luxury goods to create their ideal identity of self. The things consumers buy provides a sense of what and who they are, and possession supports that sense (Russell, 1988). Hence, consumers tend to consume expensive goods to support their identity of being luxurious and extravagant. Luxury brands help the consumers develop a feeling of identity that they can present by using such brands (Wu, Nguyen, & Chen, 2015). A study on different Asian consumers showed Indian consumers are more prone to luxury consumption directed by social groups. In contrast, Indonesian consumers are more concerned with self-directed luxury consumption (Shukla et al., 2015). Thus, further research is required among Asian consumers regarding the role of personal value in luxury consumption. For this study, hedonism, materialism, and extended self are studied to understand the influence of personal values on luxury consumers.

### **2.4.1 Hedonism**

Luxury goods have always been associated with buying things that reflect exclusiveness that satisfies desires and emotions but are not necessarily essential (Loureiro & Araújo, 2014). Luxury mainly expresses the pleasures, desires, and feelings of the consumers. Hedonism is what answers 'how people feel when they own a luxury good'. Hedonic value is obtained



through sensory gratification from luxury good consumption (Lawry, Choi, Toure, & Eastlick, 2010). It explains the experience, emotion, and feeling of luxury good consumption. Hedonism value is gained by consuming goods with emotional benefits.

When it comes to shopping, hedonism significantly influences personal values (Christodoulides et al., 2009). Hedonism is related to the intimate nature of the consumers, which explains why consumers are loyal to luxury brands and buy their products (Loureiro & Araújo, 2014). The growing popularity of consumption in society has given rise to consumption culture, leading to consumers being more irrational and volatile by each day. This irrationality and volatility of consumer's desires can be appropriately understood only when the emotional dimension of consumption is studied (Illouz, 2009). The hedonic aspects like pleasure and beauty of owning luxury goods are essential drivers of luxury consumption (Wiedmann et al., 2009). Consumers who desire to enjoy the top things in life believe that buying authentic luxury goods provides a sense of gratification (Malla & Yukongdi, 2020). Hedonism defines how consumers feel from consuming luxury goods and how that feeling gives them a sense of pleasure and fulfillment.

#### **2.4.2 Extended self**

Consumers have shifted their attention from basic products to luxury products in hopes of creating an identity for themselves (Dogan et al., 2020). Consumers use identity values to assess the relation between luxury goods and self-image (Lawry et al., 2010; Loureiro & Araújo, 2014; Wiedmann et al., 2009). A person builds his identity by consuming brands that best represent the image of his personality (Salem & Salem, 2018). Scholars have studied how luxury possessions contribute to constructing and maintaining a personal identity (Loussaïef, Ulrich, & Damay, 2019). Each individual has different expectations of how they want their image and identity to be. Buying, owning, and consuming luxury goods helps build and preserve self-identity and self-confidence (Zhang & Zhao, 2019). Thus, self-identity is a significant way of understanding the luxury consumption behavior of consumers (Salem & Salem, 2018).

The concept of self-identity is closely related to the concept of extended self. It is not desirable to distinguish between things that comprise the inner self and things that comprise the extended self, so it is more suitable to regard extendedness as relative to self (Russell, 1989). In a society where outer appearance plays a vital role in people's lives, material possession that helps extend the self, protect, display, and transform it has been popular among researchers (Loussaïef et al., 2019). Luxury brands are powerful communicators of messages about the owner (Wu et al.,

2015). Extended-self is a dynamic concept that includes everything regarded as 'me' (Russell, 1989). The extended self consists of both the self-identity concept and the part of self-identity that consumers define through possessions (Russell, 1988; Sivadas & Venkatesh, 1995). The extended-self constructs are built upon the idea that consumers prefer to possess goods that can define their self-identity (Sivadas & Venkatesh, 1995). Consumers buy products to define their identity, which they consider abstract and vague (Sharda & Bhat Anil, 2018). People tend to invest in their self-identity by possessing goods that best reflect their identities (Russell, 1988). An interesting finding by Aliyev and Wagner (2018) suggested that the extended self plays a significant role in the luxury purchase intention of Eastern consumers.

### **2.4.3 Materialism**

Materialism focuses on the influence of acquisition and possession in the luxury consumption behavior of consumers. Materialism can be defined by the importance consumers attach to worldly possessions and the desirability of acquiring and possessing things (Ger & Belk, 1999). Researchers believe non-western consumers tend to pursue an image of western consumers to improve their lives materially (Kim & Jang, 2017). According to Kim & Jang (2017), their consumption behavior is affected by individual materialistic desires in their study on upscale café consumption in young Korean consumers. However, the positive role of materialism in emerging markets has been contradicted by some researchers like Shukla (2012). Shukla (2012) suggested in his study that materialism has a significant role in luxury consumption in both developed and emerging markets, but the role was increasingly significant in developed western markets.

### **2.5 Luxury consumption and Asian consumers**

Luxury consumption is no longer just for wealthy westerners (Preston & MacMillan-Ladd, 2021) and popular among upper-middle-class Asian consumers who tend to judge each other based on what they consume. In most emerging Asian economies, the rise in disposable income levels has led to growth in luxury consumption among the youths than previous generations (Sharda & Bhat Anil, 2018; Wu Meng-Shan et al., 2015). Similarly, as more young Nepalese consumers have access to unprecedented disposable income, modern consumption practices are getting famous (Grossman-Thompson, 2017).

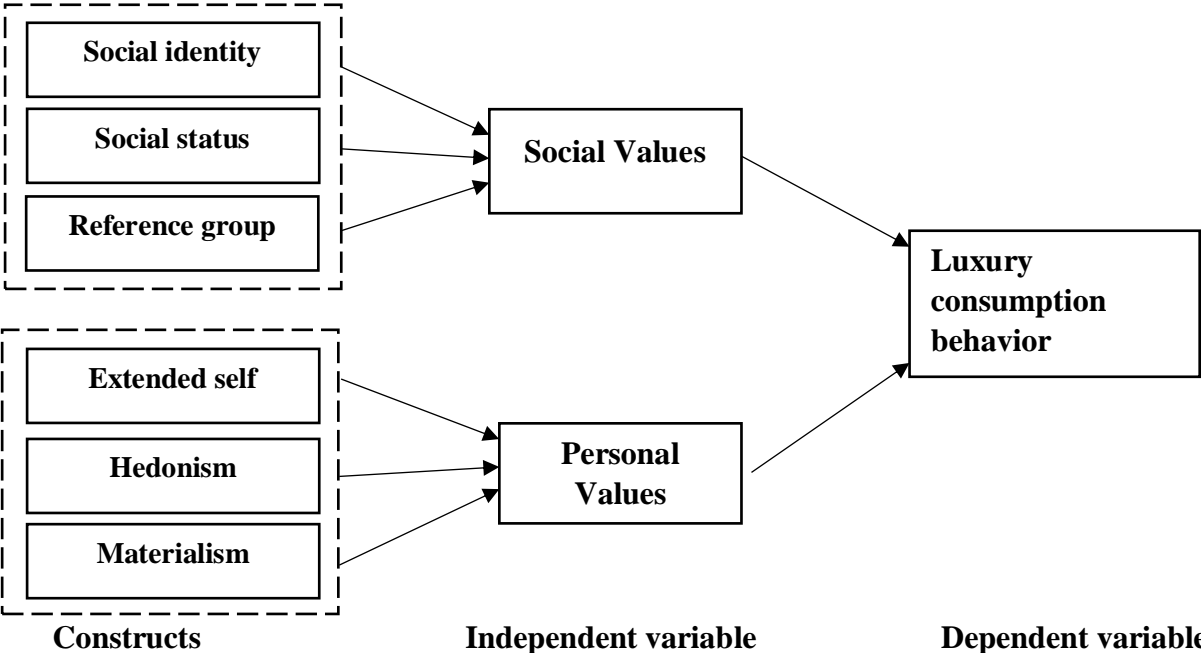
Most people these days regard many high-end luxury goods as essentials (Lewis & Moital, 2016). Even though luxury consumption seems to be decreasing in the West due to the slowing world economy, it is growing in the emerging economies of Asia and the Middle East (Tynan et al., 2010). Brands that once targeted wealthy consumers have launched brands or product extensions targeting middle-class consumers (Vigneron & Johnson, 2004). Even so, Stathopoulou & Balabanis (2019) argue that a close comparison of luxury consumption across countries shows that there is no significant variance in luxury consumption as per income level. In recent times, most people are driven by the desire to consume non-utilitarian goods giving rise to ‘consumption culture’ (Sharda & Bhat Anil, 2018), making income factors less important. They argue that other important factors like human values are more suitable to understand the luxury consumption pattern among different cultures or countries. Another study conducted among Nepalese consumers shows that luxury consumption is popular among middle-class people to maintain face and status despite their income structure (Karki, 2017). Nepal is a rapidly urbanizing country in South Asia so, an increasing number of Nepalese experience urban livelihood (Grossman-Thompson, 2017), which includes being part of a consumption society. It is very common for consumers to spend their entire month’s salary or even save for several months to buy one piece of luxury (Wu Meng-Shan et al., 2015). Thus, the wealthiness of the consumers has very little significance to luxury consumption which has led to more and more Asian consumers buying luxury goods.

## **2.6 Luxury brand and young consumers**

According to Kapferer & Michaut (2016), Generation Y consumers are the next source of growth in the luxury industry. Scholars like Aliyev & Wagner (2018) have suggested that “age is negatively correlated with luxury purchase intentions”, so it is more reliable to study younger consumers than any other age group to learn about luxury consumption behavior (Nayeem, 2012). Young consumers are brand conscious, mainly because of the adoption of new culture, fashion, and influences due to increased exposure to western lifestyle through social media (Sharda & Bhat Anil, 2018; Wu Meng-Shan et al., 2015). Other reasons might include influence from family and friends and the rising popularity of traveling for both education and leisure among young people. According to a study done to understand the relationship between demographics and luxury consumption, consumers of the age group 24-29 years were highly conspicuous consumers with the higher intention of purchasing luxury goods (Lewis & Moital, 2016). Young Nepalese consumers have better disposable income now and tend to craft identity

in society as modern commodity users through consumption practices (Grossman-Thompson, 2017), making luxury consumption more popular.

**2.7 Conceptual framework**



*Figure 2-2 Conceptual framework*

As seen in Figure 2-2, the conceptual framework shows how the price-driven values and consumer-driven values affect the *luxury consumption behavior* of young collectivist consumers. The non-personal values- *social identity, social status, and reference group*- are chosen to understand whether these values positively affect the luxury consumption of collectivists in both collectivistic and individualistic society or just in a collectivistic society. Likewise, the personal values- *hedonism, materialism, and extended self* are chosen to understand if these values have a negative effect in both collectivistic and individualistic society or not. The personal and non-personal values were introduced as Brand Luxury Index by Vigneron & Johnson (2004) and consisted of five values- conspicuousness, uniqueness, quality, hedonism, and extended-self. The conspicuousness and uniqueness values are removed in this study because conspicuousness and uniqueness have no significant effect on luxury purchase

intention among consumers (Aliyev & Wagner, 2018). Instead, social identity has been added in this framework based on a previous study by Shukla (2012). Likewise, social status, reference group, and materialism is added based on researchers like Kim & Jang (2017), Shukla (2012), and Shukla et al. (2015).

## **2.8 Variables and constructs**

Social values and Personal values are the Independent variables, whereas Luxury consumption behavior is the Dependent variable. The social value constructs are social identity, social status, and reference group, and the personal value constructs are hedonism, materialism, and the extended self.

## **2.9 Hypotheses**

Based on the conceptual framework created above, the following hypotheses are generated.

### **2.9.1 Social value and luxury consumption**

Various researchers argue that the need for social values in collectivist society has led to a rapid increase in luxury consumption among young Asian consumers. For example, in modern China, workers migrate from rural areas to urban cities in search of better opportunities and get caught between two cultural realities, where they struggle to maintain their social identities (Huang & Wang, 2018). Such migrant workers learn the consumption pattern of urban residents and consume high-end branded goods. A similar social context in Nepal shows Nepalese women, who migrate in search of wage, encounter cultural anxieties associated with commodity consumption and tensions regarding their role in modern Nepal (Grossman-Thompson, 2017). Such importance of social identity tends to be more relevant in a collectivist culture.

Furthermore, a study on the meaning of ‘fatherhood’ among Nepalese men in Norway suggested, the fathers did acknowledge the cultural variations and participated in moments like childbirth, involvement in child-care, and outdoor activities with their children. Still, despite the acculturation, they expressed strong regard for transferring the family and social values of Nepalese culture, which they lacked in individualistic Norwegian culture (Ghimire, 2019). Thus, social values significantly influence the luxury value perception of Asian consumers (Shukla et al., 2015).

H1a. Social values have a significant positive influence on luxury buying behavior among young collectivist consumers in a collectivist society.

H1b. Social values have a significant positive influence on luxury buying behavior among young collectivist consumers in an individualistic society.

### **2.9.2 Personal value and luxury consumption**

Consumers who rely on their personal values instead of inter-personal influence are more susceptible to be hedonic consumers (Vigneron & Johnson, 2004). Researchers have varying results regarding hedonism. Research on luxury consumers from the UK and India showed no significant relationship between hedonic values and luxury (Shukla & Purani, 2012). However, Shukla (2012) found individualists are more inclined toward hedonic values than collectivists. This finding was supported by Aliyev & Wagner (2018), whose results showed hedonism has no significant impact on luxury purchase intention on collectivist consumers.

Similarly, researchers need to understand the meanings that consumers attach to possessions to understand their consumption behavior. The key to understanding the importance of possessions is recognizing how the consumers knowingly or unknowingly regard possessions as parts of them (Russell, 1988). The extended self investigates the relationship between the consumers' sense of self and their possessions (Russell, 1988, 1989). Consumers are concerned with creating the desired version of identity of themselves that best describes who they are. Researchers have concerns that some collectivist consumers tend to buy luxury goods for creating their identity (Shukla et al., 2015) despite the common belief that collectivists possess luxury goods for social values rather than self-directed personal values. It is crucial to understand if collectivist consumers are influenced by western individualistic culture and are concerned with creating a distinct identity through luxury possession or if they still buy luxury goods for social status.

H2a. Personal values do not have a significant positive influence on luxury buying behavior among young collectivist consumers in a collectivist society.

H2b. Personal values do not have a significant positive influence on luxury buying behavior among young collectivist consumers in an individualistic society.

### **3 Method**

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*This chapter of the dissertation describes the research setting, explains the techniques for data collection, and outlines the model used for this research. The chapter has several sub-sections illustrating the research design, research approach, research method, sampling, data collection, and data analysis. The chapter also describes how the study's credibility is ensured.*

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#### **3.1 Research Methodology**

To better understand different stages of research methodology, 'The Research Onion' model is used. The model was developed by Saunders, Lewis & Thornhill (2009) to help create a better and organized methodology for research. The Research Onion model shows how different elements of research can be examined to develop a final research design. When using this model, researchers should start from the outer layers consisting of philosophies, approaches, strategies, time horizon, and techniques, and peel them away to reach the center (Saunders, Lewis, & Thornhill, 2012, p. 106).

#### **3.2 Research Philosophy**

Research philosophy is the principle and belief from which research is conducted. This research paper intends to develop knowledge regarding the aspects related to luxury consumption. It is necessary to make ontological and epistemological assumptions to shape how the research questions and findings are interpreted. Ontology raises questions regarding how the world operates (Saunders et al., 2012, p. 110). Epistemology required valid information to conduct research.

According to Saunders et al. (2012), the four main research philosophies relating to epistemology are positivism, realism, interpretivism, and pragmatism. Positivism is about finding the most objective approach to gather information. Realism is somehow like positivism and assumes reality is independent of the subject. Meanwhile, the philosophy of interpretivism suggests that individuals have their own perception of reality. The philosophy of pragmatism believes the world is complex and can be explained in multiple ways (Saunders et al., 2012, p. 109). Positivism and realism are often related to quantitative research, whereas interpretivism and pragmatism are related to qualitative research.

In this research paper, the philosophy of realism is suitable. The reliability of information depends on the subject's perceptions and characteristics which can vary with cultural contexts. Realism philosophy focuses on explaining within contexts (Saunders et al., 2012, p. 119). People acquire knowledge throughout their lifetime, which means their perception can vary with the new knowledge. The social world is constantly changing, and with that, consumer values are dynamic and ever-changing (Hennigs et al., 2015), so the researcher must understand that the impacts of social structures are not fixed. The realism theory argues that the researchers can change the social world if they identify what generates those changes (Bryman & Bell, 2011, p. 17).

### **3.3 Research Approach**

After choosing the appropriate research philosophy, the research onion suggests that a proper research approach must be picked. There are two types of research approaches- deductive and inductive. The deductive approach starts with observation of literature review and already existing theories to develop hypotheses. After developing hypotheses, researchers need to collect data to test the hypotheses and check if the hypotheses can be confirmed or rejected. It is the "most common view of the relationship between theory and research" (Bryman & Bell, 2011, p. 11). In contrast, the inductive approach starts with observing the data collections to create a new theory (Saunders et al., 2012, p. 124). In this study, the deductive method is suitable because the research starts with observation of existing approaches and literature related to luxury value perception between individualists and collectivists. The research uses the Brand Luxury Index model developed by Vigneron & Johnson (2004) to create a conceptual framework for generating hypotheses.

### **3.4 Research Strategy**

A research strategy is an overall plan on how to conduct research. Researchers can choose between mono, mixed and multiple strategies. In a mono strategy, only one strategy is used, i.e., either quantitative or qualitative approach. In mixed strategy, both qualitative and quantitative methods are used, and in multi-strategy, more than one quantitative or more than one qualitative strategy is used. In this dissertation, a quantitative method is used because quantitative research is a deductive approach for numerical analysis. Quantitative research helps generalize the results gathered from the survey and uses mathematical tools to test whether the study's hypotheses are supported. In the quantitative method, various data



collection and data analysis methods are used to process the numerical data. In this thesis, underlying motivation factors of luxury consumption are studied in different cultural contexts.

Likewise, while research strategy supports a high level, a research method is needed to provide more detailed support. A research method is simply a data collection technique for research (Bryman & Bell, 2011, p. 41). Various research methods such as interviews, surveys, case studies, experimental research, action research, and systematic literature review. In this study, survey is the right strategy for data collection. A questionnaire survey is a common strategy in business research. The survey gives the researchers the ability to collect data from a larger population from different areas. It is a relatively cheaper and quicker method of gathering a large number of data regarding consumer behavior (Bryman & Bell, 2011, p. 233). Surveys take many forms like face-to-face surveys, telephone or internet surveys. Internet survey allows researchers to collect data worldwide economically and efficiently in a shorter period (Lefever, Dal, & Matthíasdóttir, 2007). With the ongoing pandemic, travel restrictions are high and online survey allows collecting many data without traveling. However, the survey has few limitations, such as it does not let researchers get follow-up questions. Similarly, internet surveys might attract fraudulent respondents who might not answer truthfully or even negligent respondents who might postpone filling out the survey and forget about it (Lefever et al., 2007). But with the nature of this dissertation and current social context, online questionnaire survey is the most suitable method for data collection for this study.

### **3.5 Time Horizon**

Observations are usually of two types: cross-sectional and longitudinal. The longitudinal data is used when the observations are from a different time, and the cross-sectional data is used when all observations are from the same time frame. A cross-sectional study is conducted in this research since the data is collected in a specific time frame. Cross-sectional studies are designed to study variables in different contexts but at the same time. Here, the variables are studied in two cultural contexts, and the data was collected once in a relatively short period.

### **3.6 Data Collection Method**

Data collection is an important step in every research. The data collection method includes the data sources for the study, a proper sample, and suitable survey design construction.

### **3.6.1 Data source**

This study required both primary and secondary data collection.

#### **3.6.1.1 Primary Data**

Primary data is collected by a researcher for their specific problem using procedures that best fit the situation (Hox & Boeije, 2005). It is the first-hand data collected through interviews, surveys, and focus groups. In this research, an online survey was used to collect the primary data. In a self-completion questionnaire, there are no interviewers, and respondents read and answer the questions themselves (Bryman & Bell, 2011, p. 232). The questionnaire was distributed through e-mails and various social networking sites.

#### **3.6.1.2 Secondary Data**

Secondary data is the data created by other researchers that are made available for the general research community to be reused (Hox & Boeije, 2005). Every time primary data is collected, it is added to the existing collection of knowledge and is identified as secondary data. The secondary data for this research are various books, websites, and online databases that are important sources of articles, journals, and research papers related to the study.

### **3.6.2 Sample**

Researchers can't collect data from the entire population, so they select a sample to reduce the number of cases to collect data (Taherdoost, 2016). It is a segment of the population selected for research (Bryman & Bell, 2011, p. 217). The data collected from the sample is used to infer information about the entire population (Fricker, 2008, p. 196; Taherdoost, 2016). Sampling techniques are generally of two types: Probability and non-probability sampling. Non-probability sampling is a technique in which subjective judgment plays a role in selecting the sample (Henry, 1990, p. 17). It is usually associated with qualitative research and case study research design (Taherdoost, 2016). Probability sampling is the sampling technique that gives every member of the population an equal chance to be selected for the sample (Etikan & Bala, 2017).

For this research, non-probability sampling is best suited due to the limited time frame for completing the dissertation. There are various types of non-probability sampling, among which convenience sampling is used here. The study is targeted towards young collectivist consumers,

so Nepalese business students belonging to the age group (20-34) years are selected for the study. Furthermore, the study focuses on studying collectivist consumers in both collectivist and individualist societies. So, for convenience, Nepalese business students living in Nepal and those living in Norway are selected to participate in the survey. Respondents in Nepal were students living in the capital city, Kathmandu, and respondents from Norway were selected randomly from various universities throughout the country because of the lower number of Nepalese students in Norway. Convenience sampling selects individuals based on their availability for the research (Henry, 1990, p. 18). Hence, due to the easy availability of respondents for the survey and limited time frame, convenience random sampling is used. Fifty respondents each from the two countries filled out the survey with a total of 100 responses.

### **3.6.3 Questionnaire design**

To make the survey questions easy to understand, the questionnaire was prepared in English and included all the relevant concepts from the hypotheses in a clear and simple format. The survey is designed to be anonymous so that chances of bias are minimized. The respondents do not have to give out their personal information, which also reduces the confidentiality issues. The survey was distributed from the second week of April until the end of April through e-mail, social media platforms like Facebook, and instant messaging applications like Viber, which is popular among Nepalese. The responses were collected in a standard form, where the answers were designed on a five-point scale. The scale ranges from *Totally agree* to *Totally disagree*, with the middle point being *Neither/nor*.

The operationalization is based on the literature review to generate valid survey questions for the hypotheses test. The questionnaire was prepared by using measurement items previously studied by researchers like Kim & Jang (2017), Hennigs et al. (2012), Hennigs et al. (2015), Sun et al. (2016), Shukla et al. (2015), Shukla (2012), Lewis & Moital (2016), Zhang & Zhao (2019), Loureiro & Araújo (2014) and Wu Meng-Shan et al. (2015) to ensure validity. The questionnaire starts with a brief description of the survey for the respondents, which is followed by some demographical questions like age, nationality, income, etc. And then, the survey questions about the dependent variable and independent variable are included. Question 1-3 were regarding the dependent variable *luxury consumption behavior* and were adapted from the work of Shukla (2012) and Shukla et al. (2015).

The independent variable *social value* has three constructs. Question 4-8 were designed for the *reference group* construct and were adapted from Kim & Jang (2017), Hennigs et al. (2015), and Sun et al. (2016). Question 9-12 were designed for *social status* and were adapted from Shukla (2012), Shukla et al. (2015) and Lewis & Moital (2017), and Question 13-17 for *social identity* and were adapted from Hennigs et al. (2012), Hennigs et al. (2015) and Zhang & Zhao (2019). Similarly, the *personal value* also had three constructs. Question 18-22 were for *hedonism* and were based on Loureiro & Araújo (2014) and Shukla (2012), Question 23-26 for *materialism* construct based on Loureiro & Araújo (2014), Kim & Jang (2017) and Shukla (2012), question 27-30 were for *extended self* construct and were based on Loureiro & Araújo (2014) and Wu Meng-Shan (2015). Below is an overview of the constructs and measurement items, along with their sources. The full version of the questionnaire is presented in the Appendix.

<b>Constructs</b>	<b>Measurement items</b>	<b>Source</b>
<b>Luxury consumption behavior</b>	I believe the higher price of luxury goods indicates higher quality and sophisticated goods.	(Shukla, 2012)
	I believe it is fair to pay more for the best product.	
<b>Social values</b> Reference group	I often tend to buy luxury goods that my friends recommend.	(Kim & Jang, 2017)
	I am concerned with what my friends think of the luxury goods that I purchase.	
	Owning luxury goods makes me popular among my social group	
	I think luxury goods helps me to be accepted among my peers.	(Hennigs et al., 2015)
	Buying luxury goods gives me a sense of belonging.	(Sun et al., 2016)
Social status	Owning luxury goods gives me a sense of prestige.	(Shukla et al., 2015)
	I think owning luxury goods indicates a symbol of my achievements.	
	I think buying luxury goods helps me to gain a superior social status for me.	(Shukla, 2012)
	Luxurious clothes and accessories show how successful I am in my life.	(Lewis & Moital, 2016)

Social identity	When I buy luxury goods, I am concerned with what others might think of me.	(Hennigs et al., 2012)
	It is important for me to know what others think of people who buy luxury goods.	
	I tend to be more worried of what others might think about the way I dress and look.	
	When I wear luxury clothes and accessories, I feel like other people have a better impression of me.	(Zhang & Zhao, 2019)
	I like to buy luxury goods that will give a good impression of me on others.	(Hennigs et al., 2015)
<b>Personal values</b> Materialism	It is important for me to own expensive luxury things.	(Shukla, 2012)
	I would like to have a luxurious lifestyle.	(Kim & Jang, 2017)
	I would be happier if I could afford more luxury goods.	(Loureiro & Araújo, 2014)
	It worries me that I cannot afford the luxury goods that I like.	
Extended self	I like to express who I am through what I consume.	(Loureiro & Araújo, 2014)
	I like to buy luxury goods that are consistent with my identity.	
	The luxury goods I buy reflects who I think I am and not what others think I am	
	I feel like my identity has been lost if my luxury goods are stolen.	(Wu Meng-Shan et al., 2015)
Hedonism	I feel satisfied when I buy luxury goods despite having to lose a large amount of my salary/savings.	(Loureiro & Araújo, 2014; Sun et al., 2016)
	Buying luxury goods gives me pleasure no matter what others think about them.	
	I enjoy luxury goods on my own terms only.	
	I feel excited when I shop for luxury goods.	(Shukla, 2012)
	My bad mood gets better after I buy luxury goods.	

*Table 3-1 Constructs and measurement items*

### 3.6.4 Data Analysis Techniques

Measurement is important in the quantitative study because it provides the instrument for estimating the differences, which further helps researchers get an accurate degree of

relationship between variables and stay consistent over time (Bryman & Bell, 2011, p. 154). The researchers have to use several data analysis techniques to test the relationship between variables (Bryman & Bell, 2011, p. 152). Every researcher who uses quantitative data needs to have a good comprehension of statistics (Taylor & Cihon, 2004, p. 19). In this research, the statistical tool SPSS (Statistical Product and Service Solutions) is used. SPSS is an integrated computer program system that provides the researchers with comprehensive procedures for data transformation (Ho, 2018, p. 11). It is the most preferred computer software to analyze quantitative data (Bryman & Bell, 2011, p. 360). SPSS is used in this research because it makes data analysis easy and flexible. SPSS helped to get accurate results and conduct various analyses to test the hypotheses of this study.

### **3.6.5 Descriptive Statistics**

Descriptive statistics is an important tool to compute different data variables and provide summaries of the sample and measures of the data. The most common types of descriptive analysis are arithmetic mean, median, and standard deviation. It is important because it summarizes the characteristics of the data set. For this research, mean, standard deviation, frequency and percentile are used to provide a detailed overview of respondents and variables used in the study.

### **3.6.6 Pearson correlation**

A correlation represents the nature and size of the linear relationship between the variables (Cramer, 2003, p. 16). Pearson Correlation analysis is used when the researchers want to determine the strength and direction of the relationship between two continuous variables (Pallant, 2007, p. 120). The coefficient lies between 0 and 1. If the coefficient is closer to 1, the relationship is stronger, and if it is closer to 0, the association is weaker (Bryman & Bell, 2011, p. 347). The Pearson Correlation Coefficient (PCC) is used in this research to analyze the relationship between dependent and independent variables.

### **3.6.7 Multiple regression**

Regression analysis is used to understand how one variable affects another variable. Unlike the correlation coefficient, which only shows the relationship between them, regression analysis shows the cause and effect relationship. Multiple regression analysis is used for this research

because it allows researchers to determine the relationship between the dependent and independent variables.

### **3.6.8 Analysis of Variances**

ANOVA is used when the research has two or more independent groups, and the researcher wants to compare their mean scores on a dependent variable (Pallant, 2007, p. 92). One-way ANOVA is of two types: repeated measures ANOVA and between-groups ANOVA. In this study, between-groups is suitable because it requires comparing the mean score of two different groups of people. Unlike repeated measures where the same group of people is studied on more than two occasions, between-groups collect data only once. In one way, ANOVA researcher assumes dependent variable is measured at interval or ratio level, and two or more independent groups are present (Rietveld & Hout, 2010, p. 13).

## **3.7 Credibility of Findings**

According to Bryman & Bell (2011), there are two crucial areas that researchers have to take into consideration- validity and reliability. A researcher should be able to ensure that their study is credible.

### **3.7.1 Reliability Analysis**

Reliability is about the consistency of the measure of the study (Bryman & Bell, 2011, p. 158). According to Bryman & Bell (2011), the reliability of the study ensures Stability, Internal reliability, and Inter-observer consistency.

In this study, reliability was assured by Cronbach's alpha. Cronbach's alpha is one of the most approved and common tests for internal reliability, which calculates the average of all reliability coefficients split into two groups (Bryman & Bell, 2011, p. 159). Cronbach's alpha is very popular in quantitative data analysis. It is essential to ensure that all the indicators are related to each other. According to Cronbach's alpha, the alpha coefficient varies between 0 and 1, where 0 suggests no internal reliability and 1 suggests perfect internal reliability. According to Bryman & Bell (2010), 0.8 shows an acceptable level of internal reliability, but some researchers prefer a lower score. For this research, 0.7 is considered as an acceptable level.

### 3.7.2 Validity

Validity is associated with “whether or not a measure of the concept measures the concept” (Bryman & Bell, 2011, p. 159). According to Bryman & Bell (2010), validity can be explored through face validity, concurrent validity, predictive validity, construct validity, and convergent validity. In this research, construct validity is ensured using already used luxury value constructs from Aliyev & Wagner (2018) and Vigneron & Johnson (2004). The constructs related to luxury consumption theories like *luxury value perception*, *luxury consumption behavior*, *luxury consumption by young consumers*, *luxury consumption by Asian consumers* are the primary constructs for this thesis. A thoroughly explained theoretical framework validated the constructs. Construct validity is related to the deduction of hypotheses from theories relevant to the study (Bryman & Bell, 2011, p. 160). Hypotheses are developed from related theory that is relevant to the constructs, which make the study valid. To further ensure the validity of a measure of concept, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and Bartlett’s test of Sphericity is used in this study. The KMO is a statistic used to measure sampling adequacy. It indicates the proportion of variance in the variables used in the study. Bartlett’s test of Sphericity tests if the correlation matrix of the study is an identity matrix and suggests if the variables are unrelated and unsuitable.



## 4 Empirical Findings

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*This chapter illustrates the empirical findings of data collected through the questionnaire survey from the respondents. Data collected are analyzed using the statistical tool SPSS. The chapter starts with a brief overview of the demographic profile of the respondents. It further illustrates the descriptive analysis of the data, followed by correlation analysis and regression analysis. The chapter ends with a brief explanation of all major findings of the study.*

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### 4.1 Demographic profile of respondents

In this section, the demographic profile, which will help get insight into the demographic characteristics of the respondents, is discussed. The demographic profile includes gender, age group, level of highest education completed, current occupation, and salary level.

#### 4.1.1 Respondent's profile by Gender

Country of residence		Frequency	%
Nepal	Female	37	74.0%
	Male	13	26.0%
	Total	50	100.0%
Norway	Female	19	38.0%
	Male	31	62.0%
	Total	50	100.0%

*Table 4-1 Respondent's profile by gender*

As represented by table 4-1, out of 50 respondents in Nepal, 37 were female, and 13 were male. Meanwhile, there were 19 females and 31 male respondents in the 50 respondents from Norway.

#### 4.1.2 Respondent's profile by age group

Country of residence		Frequency	Percent
Nepal	20-24	16	32.0%
	25-29	23	46.0%
	30-34	11	22.0%
	Total	50	100.0%
Norway	20-24	3	6.0%
	25-29	35	70.0%
	30-34	12	24.0%

	Total	50	100.0%
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*Table 4-2 Respondent's profile by age group*

The respondents' age group is kept between 20-34 years because the study targets young students who are working and can afford luxury clothes and accessories. In both Nepal and Norway, most respondents fall between the age group 25-29 years. 46% of the respondents in Nepal and 70% of the respondents in Norway fall in that age group.

#### 4.1.3 Respondent's profile by education

Country of residence		Frequency	Percent
<b>Nepal</b>	Bachelor's degree	26	52.0%
	Master's degree	24	48.0%
	Doctorate	0	0.0%
	Total	50	100.0%
<b>Norway</b>	Bachelor's degree	26	52.0%
	Master's degree	22	44.0%
	Doctorate	2	4.0%
	Total	50	100.0%

*Table 4-3 Respondent's profile by highest level of education completed*

As table 4-3 suggests, 52% of the respondents have completed a bachelor's degree and are pursuing a master's degree at the moment in both Nepal and Norway. The table shows there are no respondents in Nepal who have finished doctorate within the age of 34. This is mainly because Nepalese students prefer to work full time after finishing their master's degree, and very few pursue doctorate-level immediately. Meanwhile, in Norway, 2 of our respondents had recently completed their doctorate level of education.

#### 4.1.4 Respondent's profile by occupation

Country of residence		Frequency	Percent
<b>Nepal</b>	Self-employed	9	18.0%
	Part-time	11	22.0%
	Full-time	30	60.0%
	Total	50	100.0%
<b>Norway</b>	Self-employed	5	10.0%
	Part-time	28	56.0%
	Full-time	17	34.0%
	Total	50	100.0%

*Table 4-4 Respondent's profile by current occupation*

Table 4-4 suggests that 60% of the respondents living in Nepal work full-time. Since most universities in Nepal have morning classes, students are allowed to work full-time during the day. Hence, students studying at both bachelor level and master level can have full-time work. 22% of the respondents work part-time, and 18% of them are self-employed. According to a report by World Bank, 21% of employed women of age group 16-24 years and 20% of age group 25-34 years are self-employed in Nepal. Similarly, 11% of employed men of age group 16-24 years and 4% of age group 25-34 years are self-employed ("Youth Employment in Nepal," 2018). Meanwhile, in Norway, 56% of respondents work part-time, which is because students are allowed to work part-time. Among the recent graduates, 34% work full-time and 10% are self-employed.

#### 4.1.5 Respondent's profile by level of income

Country of residence		Frequency	Percent
Nepal (in NRS)	15-000-24,000	17	34.0%
	25,000-34,000	10	20.0%
	35,000-44,000	13	26.0%
	Above 45,000	10	20.0%
	Total	50	100%
Norway (in NOK)	15-000-24,000	34	68.0%
	25,000-34,000	7	14.0%
	35,000-44,000	7	14.0%
	Above 45,000	2	4.0%
	Total	50	100.0%

*Table 4-5 Respondent's profile by level of income*

Table 4-5 suggests that 68% of Nepalese earn between 15,000 Nepalese Rupee to 24,000 Nepalese Rupee while 20% earn above 45,000 Nepalese Rupee. This shows that 68% of the respondents have to save their salary for few months to afford luxury clothing or accessory. Likewise, in Norway, 68% earn between 15,000 Norwegian Kroner to 24,000 Norwegian Kroner, and only 4% earn above 45,000 Norwegian Kroner. With the expensive living conditions of Norway, the respondents also have to wait few months to afford such luxury items.

## 4.2 Frequency of luxury clothes and accessories consumption

Country of residence		Frequency	Percent
Nepal	Once a month	5	10.0%
	Once every few months	22	44.0%
	Once a year	23	46.0%
	Total	50	100.0%
Norway	Once a month	19	38.0%
	Once every few months	25	50.0%
	Once a year	6	12.0%
	Total	50	100.0%

*Table 4-6 Frequency of luxury clothes and accessories consumption by respondents*

As shown in table 4-6, most respondents buy luxury clothes and accessories once every few months (44% in Nepal and 50% in Norway). 38% buy luxury clothes and accessories every month in Norway, and only 10% of the respondents can afford to buy them every month in Nepal.

## 4.3 Validity test

Validity makes sure inferences can be drawn from the tests related to the concept being studied. The KMO values should be high and closer to 1 since it indicates that factor analysis is helpful for the study variables. If variables have common factors, the correlation should be small, and KMO should be high. KMO value should not be less than 0.6. For Bartlett's test of Sphericity, values should be less than 0.05 significance level to indicate that factor analysis will be helpful in the study.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	163.506
	Df	15
	Sig.	.000
a. Country of residence = Nepal		

*Table 4-7 KMO and Bartlett's test for Nepal*

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.666
Bartlett's Test of Sphericity	Approx. Chi-Square	139.687
	Df	15
	Sig.	.000
a. Country of residence = Norway		

*Table 4-8 KMO and Bartlett's test for Norway*

For the responses from Nepal, the KMO value is 0.785, which is closer to 1, and Bartlett's Test of Sphericity is 0.000, so the validity of the data is proved. For the responses from Norway, the KMO value is 0.666, which is slightly lower than that of Nepal but is higher than 0.6. Bartlett's significance is 0.000. therefore, factor analysis is useful and valid for the study.

#### **4.4 Reliability analysis**

There are various ways to ensure the reliability of a study, for example, test-retest or internal consistency method. Cronbach's alpha is used in this study to measure the internal consistency of the results because the test is most reliable on a multiple-choice Likert scale survey. All the responses with the Likert scale are tested for reliability which generated the results shown in table 4.3. The rule of thumb indicates that a score of >0.7 is considered acceptable, so it has been used as the basis for acceptability in this study.

<b>Constructs</b>	<b>Nepal</b>	<b>Norway</b>
Reference group	0.913	0.831
Social status	0.880	0.922
Social identity	0.883	0.874
Hedonism	0.702	0.833
Materialism	0.841	0.562
Extended self	0.754	0.840

*Table 4-9 Summary of reliability analysis*

Table 4-9. shows that the measurement scales used in the study are greater than 0.7, which means the result is highly reliable, except for the construct '*materialism*'. *Materialism* has a reliability score of 0.562 only, so it does not show consistency in measurement. The constructs used in the study are tested before, which further assures the reliability of the result.

## 4.5 Descriptive analysis

This section elaborates the descriptive analysis of the data. Descriptive statistics summarize the basic features of the sample data of the study. Descriptive statistics measures- means and standard deviation- are used to understand the data collected for this study. All the questions used to analyze the constructs used in the study had a 5-point Likert scale ranging from 1- *totally agree* to 5- *totally disagree*.

### 4.5.1 Descriptive analysis of luxury consumption behavior measurement items

Country of residence	Nepal		Norway	
	Mean	Std. dev.	Mean	Std. dev.
L1. I believe the higher price of luxury goods indicates higher quality and sophisticated goods	2.26	.922	2.02	.979
L2. I believe it is fair to pay more for the best product	2.60	1.069	2.20	.728
L3. I would rather spend more on high-quality goods than on cheaper lower quality goods	2.36	.921	2.10	.863

*Table 4-10 Descriptive analysis of luxury consumption behavior measurement items*

Table 4-10. shows that there is a similarity among the respondents from Nepal and Norway. The respondents from both Nepal and Norway lean towards point 2 of the Likert scale, i.e., *Somewhat agree*. This descriptive analysis shows that young Nepalese in Nepal and Norway most agree with *I believe the higher price of luxury goods indicates higher quality and sophisticated goods* and least agree with *I believe it is fair to pay more for luxury product*. This means that although Nepalese luxury consumers believe that high price indicates high-quality goods, it is not fair to pay a high price for all luxury goods. The standard deviation shows that all statements have less deviation in responses, but responses from Nepal for L2 are deviant from the average response.

#### 4.5.2 Descriptive analysis of social value measurement items

Country of residence	Nepal		Norway	
	Mean	Std. dev.	Mean	Std. dev.
RG1. I often tend to buy luxury goods that my friends recommend.	2.64	1.306	2.54	.908
RG2. I am concerned with what my friends think of the luxury goods that I purchase.	2.66	1.287	2.84	1.113
RG3. I think luxury goods helps me to be accepted among my peers.	2.62	1.537	2.92	1.226
RG4. Buying luxury goods gives me a sense of belonging.	2.74	1.192	2.50	.789
RG5. Owning luxury goods makes me popular among my social group.	2.34	1.547	2.70	1.344
SI1. I like to buy luxury goods that will give a good impression of me on others.	2.52	1.328	2.46	1.199
SI2. When I wear luxury clothes and accessories, I feel like other people have a better impression of me.	1.88	1.062	2.12	1.172
SI3. When I buy luxury goods, I am concerned with what others might think of me.	2.86	1.443	2.90	1.055
SI4. It is important for me to know what others think of people who buy luxury goods.	3.10	1.111	3.04	1.087
SI5. I tend to be more worried of what others might think about the way I dress and look.	2.39	1.304	2.60	.969
SS1. I think buying luxury goods helps me to gain a superior social status for me.	2.20	1.525	2.60	1.370
SS2. I think owning luxury goods indicates a symbol of my achievements.	2.80	1.325	2.32	1.269
SS3. Luxurious clothes and accessories show how successful I am in my life.	3.06	1.504	2.57	1.307
SS4. Owning luxury goods gives me a sense of prestige.	2.44	1.264	2.66	1.118

*Table 4-11 Descriptive analysis of social value measurement items*

As shown in Table 4-11, RG1-RG5 is for the reference group, SI1-SI5 is for social identity, and SS1-SS4 is for social status. The response for RG5 has the lowest mean, which suggests when young Nepalese consumers buy expensive clothes and accessories, they buy more for popularity than acceptance. The standard deviation indicates all the responses are close to the mean response. Meanwhile, the mean responses from Norway for the statement '*Buying luxury goods gives me a sense of belonging*' has the lowest mean and standard deviation suggesting the respondents from Norway buy luxury goods for a sense of belonging.

The mean and standard deviation of social status measurement items for respondents from Nepal suggests superior social status and prestige are essential for young Nepalese consumers living in Nepal. The mean response for the statement *I believe it is fair to pay more for luxury products* is 2.20 and *Owning luxury goods gives me a sense of prestige* is comparatively closer to *somewhat agree*. Meanwhile, young Nepalese in Nepal are less concerned with success. *Luxurious clothes and accessories show how successful I am in my life* has the highest mean score of 3.06, which means most respondents responded with *neither/ nor*. However, the respondents from Norway believe wearing luxury clothes and accessories helps to reflect their success to others. The statements *I think owning luxury goods indicates a symbol of my achievements*, and *Luxurious clothes and accessories show how successful I am in my life* have a relatively lower mean score.

For social identity measurement items, the table suggests that the statement *When I wear luxury clothes and accessories, I feel like other people have a better impression of me* has the lowest mean score and standard deviation for responses from Nepal. It means that the Nepalese consumers living in Nepal agree the most with this statement. The respondents from Norway also agree the most with the above statement. The respondents from both Nepal and Norway are neutral with the statement *It is important for me to know what others think of people who buy luxury goods*.



### 4.5.3 Descriptive analysis of Personal value measurement items

Country of residence	Nepal		Norway	
	Mean	Std. Dev	Mean	Std. Dev
H1. I feel excited when I shop for luxury goods.	2.14	1.258	2.20	.833
H2. I feel satisfied when I buy luxury goods despite having to lose a large amount of my salary/savings.	3.40	1.385	2.74	1.157
H3. My bad mood gets better after I buy luxury goods.	2.78	1.166	3.08	1.175
H4. Buying luxury goods gives me pleasure no matter what others think about them.	3.36	1.045	2.84	1.235
H5. I enjoy luxury goods on my own terms only.	2.88	1.288	2.64	1.274
M1. It is important for me to own expensive things.	2.86	1.355	2.82	1.119
M2. I would be happier if I could afford more luxury goods.	2.26	1.306	2.52	1.035
M3. I would like to have a luxurious lifestyle.	1.92	1.122	2.20	.857
M4. It worries me that I cannot afford the luxury goods that I like.	2.58	1.180	3.44	1.053
E1. I like to express who I am through what I consume.	2.98	1.169	3.06	1.038
E2. I like to buy luxury goods that are consistent with my identity.	2.82	1.101	3.00	1.010
E3. The luxury goods I buy reflect who I think I am and not what others think I am.	2.88	1.256	2.60	1.143
E4. I feel like my identity has been lost if my luxury goods are stolen.	3.12	1.256	3.82	1.190

Table 4-12 Descriptive analysis of personal value measurement items

According to table 4-12, H1-H5 are measurement items for hedonism, M1-M4 are for materialism, and E1-E4 are for extended self. Respondents from both Nepal and Norway have the lowest mean score for the statement *I feel excited when I shop for luxury goods*. Respondents from Norway have a relatively low standard deviation for this statement, suggesting all responses are closer to the average response. They have a neutral response to the statement *My bad mood gets better after I buy luxury goods*. The respondents from Nepal have a neutral

response for *I feel satisfied when I buy luxury goods despite having to lose a large amount of my salary/ savings*, and *Buying luxury goods gives me pleasure no matter what others think about them*.

The table suggests that the statement *I would like to have a luxurious lifestyle* has the lowest mean and standard deviation for both Nepal and Norway. Young Nepalese consumers are attracted to luxurious lifestyles, but the statement *It is important for me to own expensive things* is leaning closer to the neutral response (neither/ nor). The descriptive statistics show that the respondents want to have a luxurious lifestyle, but they do not consider owning expensive things as an important issue. The respondents from Norway show a negative response to the statement *It worries me that I cannot afford the luxury goods that I like*.

The respondents from Nepal show a neutral response towards all the statements under the hedonism construct, suggesting respondents are less concerned about the extended self. The standard deviation is also similar in the statements. *I feel like my identity has been lost if my luxury goods are stolen* has a mean of 3.12 in Nepal and 3.82 in Norway. This suggests that those in Norway disagree with this statement.

#### 4.5.4 Descriptive analysis for constructs

Country of residence		Mean	Std. Deviation
Nepal	Reference group	2.5800	1.31071
	Social status	2.6100	1.31044
	Social identity	2.5900	1.26043
	Hedonism	3.0300	1.13574
	Materialism	2.3800	1.21033
	Extended self	2.9200	1.00691
Norway	Reference group	2.6600	.98167
	Social status	2.5000	1.24130
	Social identity	2.6400	1.00529
	Hedonism	2.7000	1.16496
	Materialism	2.6700	.82444
	Extended self	3.0800	.98125

*Table 4-13 Mean value and Standard deviation of the constructs*

The mean value for the respondents from Nepal suggests that ‘hedonism’ and ‘extended self’ have a neutral average response, which means most respondents in Nepal neither agree nor disagree with these constructs regarding their luxury consumption behavior. The low standard deviation for ‘hedonism’ and ‘extended self’ compared to others also suggests that most responses were closer to the average response. The rest of the variables have positive responses.

Similarly, the mean value for respondents from Norway suggests that the ‘extended self’ has a neutral response. The respondents in Norway, however, have a positive mean response to the other variables. The standard deviation for ‘extended self’ is relatively low so, the responses are closer to the average response.

**4.6 Correlation Analysis**

Pearson correlation analysis is used to understand the correlation of each combination of variables used in this study. The Pearson correlation (r) value helps to check the direction and strength of the relation. The direction of correlation can be understood through the positivity and negativity of the r-value. For example, a positive r value suggests that the variables independent variable X and dependent variable Y are positively correlated, which means if X increases, then Y also increases. Likewise, the strength of correlation can be interpreted using the rule of thumb on the coefficient range and associated strength.

<b>Coefficient range</b>	<b>Strength of association</b>
±0.91 to ±1.00	Very strong
±0.71 to ±0.90	Strong
±0.41 to ±0.70	Moderate
±0.21 to ±0.40	Small but definitive relation
±0.01 to ±0.20	Almost negligible

*Table 4-14 Rule of thumb for strength association (Hair, Money, Samouel, & Page, 2007)*

The correlation among the variables is illustrated in the correlation matrix. The correlation matrix helps to summarize the direction and strength of relation between the variables. Similarly, the level of significance also helps to identify if the relationship is significant. Table 4-15 indicates that all the combinations of variables have positive relation, except for the correlation between *materialism-social status* and *materialism-social identity*. The positive correlation suggests that the variables have a positive relationship and are moving in the same direction. For example, the correlation between *reference group* and *social status* is 0.723 so,

if the Nepalese consumers' *reference group* preference increases, their *social status* preference also increases. The correlation between *materialism* and *social status* is -0.165, so if the consumers prefer *materialism*, they do not prefer *social status*.

Country of residence			Luxury consumption behavior	Reference group	Social status	Social identity	Hedonism	Materialism	Extended self	
Nepal	Luxury consumption behavior	Correlation	1							
		Sig (2 tailed)								
	Reference group	Correlation	.290*	1						
		Sig.(2-tailed)	.041							
	Social status	Correlation	.340*	.723**	1					
		Sig (2 tailed)	.016	.000						
	Social identity	Correlation	.079	.777**	.732**	1				
		Sig (2 tailed)	.587	.000	.000					
	Hedonism	Correlation	.458**	.420**	.505**	.322*	1			
		Sig (2 tailed)	.001	.002	.000	.022				
	Materialism	Correlation	.078	.611**	.758**	.643**	.296*	1		
		Sig. (2-tailed)	.589	.000	.000	.000	.037			
	Extended self	Correlation	.291*	.322*	.432**	.408**	.538**	.348*	1	
		Sig. (2-tailed)	.040	.023	.002	.003	.000	.013		
	Norway	Luxury consumption behavior	Correlation	1						
			Sig. (2-tailed)							
		Reference group	Correlation	.432**	1					
			Sig. (2-tailed)	.002						
Social status		Correlation	.389**	.745**	1					
		Sig. (2-tailed)	.005	.000						
Social identity		Correlation	.325*	.742**	.793**	1				
		Sig. (2-tailed)	.021	.000	.000					
Hedonism		Correlation	.432**	.105	.028	.028	1			
		Sig. (2-tailed)	.002	.467	.846	.848				
Materialism		Correlation	.351*	.060	-.165	-.011	.500**	1		
		Sig. (2-tailed)	.012	.678	.254	.940	.000			
Extended self		Correlation	.142	.198	.163	.340*	.387**	.563**	1	
		Sig. (2-tailed)	.324	.167	.257	.016	.005	.000		
* Correlation is significant at 0.05 level (2-tailed).										
**. Correlation is significant at 0.01 level (2-tailed).										

Table 4-15 Correlation matrix

The correlation also helps to understand the strength of the relationship between variables. For respondents in Nepal, the *reference group* has weak relation with *luxury consumption behavior* (0.290), strong with *social status* (0.723) and *social identity* (0.777), moderate correlation with *hedonism* (0.420) and *materialism* (0.611), and weak relation with *extended self* (0.322). The *social status* construct has a weak correlation with *luxury consumption behavior* (0.340), strong relation with *social identity* (0.732), moderate relation with *hedonism* (0.505), strong relation with *materialism* (0.758), and moderate correlation with *extended self* (0.432). *Social identity* has almost negligible relation with *luxury consumption behavior* (0.079), weak relation with *hedonism* (0.322), moderate relation with *materialism* (0.643), and somewhat weak relation with *extended self* (0.408). The construct *hedonism* has a moderate association with *luxury consumption behavior* (0.458) and *extended self* (0.538) and a weak association with *materialism* (0.296). *Materialism* has an almost negligible correlation with *luxury consumption behavior* (0.078), and *extended self* has a very weak relation with *luxury consumption behavior* (0.291).

For respondents in Norway, the *reference group* has weak relation with *luxury consumption behavior* (0.432), strong with *social status* (0.745) and *social identity* (0.742), an almost negligible correlation with *hedonism* (0.105), *materialism* (0.060), and *extended self* (0.198). The *social status* construct has a weak correlation with *luxury consumption behavior* (0.389), strong relationships with *social identity* (0.793), almost negligible relation with *hedonism* (0.028), *materialism* (-0.165), and *extended self* (0.163). *Social identity* has a weak correlation with *luxury consumption behavior* (0.325), almost negligible association with *hedonism* (0.028), *materialism* (-0.011), and weak relation with *extended self* (0.340). The construct *hedonism* has a moderate association with *luxury consumption behavior* (0.432), *materialism* (0.500), and a weak association with *extended self* (0.387). *Materialism* has a weak correlation with *luxury consumption behavior* (0.351), and *extended self* has almost negligible relation with *luxury consumption behavior* (0.142).

#### **4.7 Regression Analysis**

Multiple regression is used in this study to analyze the relationship between the variables. The independent variables are divided and pooled together as social value and personal value and analyzed separately for the study.

#### 4.7.1 Social value constructs

For the social value constructs, the independent variables for the multiple regression model are reference group, social status, and social identity.

The multiple regression model is as follows:

$$LB = \alpha + \beta_1 RG + \beta_2 SS + \beta_3 SI + \epsilon_i \dots \dots \dots (1)$$

LB= Luxury consumption behavior,  $\alpha$ = Constant,  $\beta$ = Coefficient for independent variables, RG= Reference group, SC= Social status, SI= Social identity, and  $\epsilon$ = Error term.

Country of residence	R	R Square	Adjusted R Square	Std. Error of the Estimate
Nepal	.481 <sup>a</sup>	.231	.181	.56908
Norway	.447 <sup>c</sup>	.200	.148	.48828

Table 4-16 Summary of Multiple Regression for social value constructs

The summary of the multiple regression analysis shows the coefficient of determination (R Square), which indicates how much variance the dependent and independent variables share. For the respondents from Nepal, the coefficient of determination is 0.23, so 23% of the dependent variable luxury consumption behavior variation is explained by the independent variables *reference group*, *social status*, and *social identity*. This leaves 73% unexplained variance in the model. Thus, there are other factors and variables responsible for *luxury consumption behavior* too. The coefficient of determination for respondents in Norway is 0.200, so the predictors explain 20% of the variation in the dependent variable. Whereas, remaining 80% is unexplained, meaning there are other factors responsible too. However, the level of significance for the regression model suggests that the F-statistic is significant for both Nepal and Norway.

Country	Model		Sum of squares	Df	Mean Square	F	Sig.
Nepal	1	Regression	4.483	3	1.494	4.614	.007 <sup>b</sup>
		Residual	14.897	46	.324		
		Total	19.380	49			
Norway	1	Regression	2.738	3	.913	3.828	.016 <sup>c</sup>
		Residual	10.967	46	.238		
		Total	13.705	49			
a. Dependent Variable: luxury consumption behaviour							
b. Predictors: (Constant), social identity, social status, Reference group							
c. Predictors: (Constant), social identity, Reference group, social status							

Table 4-17 ANOVA for social value constructs

The ANOVA suggests that the p-value for responses from Nepal and Norway is 0.007 and 0.016, respectively. The p-value is below 0.05, so the model is significant. Thus, the independent variables significantly explain the variance in the dependent variable despite the low coefficient of determination. The model is more significant for the responses from Nepal, which means young Nepalese consumers in Nepal have a more significant relationship between social value and luxury perception.

#### 4.7.2 Personal value constructs

For the personal value construct, the independent variables for the multiple regression model are hedonism, materialism, and the extended self. The multiple regression model is as follows:

$$LB = \alpha + \beta_1 H + \beta_2 M + \beta_3 ES + \epsilon_i \dots \dots \dots (2)$$

LB= Luxury consumption behavior,  $\alpha$ = Constant,  $\beta$ = Coefficient for independent variables, H= Hedonism, M= Materialism, ES= Extended self, and  $\epsilon$ = Error term.

Country of residence	R	Adjusted R Square	Std. error of the Estimate
Nepal	.467a	.167	.57402
Norway	.473c	.173	.48092

Table 4-18 Summary of Multiple Regression for personal value constructs

For the respondents from Nepal, the coefficient of determination is 0.167, which suggests 16.7% of the variation in dependent variable *luxury consumption behavior* is explained by the personal value construct. This leaves an unexplained variance of 83.3% in the model. So, some other variables responsible for *luxury consumption behavior* that is not used in this study. The coefficient of determination for respondents in Norway is 0.173, so the predictors can explain 17.3% of the variation. Whereas, remaining 82.7% is unexplained, suggesting there are other factors responsible for the variation in responses of young Nepalese luxury consumers in Norway.

Country of residence	Model		Sum of Squares	Df	Mean Square	F	Sig.
Nepal	1	Regression	4.223	3	1.408	4.272	.010 <sup>b</sup>
		Residual	15.157	46	.330		
		Total	19.380	49			
Norway	1	Regression	3.066	3	1.022	4.419	.008 <sup>c</sup>
		Residual	10.639	46	.231		
		Total	13.705	49			
a. Dependent Variable: luxury consumption behaviour							
b. Predictors: (Constant), extended self, materialism, hedonism							
c. Predictors: (Constant), extended self, hedonism, materialism							

*Table 4-19 ANOVA for personal value constructs*

Table 4-19 shows the ANOVA of the regression model for personal value constructs. The p-value is below 0.05 for both Nepal (0.010) and Norway (0.008). This suggests that the F-statistic is significant for respondents from both countries. Thus, the model is a good description of the relation between the dependent variable and independent variables. The predictor variables significantly explain the variance in the dependent variable. The model is more significant for the responses from Norway, which means young Nepalese consumers in Norway have a more significant relationship between personal value and luxury perception.

#### **4.8 Hypothesis testing**

The study intends to compare the luxury consumption behavior of young Nepalese consumers in two different economies. Dependent variables and independent variables were identified and selected to develop the hypotheses and sub hypotheses. Various tests were conducted to find the influence of independent variables on the dependent variable. Descriptive analysis was done



to identify the mean value and standard deviation of the responses. A correlation matrix was drawn up to understand the correlation among the various combinations of variables used in the study, followed by a multiple regression analysis to determine the significance of the model of study.

A significance level of 0.05 was selected to test whether the hypotheses can be accepted or not, where a significance level of 0.05 means that it is acceptable to have a 5% probability of incorrectly rejecting null hypotheses and also 0.01, where a significance level of 0.01 means that it is acceptable to have 1% probability of incorrectly rejecting null-hypotheses.

#### **4.8.1 Social value and luxury consumption behavior of young collectivist consumers**

H1a. Social values have a significant positive influence on luxury buying behavior among young collectivist consumers in a collectivist society.

H1b. Social values have a significant positive influence on luxury buying behavior among young collectivist consumers in an individualistic society.

The mean value of responses from Nepal for reference group, social status, and social identity are 2.58, 2.61, and 2.59, respectively. This indicates that the responses were positive. ANOVA (see table 4.21) suggests that social value constructs are significant to the luxury consumption behavior of young Nepalese consumers living in Nepal. Since the social value constructs are significant, it is important to test each construct of social value to test the hypotheses. Correlation analysis helps further to explain the relationship between the dependent and independent variables. The correlation matrix (see table 4.19) suggests that the reference group has a p-value of 0.041, which is less than 0.05 so, it is significant at 0.05 level. Social status is also significant at 0.05 level. However, social identity has a p-value of 0.587 so, it is not a significant predictor of luxury consumption behavior despite having a positive mean response. Therefore, it can be concluded that hypothesis H1a ( $\beta_1=0.041$ ,  $p<0.05$ ;  $\beta_2=0.016$ ,  $p<0.05$ ;  $\beta_3=0.587$ ,  $p>0.05$ ) is partially supported.

Likewise, the mean value of responses from Norway for reference group, social status, and social identity are 2.66, 2.50, and 2.64, respectively, which suggests that the responses were positive. ANOVA suggests that social value is significant to the luxury consumption behavior of young Nepalese consumers living in Norway. Therefore, social value has a positive and significant influence on luxury buying behavior among young collectivist consumers in an

individualistic society. The correlation matrix (see table 4.19) suggests that the reference group has a p-value of 0.002. So, it is significant at a 0.01 significance level, which means there is a 1% risk in rejecting null hypotheses. Social status (p-value= 0.005) is also significant at 0.01 level. Social identity has a p-value of 0.021 so, it is significant at 0.05 significance level. Therefore, hypothesis H1b ( $\beta_1=0.002$ ,  $p<0.01$ ;  $\beta_2=0.005$ ,  $p<0.01$ ;  $\beta_3=0.021$ ,  $p<0.05$ ) is fully supported.

#### **4.8.2 Personal value and luxury consumption behavior of young Nepalese consumers**

H2a. Personal values do not have a significant influence on luxury buying behavior among young collectivist consumers in a collectivist society.

H2b. Personal values do not have a significant positive influence on luxury buying behavior among young collectivist consumers in an individualistic society.

The mean value of responses from Nepal for the personal constructs- hedonism, materialism, and extended self are 3.03, 2.38, and 2.98, respectively. This suggests that materialism has a positive response, whereas hedonism and extended self has a neutral response. Nepalese luxury consumers in Nepal neither agree nor disagree with hedonism and extended self as influencers for luxury consumption. ANOVA (see table 4.23) suggests that personal value is a significant predictor of luxury consumption behavior of young Nepalese consumers living in Nepal. The correlation matrix (see table 4.19) suggests that hedonism is significant at 0.01 level. Materialism has a p-value of 0.589, making it highly insignificant. However, Extended self has a p-value of 0.040 so, it is significant at 0.05 significance level. It can be concluded that despite a positive response to materialism, it is a highly insignificant predictor of luxury consumption behavior for Nepalese consumers in Nepal. Whereas hedonism and extended self are significant predictors. Therefore, H2a ( $\beta_1=0.001$ ,  $p<0.01$ ;  $\beta_2=0.589$ ;  $\beta_3=0.040$ ,  $p<0.05$ ) is partially supported.

The mean value of responses from Nepal for the personal constructs- hedonism, materialism, and extended self are 2.70, 2.67, and 3.08, respectively. This suggests that hedonism and materialism have a positive response, whereas extended self has a neutral response. ANOVA (see table 4.23) suggests that personal value is a significant predictor of luxury consumption behavior of young Nepalese consumers living in Nepal. The respondents also have a positive response to the significant predictors. The correlation matrix suggests that hedonism has a p-value of 0.002, so it is significant at 0.01 level. Materialism has a p-value of 0.012, so it is

significant at 0.05 level. However, extended self has a p-value of 0.324 so, it is insignificant. It can be concluded that only extended self is a highly insignificant predictor of luxury consumption behavior for Nepalese consumers in Norway. Whereas hedonism and materialism are significant predictors. So, hypothesis H2b ( $\beta_1=0.002$ ,  $p<0.01$ ;  $\beta_2=0.012$ ,  $p<0.05$ ;  $\beta_3=0.324$ ) is partially supported.

#### **4.9 Discussion of findings**

The frequency analysis suggests that 56% of respondents are female. Most Nepalese consumers between 25-29 years (58% of total respondents) are interested in buying luxury clothes and accessories. Young consumers tend to have income between 15,000-24,000 NRS in Nepal (34%) and 15,000-24,000 NOK in Norway (68%), so they need to save their income for few months to afford luxury items. This supports the result of the frequency of luxury consumption by the consumers. 46% of respondents from Nepal buy luxury clothes and accessories once a year, and 50% of respondents from Norway buy once every few months.

Similarly, the correlation matrix and regression analysis suggest that social values and personal values are partially significant influencers of luxury consumption among young Nepalese consumers. Reference group and social status have a significant positive influence among Nepalese living in both Nepal and Norway. However, social identity is not significant among Nepalese in Nepal. They are somewhat more interested in self-identity since the extended self significantly influences the luxury consumption of young Nepalese consumers living in Nepal. However, social identity is significant and extended self is not significant for those consumers living in Norway. The personal values, hedonism is a significant predictor for all respondents, but those living in Norway tend to be materialistic whereas those living in Nepal are not. Overall, ANOVA suggests that social value is more significant to the respondents in Nepal, whereas personal value is more significant to those in Norway.

## 5 Conclusion and implications

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*This chapter focuses on conclusions drawn from the analysis of the results in conjunction with past literature. The conclusion is followed by the theoretical and managerial implications of this study. The chapter ends with the limitations in this study observed during the analysis phase and provides recommendations for future study on this concept.*

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### 5.1 Conclusion

The study aimed to explore and investigate the luxury consumption behavior of young collectivist consumers in two culturally and economically different contexts. For the study, young Nepalese consumers were studied in two countries- Nepal and Norway. Nepal has a rather collectivist society where people conform to societal norms and values, whereas Norway has a more individualistic society. Luxury consumption behavior is a new area of research in the context of Nepal. So the study is one of the first to contribute to the cross-cultural study on Nepalese luxury consumers. This paper also contributes to the existing academic literature on value perception and its influence on the luxury consumption behavior of collectivist consumers in two cultural settings. The study was conducted by collecting survey responses from 100 respondents, 50 from each country, to examine the role of social values and personal values in young collectivist luxury consumers. The study's findings demonstrate interesting similarities and differences in the value perception of young collectivist consumers in these two societies.

The study partly contradicts Steenkamp (2019), who argued local culture is gaining renewed interest. The findings suggest local culture has remained popular, but consumers have a relatively homogeneous value perception in luxury consumption. There is very little difference between social and personal value perception among collectivists. The study also supports Schutte (1998)'s argument that modernization is not enough to change millennia of cultural development. Social values still influence the collectivist Nepalese consumers but to imitate modern lifestyle; they seem to be partly influenced by personal values too. The study partially supports existing studies by Aliyev & Wagner (2018), Shukla (2012), and Zhang & Zhao (2019). The study fully compliments Shukla (2012)'s findings that social status has a significant influence on the luxury behavior of consumers in both developed and emerging markets. The

findings of this study also suggest that social status has a significant positive influence on collectivist consumers living in both developed individualistic and emerging collectivist societies.

Similarly, the findings also support Zhang & Zhao (2019)'s study on Chinese consumers that emotions significantly influence collectivists. The reference group has a significantly positive impact on collectivists despite their country of residence. The findings of this study suggest that hedonism has a significant influence on collectivists living both in collectivist and individualistic societies. Thus, hedonism may be a universal luxury value perception because it is a significant predictor for collectivists despite being a personal value. This contradicts several studies such as Shukla (2012) and Aliyev & Wagner (2018), which indicated that hedonism is not significant to collectivists' luxury consumption behavior.

Additionally, social identity does not have a significant influence on collectivists living in a collectivistic society. This study supports and compliments Zhang & Zhao (2019)'s findings. Their study used *social comparison* instead of *social identity*, but the measurement items were similar, suggesting they are comparable. An interesting finding is that social identity is significant to those collectivist consumers living in an individualistic society. Despite social identity being a social value, it influences collectivists in an individualistic society rather than on collectivistic society.

Extended self has a significant influence on collectivists living in a collectivist society. This complements the study of Aliyev & Wagner (2018), who found extended self is significant on luxury consumers of Eastern consumers. However, an interesting issue in extended self is that the study suggests it is not significant to those collectivists living in western society. It can be interpreted that collectivists in collectivist society are more concerned with their personal identity than on social identity despite the significance of societal values. However, those collectivists living in individualistic societies are more concerned with social identity than personal identity. Aliyev & Wagner (2018) concluded that extended self could be considered a "universal luxury value perception." The findings of the study partly support this conclusion. Likewise, according to Zhang & Zhao (2019), materialism is significant to collectivists consumers of the eastern market. The study's results partly contradict this finding. Materialism does not have a significant influence on collectivist luxury consumers living in a collectivist society. However, it is significant to those living in an individualistic society. This is an interesting finding that suggests that collectivist consumers can be materialistic in some

contexts. Interestingly, all respondents from Nepal and Norway have a highly positive response to 'I want to have a luxurious lifestyle,' which suggests it is crucial to investigate lifestyle that might consist of services more than products. It is essential to study luxury vacations, luxury hotels, etc., to get a better insight.

The study complements many researchers (Aliyev & Wagner, 2018; Kim & Jang, 2017; Nayeem, 2012) who support targetting young people in the study on luxury consumption. According to Lewis & Moital (2016), the age group of 24-29 is highly conspicuous. This is somehow supported since the findings of the study show that consumers between 25-29 years take up 58% of the respondents suggesting they are more interested in luxury consumption. Similarly, the age of consumers is negatively correlated to the frequency of luxury clothes and accessories consumption ( $\beta = -0.217$ ,  $p < 0.05$ ), which supports that when age increases, the frequency of luxury consumption decreases. Likewise, income level does not play a significant role in the luxury consumption of collectivist consumers. This supports the study of Stathopoulou & Balanbanis (2019). The findings suggest that the consumers tend to either use their entire months' salary or save for few months to afford luxury clothes and accessories at least once every few months, which is consistent with Wu Meng-Shan et al. (2015).

## **5.2 Theoretical Implications**

Various previous researchers such as Shukla (2012), Aliyev & Wagner (2018), Hennigs et al. (2012), Wiedmann et al. (2007) have studied what influences luxury consumption among collectivists and individualists. These cross-cultural studies have identified various similarities and differences in luxury value perceptions that influence the consumers' consumption behavior. The social value and personal value perceptions have been a focus of study for many researchers. Likewise, many researchers such as Zhang & Zhao (2019), Sharda & Bhat Anil (2018), Hennigs et al. (2015) have researched luxury consumers in one context. This study has been unique by studying collectivist consumers in two different societies. The Nepalese luxury consumers were studied in Nepal, a highly collectivist society, and Norway, a highly individualistic society. The study provides new and interesting additions to current research on collectivist's luxury consumption. The various distinctions between value perceptions in collectivists and individualists are contradicted. The study's findings suggest hedonism value perception is significant on collectivists, which contradicts past researchers like Shukla (2012) and Aliyev & Wagner (2018). The study's decision to add social identity to the study to investigate the difference in social identity and extended-self value perception became

important. The findings suggest that social identity is significant to collectivists living in an individualistic society. However, those who live in a collectivist society are more influenced by extended-self values. This supports the work of Grossman-Thompson (2015), who suggested Nepalese consumers craft their identities through consumption. The reason behind this can be brand consciousness and imitation of western lifestyle through social media, as indicated by Sharda & Bhat Anil (2018). The study also supports that young consumers are the next source of growth for the luxury industry, as suggested by Kapferer & Michaut (2016). So, young consumers should be the target of luxury behavior studies for other researchers. And finally, the study adds new insights into the luxury consumption behavior of Nepalese consumers. Most of the previous researchers have concentrated on emerging economies like India and China to study the luxury consumption behavior of collectivists. Nepal is a small country lying between these two countries, which has been significantly less studied in this area of research. The Nepalese consumers have more disposable income now and are highly influenced by the western lifestyle, so studying their luxury consumption behavior is important. This study is also the first to compare the luxury consumption of collectivists by targeting Nepalese consumers in two economically and culturally varying contexts. In conclusion, this study provides various contributions to existing theories on the luxury consumption behavior of collectivist consumers.

### **5.3 Managerial Implications**

This study also provides practical contributions to the organizations seeking to target luxury consumers in emerging economies. Consumers in emerging economies, such as Nepal, have become more brand conscious and attracted to modernization. The increasing popularity of social media among young people has led them to imitate the western lifestyle. So, they tend to focus on the emotional value of consumption rather than the traditional functional value. The findings also suggested that the consumers in emerging markets tend to create identities through consumption. The organizations looking to target such markets should understand the power of emotional attachments and personal values. The consumers in emerging societies are not just concerned with buying expensive clothes and accessories for status, but also self-pleasure and self-identity creation through product differentiation and customization, as suggested by Shukla (2012). The rise in consumption culture reduces the distinctions between social values and personal values, so managers should be prepared to view consumers not just as price-driven but also as consumer-driven.

#### **5.4 Limitations and Recommendations for future research**

Despite the theoretical and managerial implications of the study, it has some limitations. The key purpose of the study was to find the similarities and differences between the luxury value perception of collectivist consumers in two different contexts. The study was conducted on Nepalese consumers living in Nepal and Norway. However, the respondents from Nepal were limited to those living in the capital city, Kathmandu. Future researchers should include other important cities rather than limiting in the capital. Likewise, there are relatively fewer Nepalese in Norway. It is recommended to target countries with many Nepalese students, such as Australia or the USA, to understand Nepalese luxury consumers living in another country. Another major limitation was the number of respondents. The study only had 100 respondents, 50 from each country. It is recommended for future researchers to have more than 100 respondents to get more valid findings. Another limitation of the study felt during the analysis was that the constructs used in the study had a relatively low coefficient of determination. There was a large percentage of unexplained variance. Since luxury consumption behavior is a vast area of research, it is recommended to look for other constructs that influence luxury consumers that make up a stronger study model. Future researchers can also study social identity and extended-self values since the study has somewhat confusing findings regarding these constructs. The Nepalese consumers in Nepal were influenced by extended-self value, whereas those in Norway were influenced by social identity. Hence, the study's findings can be a basis for future researchers who want to study the luxury consumption behavior of Nepalese consumers or those with similar cultural and economic contexts but are largely unresearched. Lastly, it is recommended to investigate the luxury services like luxury hotels and luxury vacations instead of luxury goods to get further insights into consumer's fascination with a luxurious lifestyle.



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# APPENDIX

## Questionnaire

This online survey is conducted as part of the master's thesis requirement of Nord University. The aim is to gain insight into *luxury good buying behavior*. Your personal experience is very important, so I hope you answer as honestly as possible. This survey only takes a few minutes, and your responses are completely anonymous. Thank you!!

### General Information

What is your age?

- Female
- Male

What is your age?

- 20-24
- 25-29
- 30-34

What is your nationality?

What is your current country of residence?

- Nepal
- Norway

What is the highest degree of education you have completed?

- Bachelor's degree
- Master's degree
- Doctorate

What is your current occupation?

- Self-employed
- Part-time
- Full-time

What is your level of income?

	15,000-24,000	25,000-34,000	35,000-44,000	Above 45,000
Nepalese rupee				
Norwegian kroner				

Are you familiar with luxury brands like Gucci, Chanel, Louis Vuitton, and if so, how frequently do you buy such luxury clothes and accessories?

- At least once a month
- At least once every few months
- At least once a year

For the following questions, please indicate to what extent you agree/disagree on a 5-point scale by ticking the relevant box below.

1. I believe the higher price of luxury goods indicates higher quality and sophisticated goods.

- Totally agree
- Somewhat agree
- Neither/ nor
- Somewhat disagree
- Totally disagree

2. I believe it is fair to pay more for a luxury product.

- Totally agree
- Somewhat agree
- Neither/ nor
- Somewhat disagree
- Totally disagree

3. I would rather spend more on high-quality goods than on cheaper, lower quality goods.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
4. I often tend to buy luxury goods that my friends recommend.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
5. I am concerned with what my friends think of the luxury goods that I purchase.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
6. I think luxury goods help me to be accepted among my peers.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
7. Buying luxury goods gives me a sense of belonging.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
8. Owning luxury goods makes me popular among my social group.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
9. I think buying luxury goods helps me to gain a superior social status for me.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
10. I think owning luxury goods indicates a symbol of my achievements.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
11. Luxurious clothes and accessories show how successful I am in my life.
  - Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
12. Owning luxury goods gives me a sense of prestige.
  - Totally agree
  - Somewhat agree

- Neither/ nor
  - Somewhat disagree
  - Totally disagree
13. I like to buy luxury goods that will give a good impression of me to others.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
14. When I wear luxury clothes and accessories, I feel like other people have a better impression of me.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
15. When I buy luxury goods, I am concerned with what others might think of me.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
16. It is important for me to know what others think of people who buy luxury goods.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
17. I tend to be more worried about what others might think about the way I dress and look.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
18. I feel excited when I shop for luxury goods.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
19. I feel satisfied when I buy luxury goods despite having to lose a large amount of my salary/savings.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
20. My bad mood gets better after I buy luxury goods.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
21. Buying luxury goods gives me pleasure no matter what others think about them.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree



22. I enjoy luxury goods on my own terms only.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
23. It is important for me to own expensive luxury things.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
24. I would be happier if I could afford more luxury goods.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
25. I would like to have a luxurious lifestyle.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
26. It worries me that I cannot afford the luxury goods that I like.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
27. I like to express who I am through what I consume.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
28. I like to buy luxury goods that are consistent with my identity.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
29. The luxury goods I buy reflect who I think I am and not what others think I am.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree
30. I feel like my identity has been lost if my luxury goods are stolen.
- Totally agree
  - Somewhat agree
  - Neither/ nor
  - Somewhat disagree
  - Totally disagree