



## Exploring Luxury Gift Giving Behavior in China

Jing Liu, California State Polytechnic University, Pomona  
Claire Whang, California State Polytechnic University, Pomona

Keywords: Luxury, Chinese consumers, Gift-giving behavior, Attitude, Purchase Intention

**Introduction.** The Chinese Luxury market has shown a steady increase in the past few years and is expected to become the largest luxury market in the next few years (Xuanmin, 2021). The restricted traveling protocols have led Chinese consumers who previously shopped internationally for luxury goods to shift attention to purchasing luxury goods online, contributing to the ongoing luxury trend in the Chinese market. Gift-giving is also one of the key drivers that are popularizing the luxury market in China. According to Huron's report, a remarkable amount of money is spent on gifting during the Chinese New Year (Huron, 2019). Further, Bain & Co. reported that business and personal gifts account for 25% of the luxury goods sold in China; the rising personal wealth is correspondingly driving the trend (Bain & Co., 2020). Despite the popularity of the Chinese luxury market, our understanding of their consumption behavior is limited. Previous studies on Chinese luxury consumption have focused mostly on the trend of the Chinese luxurious goods market. The existing studies were limited to the context of purchasing products for themselves. However, given the increasing phenomenon of luxury gift-giving among young consumers, it is important to understand the motivations behind their decision. Thus, this study aims to investigate why Chinese consumers are choosing luxurious gifts as a choice to give to others, their motivation for gift-giving acts. The study focused on three components associated with the gift-giving mechanism to understand Chinese consumers' willingness to engage in luxury gift-giving behavior: (1) giver's perspective, (2) giver-receiver relationships, and (3) characteristics of the gift.

**Literature Review and Hypotheses Development.** Gift-giving is a norm of reciprocity due to the way the act of giving a gift subsequently may create the obligation to reciprocate (Gouldner, 1960). Gouldner (1960) further argues that the mechanism of receiving and giving out gifts maintains a stable society through the creation of interdependency that plays an important role in strengthening the giver and receiver relationships. Therefore, the overall idea of the gift-giving act is closely tied to building relationships and trust with others. Gift-giving has been a very important social activity in Chinese culture. China is a relationship-based society and upholds gift-giving as a courtesy that needs reciprocity thus receiving goes hand in hand with giving out gifts. Two major relationship elements tend to influence Chinese gift-giving behavior, that is, face-saving (Mianzi) and social link (Guanxi). Face-saving is a cultural concept of honor, respect, and social standing and is associated with individuals' prestige and dignity, termed as means to avoid embarrassment or losing respect for oneself (Huang, 2012). Social link entails the creation of social networks which is mostly done through exchanging favors such as gifts (Huang, 2012). Given that luxury items used as a gift can also build social relationships the

following hypotheses are proposed. **H1.** Face-saving is positively related to luxury gift-giving behavior. **H2.** Social link is positively related to luxury gift-giving behavior. Further, Gouldner (1960) suggests that one of the main goals of gifting is to elicit reciprocity. Marshall and Sahlins (1972) suggested that gift-giving among the Chinese generates direct or balanced reciprocity, thus, the receiver feels obligated to give out something in return. Therefore, **H3.** Reciprocity in gift exchange is positively related to luxury gift-giving behavior.

Additionally, the giver's characteristics are likely to impact one's intention to engage in luxury gift-giving. Gift giving is sometimes used as a form of identity presentation, thus enabling gift-giver to paint the desired image of themselves to the recipient of their gifts. Given that luxury items goods offer a set of distinguishing characteristics (high quality and price), experiential meanings (fantasies, fun, and feelings that people can experience), benefits and symbolic meaning (high recognition and good reputation), and a symbol of the consumer's wealth, identity, and social status (Rodrigues & Borges, 2021), giver's value will determine whether to select luxury as a gift to others. For example, one who values materialistic features is likely to appreciate the symbolic meaning of luxury gifts. Similarly, one who wants to select a safe gift option may select luxury items as a way of convenience. Thus, this study proposes **H4.**

Materialistic value is positively related to luxury gift-giving behavior. **H5.** Convenience in give-giving is positively related to luxury gift-giving behavior. In a similar vein, the characteristics of the luxury gift itself could influence individuals to select luxury items as gifts. Given that luxury products are well-known for their quality and uniqueness (Vigneron & Johnson, 1999), this study proposes that **H7.** Perceived quality of a luxury item is positively related to luxury gift-giving behavior. **H8.** Perceived quality of a luxury item is positively related to luxury gift-giving behavior.

**Method.** The study employed a self-conducted questionnaire online survey. A Chinese panel company was used to recruit participants. A total of 328 usable Chinese participants with experience in purchasing luxury goods were recruited. All the measurements were adopted from previous studies (Eastman et al., 1999; Lynn & Harris, 1997; McKeage, 1992; Wang et al., 2011) and were slightly modified to fit the need of this study. All items were measured on a 7-point Likert-scale.

**Results and Discussion.** Multi-Regression analysis was conducted to test the hypotheses. The regression model ( $F_{7,320} = 43.96, p < 0.001$ ) showed that the variables Face-saving ( $\beta = 0.25, p < 0.001$ ), Social link ( $\beta = 0.13, p < 0.05$ ), Reciprocity ( $\beta = 0.17, p < 0.01$ ), and quality of a luxury gift ( $\beta = 0.13, p < 0.05$ ) were statistically significant, supporting H1, H2, H3, and H6. However, Materialism, Convenience, Uniqueness of a luxury gift was not significant, rejecting H4, H5, and H7. These findings are in line with Qian et al.'s (2007) study that found these Chinese values (face-saving, social link, and reciprocity) had positive effects on different gift-giving behaviors. Similarly, Laiman and Wai-ye (2009) found that Chinese individuals who greatly emphasize face-saving have a higher chance of pursuing luxury products that display their economic advantages or social status during consumption. On the other hand, the variables convenience,

materialism, and uniqueness were not significant. Unlike this study, other studies have shown that materialism (Aouina-Mejri et al., 2019) and uniqueness (Chan et al., 2015) have a direct significant positive effect on luxury purchase intention. It is possible the participants did not want to report their materialistic aspects associated with the gift-giving selection. Further research may be conducted especially on the influence of materialism, uniqueness, and quality on luxury gift-giving behavior with a larger sample.

### References

- Andrews, D., Nonnecke, B., & Preece, J. (2003). Electronic survey methodology: A case study in reaching hard-to-involve Internet users. *International journal of human-computer interaction*, 16(2), 185-210.
- Aouina-Mejri, C., Partouche, J., & Mo, T. (2019, May). Self-Gift, Luxury Consumption, and Materialism: The Way to Happiness! An Abstract. In *Academy of Marketing Science Annual Conference* (pp. 211-212). Springer, Cham.
- Chan, W. Y., To, C. K., & Chu, W. C. (2015). Materialistic consumers who seek unique products: how does their need for status and their affective response facilitate the repurchase intention of luxury goods?. *Journal of Retailing and Consumer Services*, 27, 1-10.
- Chen, J. (2012). *Gifts Or Self-use?: Chinese Consumers' Values, Attitudes, and Purchase Intention Toward Luxury Fashion Brands* (Doctoral dissertation, University of Georgia).
- Chen, J., & Kim, S. (2013). A comparison of Chinese consumers' intentions to purchase luxury fashion brands for self-use and for gifts. *Journal of International Consumer Marketing*, 25(1), 29-44.
- Dillman, D. A. (2000, June). Procedures for conducting government-sponsored establishment surveys: Comparisons of the total design method (TDM), a traditional cost-compensation model, and tailored design. In *Proceedings of American Statistical Association, Second International Conference on Establishment Surveys* (pp. 343-352).
- Eastman, J. K., Goldsmith, R. E., & Flynn, L. R. (1999). Status consumption in consumer behavior: Scale development and validation. *Journal of marketing theory and practice*, 7(3), 41-52.
- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25(2), 161-178.
- Lynn, M., & Harris, J. (1997). The desire for unique consumer products: A new individual differences scale. *Psychology & Marketing*, 14(6), 601-616.
- McKeage, K. K. (1992). Materialism and self-indulgences: Themes of materialism in self-gift giving. in *SV - Meaning, Measure, and Morality of Materialism*, eds. Floyd W. Rudmin and Marsha Richins, Provo, UT : Association for Consumer Research, Pages: 140-146.
- Qian, W., Razzaque, M. A., & Keng, K. A. (2007). Chinese cultural values and gift-giving behavior. *Journal of Consumer marketing*, 24(4), 214-228.

- Rodrigues, P., & Borges, A. P. (2021). New Luxury vs. Old Luxury: What Is the Definition of Luxury Brand? In *Building Consumer-Brand Relationship in Luxury Brand Management* (pp. 45-64). IGI Global.
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management*, *11*(6), 484–506
- Wang, Y., Sun, S., & Song, Y. (2011). Chinese luxury consumers: Motivation, attitude and behavior. *Journal of Promotion Management*, *17*(3), 345-359.