The real motivation behind Chinese people's coffee consumption

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Abstract

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Chinese market's prosperity have received a huge amount of attention from marketing researchers. Entered into China in 1980s, coffee—this totally Western beverage has achieved a huge success in China with the expansion of Starbuck in 168 Chinese cities and is still continuing its business glory in China today (Biederman 2005). Previous studies about Chinese coffee consumption have discussed its development. However, few of them studied the motivation and drivers for Chinese people to consume coffee, especially consuming coffee in the coffee shop. Thus, our study uses the coffee shop as a useful example to illustrate that the function of luxuriousness together within Western products would be an important determinant influencing Chinese consumers' purchase intention and willingness to pay more for a Western product with luxuriousness value. Likewise, our study fills the theoretical gap to understand the real motivation for Chinese consumers' coffee consumption. Our findings suggest that the Perceived luxuriousness of the physical environment of the coffee shop in China induce both higher perceived quality of coffee and consistent self-congruency, which lead to positive store attitudes, thus increasing willingness to pay a premium price for the coffee. In addition, we find that perceived luxuriousness of the physical environment of the coffee shop would induce a high level of self-congruence for high cosmopolitan consumers, compared with those who are low cosmopolitan. The managerial implication of this study suggests that the establishment of luxuriousness in the physical setting of a coffee shop would be crucial to attract consumers' attention and that managers should use premium pricing strategy to ensure the superior value of coffee that fit with coffee consumers' identity in China.

Keywords: luxuriousness; self-congruence; perceived quality; store-attitudes; willingness to pay a price premium; cosmopolitan.

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1.0 Introduction

Coffee is obviously not a mainstream beverage in China compared with the dominant market position of tea. Entered for the first time into the Chinese market in 1980s, most people just started associating this foreign new beverage simply with one instant coffee brand—Nestle. However, 30 years later, coffee has already taken its indispensable place in the Chines food and beverage market thanks to the smashing success of Starbucks in China since 1999 (Biederman, 2005) which is associated with westernized lifestyle.

Customers consume coffee in a coffee shop, especially young adults who are influenced more deeply by western culture, acquiring coffee consumption experience in order to get a feeling of being connected to the world (Maguire & Hu, 2013) since Chinese consumers are more keen on identifying themselves as transcultural than those in other countries (Henningsen, 2011). The one famous Chinese popular novel *"the first intimate touch"* exemplified that having a coffee in Starbucks is a personal statement. It is not only about drinking coffee in a coffee shop. Rather, the experience of sitting in the well decorated coffeehouse, and behaving in ways perceived as appropriate are important ways for these drinkers to express their transcultural lifestyles, thus identifying and reflecting their ideal self image. It enables them to feel associated with the imagined Starbuck drinkers in the western countries—having a cup of Starbuck's latte in downtown Beijing enables the customer to imagine that they are doing the same as his or her counterpart in downtown Manhattan (Henningsen, 2011).

On the other hand, this lack of knowledge leads to a kind of "ideal view" on overseas products. The foreign brands or products are always a kind of guarantee of quality from Chinese consumers' perspectives. Chinese consumers tend to associate western goods as taken-for-granted objects under the historical and cultural backgrounds (Maguire & Hu, 2013). Previous research has suggested that global brands are commonly held to be of superior quality by consumers in China (Holt et al., 2004). Most Chinese consumers hold the view that global brands must be of superior quality since they are worldwide reputable (Tian & Dong., 2007). Along with the materialism development (Podoshen et al., 2010), the

luxuriousness would be regarded as an essential element reflecting the superior quality within the product purchased and the social status. Thus, the high price of a cup of coffee would be a sort of guarantee in some Chinese coffee drinkers' eyes.

Therefore, we believe the success of coffee business in China would be a perfect example for marketing researchers to figure out the functional value and symbolic value that Chinese consumers are seeking in Western products. Meanwhile, theoretically, there are several previous research studying coffee consumption in China (e.g. Bantiwalu & Demisse, 2013; Ferreira & Ferreira, 2018；Maguire & Hu, 2013). However, most of them only described this interesting phenomenon or illustrated the evaluation of prosperous coffee consumption in China. Little attention is paid to the real reason and motivation behind coffee consumption in China. Thus, our study would fill the gap of coffee consumption in China, aimed at figuring out the real motivation for consuming coffee in China: 1) the reason why Chinese customers are willing to pay a premium price for a cup of coffee; 2) whether the luxuriousness of Starbucks café's environment is an indication of quality or a means for them to express their self-ideal image—the imagined western lifestyle through a high price of coffee in China.

By finding out the functional and symbolic reasons for purchasing coffee for Chinese customers, it would provide guidelines for marketers or for new brands in the Chinese coffee industry to make appropriate marketing strategies to satisfy consumers' demands. Furthermore, by studying this particular western product's success in China, the findings would be generalized into other products categories for other Western new brands who want to enter the Chinese market.

2.0 Literature review
2.1 Overview of the development of Chinese market and coffee culture in China
2.1.1 Chinese market's development

With a rapidly growing economy and an enormous population，China, in the 21st century, is one of the biggest and most dynamic market in the world (Tian & Dong, 2011). Hence, thousands of international brands have entered this prosperous market of 1.4 billion people.

However, to make profits from Chinese consumers is not that simple for foreign brands out of the special social cultural context in China. Thus, to establish appropriately specified marketing strategies in China would be critical to attract Chinese consumers.

The Chinese market has several characteristics: unlike other East Asian countries such as Korea and Japan which have been influenced by the western world for a longer time, China was totally isolated from western culture until the 1970s. Thus, this special historical aspect leads to both the lack of knowledge of the Western world, but also the desire to touch the unfamiliar world for Chinese people (Wong & Ahuvia, 1998). Since *Gaige Kaifang* (reform and opening-up policy), China had reopened its domestic market to the Western brands, evoking an eager curiosity to connect with the Western world by purchasing foreign goods and lifestyle in the Chinese consumers' minds (Tian & Dong, 2011). Along with the Economic Reforms since 1979, there is also a rapid increase of middle social class in the Chinese population（Maguire, & Hu, 2013), which leads to a new consuming approach in China—emulating Western consumers. They pursue Western goods as instruments of freedom and new experiences that were impossible to reach in earlier China.

First of all, the Chinese people believe imported Western goods must have higher quality and superior technology since to have gained access to the Chinese market, and they should be world famous and reputable. The Chinese consumers tend to associate western goods as taken-for-granted objects under their historical and cultural backgrounds (Maguire & Hu, 2013). Furthermore, purchasing Western goods is not only about getting high quality, but for successful people in China—the new middle class—to increase face based on Confucianism idea (Tian & Dong, 2011).

Chinese people seldom differentiate the country of origin of foreign products; all imported goods are Western goods. Thus, "Western" is not defined geographically but represents a kind of imagination in Chinese consumers' minds. After the 1980s, there is a trend driven by Chinese consumers' desire to display their sophistication by imitating the Western lifestyle that they imagined in their mind (Garner, 2005). With the development of mass media, the

Chinese people have learned the images of the Western world by the perfect figures appearing in the advertisements and movies, which are distant from the real western world (Garner, 2005). An ideal and beautified vision towards the Western world enabled Chinese consumers eager to obtain the same lifestyle in the Western world to not no more only represent their social status, but more importantly, to express themselves and declare their self-freedom and liberation from the traditional old time.

- They regard purchasing foreign brands as a way to erase the boundary between home and the wider world, thus to achieve an experientially freer self (Tian & Dong, 2011). Anthropologists reporting on Chinese consumers' reactions to the first McDonald's in Beijing similarly note that, for many, McDonald's was seen as a window to know the outside world (Yan, 2006). The study of Newlands & Hota (2016) illustrated the extreme success of American ice-cream brand—*Haagen-Dazs* in China who conveyed Chinese consumers to believe it is the one of the best ice cream through its luxury product value and high-end environment, luxurious decorations and designs, enabling Chinese consumers feel obtaining unique experience in a European patisserie. That is why this fair price ice cream in other parts of world sells for a price five times higher than that in USA (Newlands & Hota, 2016). On the contrary, the famous food franchise—*SUBWAY* have met difficulties in China since it got a low customer awareness (Ting & Chan, 2009). Chinese consumers do not buy widely the totally same selling point with that in America—low calories with healthy sandwich. The poor adoption of local culture and philosophy lead *SUBWAY* to be in a difficult position to expand its business in China.

Thus, for foreign brands who want to enter the Chinese market, it is not sufficient to provide high guaranteed quality. They should know how to meet Chinese consumers desire to gain western lifestyle experience through purchasing such product. Foreign brands should provide Chinese consumers an imaginary western world value in their product which they would like to see instead.

2.1.2 Coffee culture in China

There is no doubt that coffee is the second traded category of the world after oil and the second beverage. However, this totally untraditional and Western drink only came to China around forty years ago. The sustained and rapid development of China's economy has brought a new historic opportunity to the world coffee market since the Chinese market itself is a fundamental market to study. In China, Western-style foods are often symbols of modernization of food consumption and it is this idea that triggered the fast expansion of Western-style convenience foods in China (Curtis et al., 2007)

Coffee is obviously not a mainstream beverage in China compared with the dominant market position of tea. Entered for the first time into the Chinese market in the 1980s, most people just started associating this foreign new beverage simply with one instant coffee brand—Nestle. However, the lack of awareness and knowledge of coffee provided huge opportunities for coffee in China. The rising coffee culture in China received three main waves (Please refer to Table 2.1).

Table 2.1: Three Waves of Coffee Culture in China (Ferreira & Ferreira, 2018)

Date	Wave of coffee	Stage	Examples
1980s	The First Wave	Instant coffee	Nestlé Maxwell House
1998	The Second Wave	International coffee shop chain	Starbucks Costa Coffee, Maan Coffee
2010	The Third Wave	Independent cafés	Coffee shop 27 (Beijing)

The first coffee wave introduced instant coffee into China in the early 1980s. Then, the emergence of European-style Starbucks since1998 has brought the new idea of coffee experience—the third place which allows consumers to meet friends and business partners. The third wave of coffee taking place in China now is associated with the specialty coffee

shops which give more priorities to the high-quality coffee and the range of brewing methods (Ferreira & Ferreira, 2018). The new coffee culture introduced in China allows for the continued commercial potential of the coffee market in China in the following years. The volume sales of coffee in China have increased by nearly 90% between 1998 and 2003. Meanwhile, the Chinese coffee market is growing by 30% annually, whereas the worldwide annual rate is only 2% (Bantiwalu & Demisse, 2013). There are still around 200 million potential coffee consumers in China. All these figures above explain the prosperity and the dynamics of the coffee market in China. Thus, to figure out the drivers and motivations of Chinese people's coffee consumption would be theoretically and managerially significant in marketing research to provide recommendations and suggestions for coffee business owners in China from academic and empirical evidence.

Another special feature of the coffee industry is its premium pricing--$3.14 in China for a tall latte compared to $2.88 in Japan (Biederman, 2005). This price is also much superior to that in Canada—fresh coffee at 1.5 to 4 Canadian dollars per cup. Due to the high prices in China, consuming coffee is regarded as a luxurious experience for the middle class—one that cannot occur on a daily basis. These coffee houses with high prices (much higher than other beverages) and luxurious environment have gained popular acceptance in China and its high price did not stop Chinese people from enthusiastic coffee consumption. More interesting is that the luxurious environment bears little resemblance to the traditional coffee houses in Western countries (Venkatraman & Nelson, 2008). Thus, this real foreign beverage that Chinese consumers are passionate about has not an authentic image with the one from its original country. They regard coffee consumption as a luxurious experience for middle class and attain a kind of imaginary Western lifestyle instead of a need on a daily basis. To conclude, coffee in China is more a trend, not a need. Western name-brand coffee shops, Starbucks for example, is associated with westernized lifestyles. Customers consume coffee, especially young adults who are influenced more deeply by western culture, acquiring coffee consumption experience in order to get a feeling of being connected to the world (Maguire & Hu, 2013). However, for this market segment, there is a gap between the western lifestyle in

their minds and the real western life—that is the importance of the alignment of foreign brands with 'glocalization' (Robertson, 1995). Thus, western brands in China, especially the total western beverage—coffee, play a role as glocal bridge for those chasing an imagined Western lifestyle (Maguire & Hu, 2013).

2.2 Perceived Luxuriousness

Shen et al. (2016) used "servicescape" to represent the furnishing luxuriousness. Ezeh and Harris (2007) defined servicescape as: The physical environment housing the service encounter, which elicits internal reactions from customers leading to the display of approach or avoidance behaviors. Vieira (2010) suggested that the greatest effect that servicescape on customers' perception is delivered through vision. Shen et al. (2016) suggest that the overall visual aesthetics—the design aesthetics of the visual surroundings—is more reasonable to examine the relationship between customers and service providers, since they believed consumers make their evaluation and assumptions based on the global perception of the combination of the color, layout, music and atmosphere instead of only one or two factors. For the servicescape, the style and design of the environment of a restaurant or a café contribute to the identification of the brand and the differentiation with competitors in consumers' mind. Vieira (2010) gave the example of McDonald's who conveys a sense of youth and joy to consumers through its visual atmosphere. Apart from a tool to represent the brand image, visual experience towards a restaurant or a café also influence the perception of the quality of the product for consumers. Take the Chinese restaurants in Hong Kong as an example in Tse et al. (2002), a crowded restaurant in Hong Kong tended to signal high food quality and conveyed a favorable restaurant image for customers. In the context of coffee shops, the perception of the physical settings may be an important indicator of the coffee quality for customers.

The furnishings of the service venue would be the most important visual experience for making consumers enter a business and pay for its services. Especially in China, the physical

setting of a coffee shop would be the clearest symbol representing the "foreignness value" of this authentic Western drink. Also, the luxuriousness of furnishings would be also an indicator of high quality of the product because of the natural association of superior quality and global brands in Chinese consumers' eyes (Maguire & Hu, 2013). On the other hand, this kind of visual experience could also be used as a business weapon for the brand to establish its own brand's or product's image, thereby differentiating themselves from its competitors and making more profits.

Considering coffee as this particular foreign product, the combination of a superior physical setting and luxurious atmosphere in the shop would be helpful to convey to the Chinese consumers that the coffee provided here is of high quality. Considering the "superiority value" that Chinese consumers have been seeking in all Western products (Maguire & Hu, 2013), customers would not admit the authenticity of coffee or the satisfactory quality of coffee without the luxurious furnishings in the café with its fashionable décor, interior design and atmosphere. Western products are taken-for-granted goods in Chinese people's eyes. And this superior value should be linked with a kind of luxurious appearance of the product. The external visual aesthetic presentation of a coffee shop may be the indispensable guarantee of both the authenticity and quality of products from Chinese customers' perspectives. Particularly in this research, the physical aesthetic designs are represented by the luxuriousness of furnishings according to Shen et al. (2016) which proved the stronger relationship between the restaurant and consumers resulting from furnishing luxuriousness.

In addition, the symbolic value of the luxuriousness of environment in a coffee shop is as significant. Shen et al. (2016) suggested that in service industries, consumers' needs are no longer satisfied only by quality and function. Useful stimuli appealing to consumers' emotions and to touch their hearts through aesthetic experiences would be necessary in the intensive service industries. Pleasant experiences are used to create an emotional link with the consumer and make them feel more positive about a brand or product. In turn, a strong emotional link between consumers and the brand attached by the specific servicescape could

embed the image of the product or the brand into consumers' mind and enhance the relationship between consumers and the brand. In this context, in the foods & beverages industry, the furnishings of service are both tangibly and intangibly considerable during consumers purchasing making process (Shen et al., 2016). Lin and Mattila (2010) believed that how consumers think about the overall environment in a restaurant determines how they evaluate their dining experiences. Consumers make a judgment based on the overall visual experience they receive. Thus, the aesthetic design of the café has four functions: 1) to represent the high quality of the product; 2) a way to appeal to consumers' emotions, thus creating an emotional link; 3) to differentiate their product/service from competitors—attracting the consumers with the same lifestyles as the store image; 4) a way for customers to identify themselves—connecting themselves with the product's value or store's culture.

In China, the motive behind people's consumption of foreign products, especially for those are new emerging middle-class, are made in light of traditional Confucian values—the emphasis on face and group conformity (Maguire & Hu, 2013). The foreignness in this Western and non-traditional beverage—coffee would be a tool for Chinese consumers to show off their upper social status. Thus, foreigner as who intend to achieve success in China should adopt the glocalization (Robertson, 1995)—transforming the western goods as a method to reach Western experiences and ideologies (Tian & Dong, 2011). Thus, in China, coffee shops such as Starbucks act as a cultural bridge (Maguire & Hu, 2013). Chinese coffee lovers drink coffee not only for its taste, but more importantly, the experience of drinking coffee in a coffee shop is a kind of symbolic practice enabling consumers to become who one is and who they want to be (Maguire & Hu, 2013). This fashionable lifestyle with Western value is generally believed to be the tool to represent their "new self" and their upper social class.

Thus, we believe that the luxurious decoration, design and furnishings in the physical setting of the coffee shop represent the superior and high-class nature of coffee, thus helping Chinese

customers to identify themselves and indicate their middle class through the consumption experience.

2.3 Self congruence

Image congruity refers to the degree of match/mismatch between the store image and a customer's self-image (Sirgy et al., 2000). Brand image was defined by Baloglu and Brinberg (1997) as the sum of beliefs, ideas, impressions that people have of a place. Low and Lamb (2000) defined brand image as "the reasoned or emotional perceptions consumers associate to specific brands." Levy and Weitz (2004) consider store image as a customer's perception of a particular based on salient attributes. The furnishings luxuriousness we discussed above should be a considerable attribute influencing Chinese consumers' impression and perception towards this store and brand. Booms and Bitner (1982) argue that physical environment in restaurants would be the useful tool to 1) strengthen the brand image, 2) reposition the guest's perceptual mapping among competition, 3) and enhance directly their customer satisfaction with the service encounter.

The Chinese overall consumer behavior is determined partially by the congruence from a psychological comparison between the product image and the consumer's self-concept according to the self-congruity theory (Sirgy et al., 1997), high self-congruity occurs when there is a match between the store image and consumer's self-image (O'Cass & Lim, 2002).

2.3.1 Symbolic self-congruity

Symbolic self-congruity refers to the self-expression through the product or service. By purchasing, using and experiencing the product, consumers define, maintain and enhance their self-concept (Hong & Zinkhan, 1995). Qhat a consumer buys is not only out of need, but determined by the image that the consumer has of himself/herself (Hong & Zinkhan, 1995). Therefore, when the store image is consistent with consumer's self-image, consumers would have a more positive and favorable evaluation of the store and the product or the service delivered should be regarded to provide greater value to the customer. In the context of coffee

houses in China, where Chinese customers are seeking for a kind of imitation of Western lifestyle as mentioned in Tian & Dong (2011), self-image congruence methods may be effective as an approach to appeal in targeting potential consumers and enhancing the emotional relationship between consumers and the brand in the long term. The luxuriousness of furnishings is assumed in this study to be a way for consumers to express their identity and to gain the ideal lifestyle they dream. People who consume coffee is not just keen on drinking coffee, but also need this Western beverage help them to express themselves.

Symbolic self-congruity is based on four perspectives, including actual self-congruity, social self-congruity, ideal self-congruity, and ideal social self-congruity (Sirgy and Samli, 1985). Actual self-congruity refers to a process of matching the symbolic image of a store and the customer self-image (He and Mukherjee, 2007), emphasizing how the consumer see himself/herself actually; whereas ideal congruity emphasizes the match between store image and customer's ideal self-image—how he/she would like to see himself/herself. In addition, social self-congruity is about the congruence of the store image and the self-image what the consumer thinks others see in himself/herself. By purchasing the product or obtaining the service, customers are likely to create personal and emotional bonds with the store, using this connection to express themselves and identify themselves (Kang et al., 2012).

In this study, on the coffee houses in China, we look at the motivation of coffee consumption based on self-congruence theory, because coffee consumption behavior would be a trend instead of a need in China. The Westerness value in the coffee and the Western lifestyle represented by consuming coffee in the luxurious coffee house would still be a new conception not that familiar for Chinese consumers today. Thus, we assume that the coffee consumption experience in a coffee shop would be more helpful for Chinese customers to reach their new self—indicating their middle social status and expressing themselves as who pursue Western lifestyle.

Lee and Hyman (2008) showed that self-congruity is an antecedent of customer attitude. Thus, we believe that if people find that the perceived luxuriousness in a coffee shop could

help them identify themselves and the store image they perceived is consistent with their self-image, they would form a positive attitude towards the store, thus increasing their willingness to pay a price premium.

2.4 Perceived quality

Quality is defined as the superiority or excellence within the product (Zeithaml, 1988). Different from objective or actual quality, perceived quality is defined as the judgment of consumers about the global excellence or superiority of products (Zeithaml, 1988). Perceived quality is considered as the global assessment resembling attitude towards the products (Lien & Yu, 2001). Therefore, the perceived quality approach is different from product-based approach (Lien & Yu, 2001). The former focuses more on the evaluation, assessment and judgment among consumers towards the product.

In the service industry, a large number of previous research has mainly concentrated on perceived service quality, since service businesses provide both tangible and intangible products. However, the study of Cronin et al. (2000) suggested the importance of product quality in the service industry, although the perceived service quality play a significant role and is an important determinant of consumers' satisfaction. The perceived product quality could be crucial in affecting consumers' purchasing intentions and meanwhile in affecting perceived service quality. Furthermore, the previous study by Qin et al. (2010) indicated that food quality would be a key factor in consumers' overall evaluation of products, thus affecting people's decision making in the fast food industry in China. Hence, we assume that perceived quality would be also important to determine consumers' attitudes towards the coffee shop.

2.5 Store attitude

Attitudes are a popular topic in marketing research because of its prediction of consumer behavior (Mitchell & Olson, 1981). Attitude is defined as the evaluation of a customer's experience towards a product or a store, such as favorable or unfavorable, good or bad, as

well as pleasant or unpleasant. (Dabholkar & Bagozzi, 2002). Consumer having more favorable attitude towards the brand, store, or product would be more likely to have an intention to purchase the product. Brand attitude is an important antecedent of willingness to pay in this context.

Additionally, Nancy & Surendra (2004) distinguished "attitudes" with "feelings" which are the sum of the perceptions that a consumer obtained from a product. Attitudes are more enduring whereas feeling are more transitory. Feelings could not tell information about the external world, but they show the impacts the external world has on people (Batra & Ray, 1986). In other words, the consistency of a store or a product image and the consumer's self and the indication of high quality or good performance in product shown by the store image are not sufficient to drive consumer into a purchase decision. However, Self-congruity has been shown to be an antecedent of customer attitude toward products (Lee & Hyman, 2008). A consumer who think the store image is consistent with his/her self-image and believe the product is a tool to represent their self-identification would form more favorable and positive attitudes towards the store, brand and product. This means that attitude toward a store mainly depends on a consumer's own perceptions regarding the store, and are argued to be a reliable predictor of consumers' behavior toward products (Shimp, 2010).

In this study, store attitude is considered an indispensable mediator. The relationship between self-congruity and functional congruity and willingness to pay would be mediated by the store attitude. We assume that the self-congruity and perceived quality would affect the willingness to pay a premium through the store attitude. Practically, a customer is more likely to have a willingness to pay if he/she holds positive attitudes towards the object (Ranjbarian, 2010). The more luxurious the physical environment is, the more a consumer feels connected with the store (self-congruity) and the higher quality of the product the consumer perceives, the more positive attitude towards the product/brand/store, thereby more willingness to pay a premium for the product.

2.6 Willingness to pay premium (WTPP)

It is appropriate to use willingness to pay a premium (WTPP) as the dependent variable in our research, since WTPP is a kind of marketing outcome construct. The price premium is a price higher than the regular price for relevant products, meaning the fact that there must be a unique value within the product or an advantage of the brand different from its competitors that convince consumers to pay more for it. Also, brand attitude is the antecedent of the purchase intention as we discussed above; however, in our study, we focus on the function of favorable/ unfavorable attitude towards the brand leading to the willingness/unwillingness to pay premium price, considering the relatively high price of a cup of coffee in China.

The price premium is defined as the higher price for a particular service brand than for comparable alternative brands by Netemeyer et al. (2004). Kapferer, (1996) argued that the product could have a price premium when consumers are willing to pay for it higher than other relevant products in the market. Sethuraman (2000) indicated that the price premium does not need to reflect real prices. In other words, a price premium is a branding measure and the outcome of effective brand management, reflecting brand equity (Blackstone, 1995), and predicting its powerful market share (Ailawadi et al., 2003). WTPP is an indicator of brand equity and contributes significantly to higher profitability and competitive advantage for business organizations.

However, how to obtain this useful marketing tactic is sustainably interesting for both academic researchers and practical marketers. The engine and mechanism behind customers' willingness to pay for a price premium for one particular brand or product have been widely studied in previous research (Blackstone, 1995; Kapferer, 1996; Netemeyer et al., 2004). Almost all research about WTPP agreed that perceived higher quality is the main reason for WTPP.

Nevertheless, Anselmsson et al. (2014) suggest that, apart from higher quality, WTPP is formed more importantly based on intangible (emotional) aspects in the food industry. In addition, even though several previous researchers believed that WTPP is the outcome of

brand loyalty, Anselmsson et al. (2014) argue that customers' willingness to pay for a price premium is to some extent different from loyalty. A customer with high brand loyalty is one who is willing to keep purchasing the product in a long term, whereas WTPP refers to the increase in the margins of profits that a company can obtain from consumers. WTPP is more represented as a specific value in the product or brand, convincing customers to pay for it despite its higher price. Therefore, we will not discuss brand loyalty in this research. Meanwhile, Anselmsson et al. (2014) indicate that in the food industry, WTPP is considerably determined by certain brand images—social image, country of origin and the uniqueness.

Thus, in our specific Chinese coffee consumption case, despite the irregular higher price of a cup of coffee in China, Chinese consumers do not stop their enthusiasm towards this fresh new Western drink. The rapid prosperity of café industry in China is really a noteworthy recent phenomenon in China. This study is aimed at figuring out the real motivation of Chinese people who are willing to pay for the price premium in the coffee—the added value in coffee. Sitting in a coffee shop to have some coffee is not about drinking coffee, but about having a kind of experience totally different from the Chinese traditional lifestyle, imagining that they have the same lifestyle with those who drink coffee in a Manhattan's Starbucks.

We assume that the price premium of coffee would be explained by the enthusiasm about coffee in China—which is driven by the eager curiosity about the imaginary Western world and the belief which regards western product as a way to represent their middle social status.

Based on the discussion above, there are two formulated hypotheses as follows:
H1：Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via perceived quality of coffee and store attitude，such that luxuriousness would lead to higher quality of coffee which induce positive store attitude, thus increasing WTPP.
H2：Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via self-congruence and store attitude，

such that luxuriousness would lead to higher congruence between the coffee shop's store

image and self-image, which induce positive store attitude, thus increasing WTPP.

2.7 Moderating effect of cosmopolitanism

2.7.1 Cosmopolitanim

In the contemporary world, sociology researchers have given much attention to cosmopolitanism with the rapid growth of globalization which encouraged a bicultural identity (Appadurai, 1996). Cosmopolitan is defined as a mode of orientation to the world (Hannerz, 1990) representing the curiosity for diverse cultures and the willingness to master them.

The appearance of cosmopolitanism, thanks to the closer interaction within countries all over the world, allow people from different places to feel they live in a global village where the geographical limitation would have disappeared (Cleveland et al., 2014). Individuals with cosmopolitan traits are those who are citizens of the world, holding a general orientation of desire to experience, interact and learn from different cultures (Cleveland et al., 2014). Globalization values enable individuals to liberate themselves from traditional cultural values and offer them opportunities to change and tolerate the differences among individuals (Arnett, 2002).

Cosmopolitanism should be distinguished from globalization although they are linked closely. The globalization, especially the growth of international mass media, has promoted the emergence of cosmopolitanism. However, cosmopolitans could resist globalization since they do not need to travel in another country or meet people from different cultures (Hannerz, 1990) since the global media have freed culture from geographical restrictions. People at home could obtain the cultures of other people as their own (Konrad 1984). Thus, it is easy to

have a gap between the real foreign world and the foreign world perceived by cosmopolitans, that is 'imagined communities' beyond frontier called by Anderson 1983.

Thus, when we talk about cosmopolitanism, we do not only consider the exotic cultures, but we should understand cosmopolitanism under the specific sociocultural context.

2.7.2 Cosmopolitanism in China

After the Open Reform Policy, Chinese cosmopolitan consumers consume western goods to transform their lifestyles (Tian & Dong, 2011). It could be a way for them to seek freedom by releasing themselves from the Mao's collectivist life modes for a specific historical and political reason. On the other hand, the widespread mass media have played a determined role for creating an imaginary western community among Chinese cosmopolitans. Due to the geographical restrictions, it is not quite easy for Chinese people to have a chance to travel abroad in the 1980s and 1990s; they acquired information about the "western world" from TV programs, advertisements and magazines (Tian & Dong, 2011), stimulating Chinese cosmopolitans to emulate the "Western lifestyle" in the media (Garner, 2005; Wang, 2000). Furthermore, Hewitt (2013) argued that the influence of overseas' idols had played a critical role in shaping young peoples' attitude and personality towards the world which emphasized the cultural openness and self-liberation.

These profound changes taken place in Chinese society embedded the cosmopolitanism personality trait into the Chinese young generation. Thus, cosmopolitan Chinese consumers hold the view that western products must be world-wide famous and of high quality if they have already entered the Chinese market (Tian & Dong, 2011). Also, the high quality of western products would be shown by its higher price compared to the domestic ones. Meanwhile, they purchase Western products by seeking an imagined western world, which is in turn different from the real Western world. This new lifestyle would be a tool for them to liberate themselves, instead of a goal that they are really interested in achieving. Chinese

cosmopolitans may have never been to a real western country, but under the intense coverage of mass media, they believe people in the western world have a superior lifestyle with superior quality in the products they use in their daily life. Therefore, by imitating the western figures' life appearing in the ads or movies, they can achieve an imagined self to set themselves free. We assume that the luxuriousness value in coffee shop is a specific way for Chinese cosmopolitan consumers to represent a higher quality of coffee and self-congruence, thereby more willingness to pay more for it.

However, not every Chinese holds an open attitude towards the outside world. Cosmopolitans are those who are open-minded to the world and who are willing to learn more about other cultures based on different motives. There are people who never enter into a coffee shop in China since they think this is a western product which would have nothing to do with them. Thus, there are a group of people that coffee marketers would hardly target at. They are traditional and conservative, thus reluctant to changing their lifestyle or accept new things.

The degree of cosmopolitanism would determine the extent of the acceptance of coffee for consumers, or strengthen the relationship between luxuriousness and perceived quality or self-congruence. Cosmopolitanism would be an important moderator in this research. Once the consumer is highly cosmopolitan, he would pay more attention to the luxuriousness in the coffee shop furnishings when he consumes coffee, since the luxuriousness value in a foreign product would be a guarantee of superior quality and a way to match his upper social class identity—to reflect his self by imitating imagined western people's lifestyle.

Thus, here are our developed two hypotheses:
H3: People with high cosmopolitanism are more likely to perceive the high quality of coffee due to the perceived luxuriousness of physical settings in a coffee shop in China, which induce their positive attitude, and thus increase their willingness to pay for a price premium than those with low cosmopolitanism.
H4: People with high cosmopolitanism are more likely to perceive high self-congruence due to the perceived luxuriousness of physical settings in a coffee shop in China, which induce

their positive attitude, and thus increase their willingness to pay for price premium than those with low cosmopolitanism.

To clarify the overall presentation of this study, Figure 1.1 provides an overview of the XXX and all hypothesis are summarized in Table 1.2.
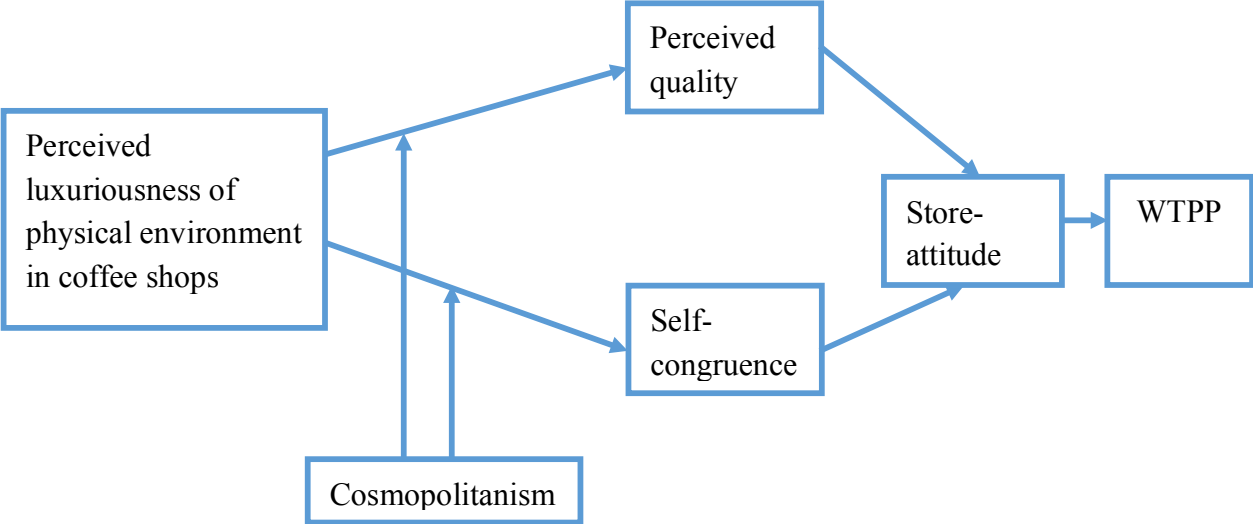
Figure 1.1: Proposed Conceptual Research model: How perceived luxuriousness

influence people's coffee consumption behaviour in China

Overall hypothesis of this study are summarized in the following Table 1.2 followed by the

Table 2.2: Summary of hypothesis

H1:Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via perceived quality of coffee and store attitude，such that luxuriousness would lead to higher quality of coffee which induce positive store attitude, thus increasing WTPP.
H2：Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via self-congruence and store attitude，such that luxuriousness would lead to higher congruence between coffee shop's store image and self-image , which induce positive store attitude, thus increasing WTPP.
H3: People with high cosmopolitanism are more likely to perceive high quality of coffee due to the perceived luxuriousness of the physical settings in a coffee shop in China, which induce their positive attitude, and thus increase their willingness to pay for a price premium than those with low cosmopolitanism.
H4 People with high cosmopolitanism are more likely to perceive high self-congruence due to the perceived luxuriousness of the physical settings in a coffee shop in China, which induce their positive attitude, and thus increase their willingness to pay for a price premium than those with low cosmopolitanism.

3.0. Research methodology

3.1 Measurements

In this study, all scales came from previous studies. The perceived luxuriousness physical setting was measured based on Shen et al. (2016) which measured the luxuriousness with four bipolar items（high class—low class, luxurious—non luxurious, good atmosphere—bad atmosphere, good design—bad design of furnishings of restaurant based on the environment (seating comfort, décor, and furniture)—with a 7-point semantic differential scale. Perceived coffee quality was tested based on four items of food quality in the research of Jang and Namkung (2009). Four items adapted from Sirgy and Su (2000) from four levels—actual self-image, social self-image, ideal self-image and social ideal self-image were used in this study for the construct of self-congruence. Meanwhile, for self-congruence, a scenario used in Kang et al. (2012) which is based on Sirgy and Su (2000) is used again in this study before respondents to respond questions about self-congruence:

> *Please take a moment to think about the kind of person who typically visits this coffee shop. Imagine the person in your mind and then describe this person using one or more personal adjectives such as classy, poor, stylish, friendly, modern, traditional, popular or whatever other personal adjectives you can think of to describe the typical visitor of this coffee shop.*

Cosmopolitanism was tested based on Cleveland (2014) with five items. Store attitude was measured based on 3 bipolar items in Dabholkar and Bagozzi (2002), including good-bad, pleasant-unpleasant, favorable-unfavorable with a 7-point semantic differential scale.

To measure WTPP, three items were chosen from Netemeyer et al. (2004) in this research to compare how willing participants are to pay more for the coffee in this coffee shop, and coffee compared with other coffee shops and other kinds of coffee, and other kinds of beverage.

The items of perceived quality, self-congruence, cosmopolitanism and WTPP in this study were using 7-points Likert-type scale (1=strongly disagree and 7= strongly agree).

3.2 Procedure and Data collection

A survey approach to data collection was chosen to this research. Considering the geographical restriction, the data were collected through a professional Chinese online survey company—WenJuanXing—the equivalent of Survey Monkey in Canada. On this Chinese online survey website, 255 participants were invited to participate this experiment. Every participant was asked to respond to a questionnaire online in Chinese. First of all, they were all informed that only participants over 18 years old could respond this questionnaire. Every respondent had the right to quit or continue before beginning the survey.

At the beginning of the survey, several demographic questions as gender, age and education were asked, followed by two general questions about participants' coffee consumption frequency and abroad travelling experiences. Then, in the main body of the survey, participants were asked to see several photos of one typical popular coffee house in China. These pictures included the exterior appearance, interior environment and various kinds of coffee of this coffee shop. We did not mention the name or the brand of this coffee shop in order to eliminating the effect of brand knowledge in this study. Then, based on the feeling or perception of these pictures, participants were asked to respond to several questions about this coffee shop.

The whole process of answering this questionnaire lased around 7—10 minutes. Eventually we collected 255 questionnaires with no invalid response.

3.3. Semantic equivalence

The questionnaire should be translated into Chinese since all participants in this experiment come from China and live in China. The semantic equivalence, referring to the translated

word or expression that has a similar meaning to the item before the translation, should be guaranteed. To ensure the accuracy of the translation of the original English version, this study used a double translation rule (Brislin et al., 1973)**.** First, a Chinese native professional translator translated the English original questionnaire into a Chinese version. Then, another bilingual Chinese native translator translated the Chinese version of questionnaire into English. A native English speaker was invited to check the original and translated-back versions for equivalence. Some improper conception in the questionnaire were revised according to his feedback. Meanwhile, we repeated the translation process until the two versions of questionnaire had a high equivalence (Brislin et al., 1973).

4.0. Results

SPSS (version 26.0) was used to analyze the collected data. The analysis is divided into four stages:

1) First, we checked the reliability of all scales and the validity of the research model.

2) Then, according to the structure of the model in our research, we analyzed the serial mediation effect of the perceived quality/self-congruence and store attitude on the relationship of perceived luxuriousness and WTPP.

3) Lastly, the moderating effect of cosmopolitanism on the serial mediated model is tested. The precise and detailed analysis procedures and results would be discussed in the following parts.

4.1 Reliability and validity

4.1.1 Reliability of scales

All scales in this research were used in previous research which had indicated already a high reliability. However, to guarantee the constant reliability of the scales in this research, we tested the Cronbach's α—the indicator of the internal consistency. The higher the Cronbach's α (ranging from 0 to1) is, the more the items have shared covariance and the closer relationship between a group of items. A value of 0.7 or over of Cronbach's α would be acceptable generally in SPSS. In this study, all measurements structures have a value higher than 0.8, indicating a high level of internal consistency of all constructs with this specific sample. All constructs are acceptable (Please refer to Table 4.1)

Table 4.1: Construct's Cronbach's Alpha

Constructs	Citation	N of Items	Cronbach's Alpha
luxuriousness	Shen et al., (2016)	4	0.878
perceived quality	Jang & Namkung (2009)	4	0.915
self-congruence	Sirgy & Su (2000)	4	0.902
store attitude	Dabholkar and Bagozzi (2002)	4	0.922
WTPP	Netemeyer et al. (2004)	3	0.884
cosmopolitanism	Cleveland (2014)	5	0.873

4.1.2 Validity of the research model

Then, KMO and Bartlett's test sphericity are conducted to check the validity of the research model. KMO examines whether the sample size is sufficient for each variable and for the whole model (Kaiser, 1974). The value of KMO higher than 0.5 would be acceptable, and KMO higher than 0.8 indicates the sample's sufficiency and the qualification for the further factor analysis. In this study, as the table 4.2 shows, the KMO of 0.877 presents that this sample's adequacy enables further analysis to be carried out. Bartlett's test sphericity tests whether the variables are related and suitable for structure detection. A value of Bartlett less than 0.05 would be significant, indicating the necessity for further data analysis. In this research, a significant value of Bartlett test (0.000) is acceptable for further analysis (Please refer to Table 4.2).

Table 4.2: KMO and Bartlett's test results

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.877
Bartlett's Test of Sphericity	Approx. Chi-Square	936.738
	df	15
	Sig.	0. 000

4.2 Data Analysis

4.2.1 Sample

In our study, 255 valid questionnaires were collected, with about two third of them are females (65.5%). The majority of respondents are between 26—41 years old (61.9%). For the education background, the highest group of participants obtained a bachelor degree. The survey also investigated respondents' travelling abroad experience and coffee consumption frequency. Nearly one third (26.7%) of respondents have never been to abroad. Furthermore, 36.1% of respondents consume coffee at coffee shops at least once a month (Please refer to Table 4.3).

Table 4.3: Demographic sample (n=255)

		frequency	percent
gender	male	88	34.50%
	female	167	65.50%
age	18-25	38	14.90%
	26-33	98	38.40%
	34-41	60	23.50%
	42-49	39	15.30%
	>50	20	7.80%
education	high school	14	5.50%
	college	54	21.20%
	bachelor	159	62.40%
	master	27	10.60%
	doctor	1	0.40%
abroad experience	never	68	26.70%
	1-2 times	96	37.60%
	3-5 times	49	19.20%
	more than 6 times	42	16.50%
coffee frequency	never	26	10.20%
	< once a season	82	32.20%
	>=once a season	55	21.60%
	>=once a month	53	20.80%
	>=once a week	39	15.30%

4.2.2 Serial mediation

In order to examine how variables—perceived quality, self-congruence and store attitude mediate the causal relationship between perceived luxuriousness and willingness to pay for a price premium, we conducted a serial multiple mediation analysis. Preacher and Hayes (2004) created the bootstrapping method based on SPSS, enabling complex models with serial mediation and moderated mediation to be analyzed accurately on SPSS. Thus, a bootstrapping method based on the SPSS Macro program (Preacher & Hayes 2008) was chosen for the analysis of serial mediation effect and moderated mediating effect in this study, 5,000 bootstraps resample were performed and Model 6 of this program was chosen based on our model for this study. In this stage, there were five control variables: gender, age, education, abroad experience and coffee frequency.

4.2.2.1 Perceived luxuriousness—Perceived quality—store attitude--WTPP

The serial mediation effect of perceived quality and store attitude on the relationship between perceived luxuriousness and WTPP was first tested. After running an individual set of regressions based on bootstrapping method, the results shown in Table 4.4 approved the serial mediation effect of perceived quality and store attitude: The F value of WTPP ($p<0.001$) in the model 3 indicated the significant serial mediation effect. There is a significant positive relationship between luxuriousness and perceived quality ($\beta=0.71$, $p<0.001$), perceived quality and store attitude ($\beta=0.49$, $p<0.001$) and between store attitude and WTPP ($\beta=0.33$ $p<0.001$). However, the direct relationship of luxuriousness and WTPP is non-significant ($\beta=0.09$, $p>0.05$) (please refer to Table 4.4). Thus, the regression models here in Table 4.4 indicated the significant mediating effect of perceived quality and store attitudes on the relationship between luxuriousness and WTPP.

Meanwhile, in Table 4.5 are indicated more clearly the significant total indirect effect of serial mediation in this model (β=0.12, SE=0.02, bias-corrected 95% CI= [0.04, 0.19]). Therefore, we could conclude that perceived luxuriousness of the physical settings in the coffee shop in China have a positive influence on perceived quality which in turn cause better store attitude, thus increasing Chinese people's willingness to pay for a price premium for coffee. Hypothesis 1 is supported.

Table 4.4: The mediation effect of perceived quality and store attitude on the relationship between perceived luxuriousness and WTPP

Predictors	Model 1: Perceived quality		Model 2 Store attitude		Model 3 WTPP	
	β	t	β	t	β	t
Gender	-0.07	-1.69	0.07	2.05 *	0.013	0.28
Age	0.08	1.60	0.03	0.70	-0.05	-0.99
Education	-0.02	-0.13	0.01	0.14	0.04	0.81
Abroad experience	0.02	0.18	0.02	0.52	0.08	1.54
Coffee frequency	-0.02	0.18	0.09	-2.58**	0.01	0.02
Luxuriousness	0.71	4.74***	0.43	9.26***	0.09	1.20
Perceived quality			0.49	10.33***	0.33	4.02***
Store attitude					0.33	3.64***
R2	0.73		0.74		0.48	
F	47.58***		102.43***		28.03***	

* p≤.05, ** p≤.01, *** p≤.001

Table 4.5: Testing perceived quality and store attitude in mediation models between perceived luxuriousness and WTPP with bootstrap

Effect Type	Effect	Boot SE	Bootstrap 95%CI	
			BootLLCI	BootULCI
Total Indirect effect	0.52	0.07	0.39	0.65
Lux→Per→WTPP	0.24	0.08	0.088	0.41
Lux→Stor→WTPP	0.15	0.06	0.05	0.27
Lux→Per→Stor→WTPP	0.12	0.04	0.04	0.19

Lux=perceived luxuriousness, Per=perceived quality of coffee,
stor= store attitude, WTPP= willingness to pay for price premium

4.2.2.2 perceived luxuriousness—self-congruence—store attitude--WTPP

Afterwards, we repeated the same process of Bootstrapping method analysis based on SPSS to examine the serial mediation effect of self-congruence and store attitude on the causal relationship between perceived luxuriousness and willingness to pay for price premium. After running an individual set of regression, the results in Table 4.6 showed the significant serial mediation effect of self-congruence and store attitude:

After running a set of regression based on bootstrapping method, the results shown in Table 4.6 shpwed the serial mediation effect of perceived quality and store attitude: The F value of WTPP ($p<0.001$) in the model 3 indicated the significant serial mediation effect (please refer to Table 4.6). There is a significant positive relationship between luxuriousness and self-congruence ($\beta=0.49$, $p<0.001$), self-congruence and store attitude ($\beta=0.26$, $p<0.001$) and between store attitude and WTPP ($\beta=0.40$ $p<0.001$). However, the direct relationship of luxuriousness and WTPP is non-significant ($\beta=0.14$, $p>0.05$) (please refer to Table 4.6). Thus, the regression models here in Table 4.6 indicated the significant mediating effect of self-congruence and store attitudes on the relationship between luxuriousness and WTPP.

Meanwhile, the results in Table 4.7 indicated more clearly the significant total indirect effect of serial mediation in this model ($\beta=0.05$, SE=0.02, bias-corrected 95% CI= [0.03, 0.09] which does not include zero). Therefore, we could conclude that the perceived luxuriousness of the physical setting of a coffee shop in China has a positive influence on customer's self-congruence, which in turn cause better store attitude, thus increasing Chinese consumers' willingness to pay for a price premium for coffee. Hypothesis 2 is supported.

Table 4.6: The mediation effect of self-congruence and store attitude on the relationship between perceived luxuriousness and WTPP

Predictors	Model 1: Self-congruence		Model 2 Store attitude		Model 3 WTPP	
	β	t	β	t	β	t
Gender	-0.06	-1.01	0.05	1.23	0.01	0.04
Age	0.15	2.51*	0.02	0.60	-0.07	-1.36
Education	-0.04	0.78	-0.01	0.25	0.03	0.53
Abroad experience	-0.02	-0.38	0.03	0.71	0.009	1.70
Coffee frequency	0.03	0.59	-010	-2.65 **	0.01	-0.10
Luxuriousness	0.49	8.98***	0.66	15.59***	0.14	1.89
Self-congruence			0.26	6.08***	0.27	4.63***
Store attitude					0.40	4.92***
R2	0.28		0.68		0.49	
F	15.97***		75.25***		29.22***	

* $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$,

Table 4.7: Testing self-congruence and store attitude in mediation models between perceived luxuriousness and WTPP with bootstrap

Effect Type	Effect	Boot SE	BootLLCI	BootULCI
Total Indirect effect	0.47	0.06	0.34	0.59
Lux→Sel→WTPP	0.14	0.04	0.06	0.23
Lux→Stor→WTPP	0.27	0.07	0.15	0.40
Lux→Sel→Stor→WTPP	0.05	0.02	0.03	0.09

Lux=perceived luxuriousness, Sel=self=congruence,
stor= store attitude, WTPP= willingness to pay for price premium

4.2.3. Moderated mediating effect

Then, the moderating effect of cosmopolitanism was examined through another statistical analysis based equally on Bootstrapping method in SPSS. In this part, we chose the model 83 with a 5000 resample on the analysis process of Bootstrapping program in SPSS (Stride et al., 2015). We defined perceived luxuriousness as independent variable, cosmopolitanism as moderator, perceived quality of coffee/self-congruence and store attitude as mediator and WTPP as dependent variable.

First, we put an interaction of cosmopolitanism and luxuriousness in the model to check the moderating effect of cosmopolitanism on the relationship between luxuriousness and perceived quality. The result in Table 4.8 illustrated the nonsignificant direct effect of luxuriousness (β=0.11, p>0.05) and cosmopolitanism (β=-0.19, p>0.05) on perceived quality, but significant effect of the interaction of cosmopolitanism and luxuriousness (β=0.09, p<0.01). Hence, it is shown that cosmopolitanism moderates the relationship between luxuriousness and perceived quality. Then, we repeated the same procedure to examine the moderating effect of cosmopolitanism on the relationship between luxuriousness and self-congruence. Please refer to Table 4.8 summarizing that there is both a significant direct effect of luxuriousness (β=-1.08, p<0.001) and cosmopolitanism (β=-1.11 p<0.001) on self-congruence, and also the significant moderating effect of cosmopolitanism on the relationship between luxuriousness and self-congruence (β=0.27, p<0.001).

Thus, we look at further analysis to check the moderating effect of cosmopolitanism on the relationship between luxuriousness and perceived quality and relationship between luxuriousness and self-congruence among the whole serial mediated model. Both are found to be significant. Please refer to Table 4.9 where it is indicated that the moderated mediation effects are shown to be nonsignificant for perceived quality (β =0.02, SE=0.01, bias-corrected 95% CI =[0.00, 0.04])，but significant for self-congruence (β =0.03, SE=0.01, bias-corrected 95% CI=[0.01, 0.05]). Meanwhile, the result indicate how cosmopolitanism moderated the model as Table 4.10 summarize the following: luxuriousness has a more important effect on self-congruence among high cosmopolitanism group (β =0.07), compared with low cosmopolitanism (β =0.02). However, luxuriousness has the same influence on perceived quality among people whether they are high or low cosmopolitanism, and also causing better store attitude and WTPP. Hypothesis 3 is not supported but hypothesis 4 is supported. A summary of all hypotheses (supported/rejected) is provided in Table 4.11.

Table 4.8: The moderating effect of cosmopolitanism on the relationship between perceived luxuriousness and perceived quality /self-congruence

regression equation(N=255)		Indices of Fit			Standardized Coefficient	
Dependent variable	Variable	R	R²	F	β	t
Perceived quality	Lux				0.11	0.46
	Cosmo	0.76	0.58	43.19***	-0.19	-0.82
	Lux*Cosmo				0.09	2.01*
Self-congruence	Lux				-1.08	-3.72***
	Cosmo	0.62	0.39	19.44***	-1.11	-3.99***
	Lux*Cosmo				0.27	5.14***

* p≤.05, ** p≤.01, *** p≤.001

Table 4.9 Testing the moderated mediation effect for the full model

cosmopolitanism	Index	BootSE	BootLLCI	BootULCI
perceived quality	0.2	0.01	0	0.04
self-congruence	0.03	0.01	0.01	0.05

Table4.10 Moderated effect of cosmopolitanism between perceived luxuriousness and self-congruence

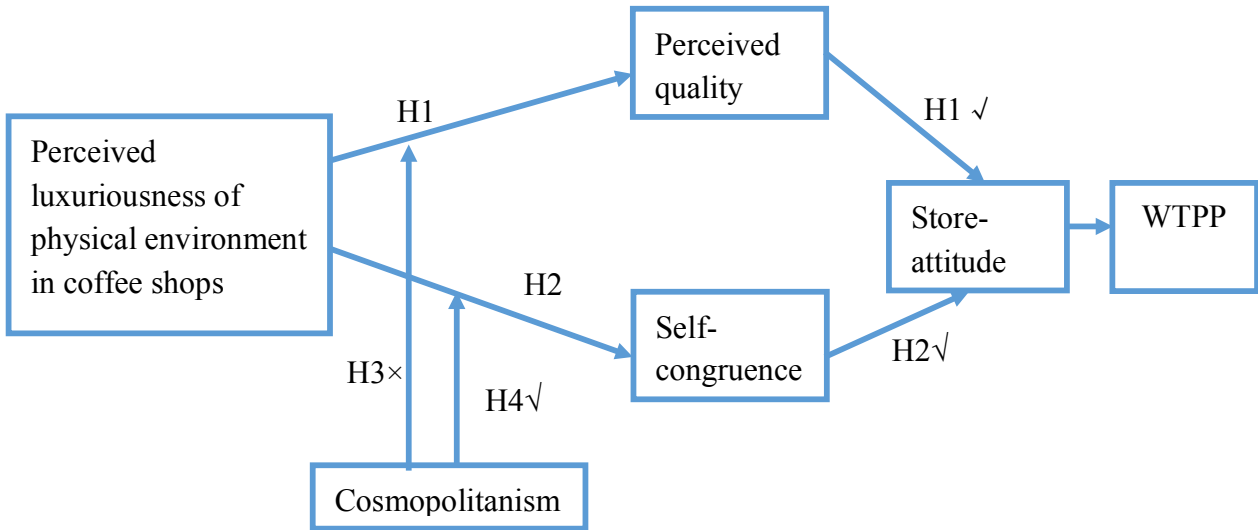|	Moderator	Effect	BootSE	BootLLCI	BootULCI
	Lowcos	0.02	0.01	0	0.04
Moderated Effect	Highcos	0.07	0.02	0.03	0.11

Figure 4.1: The research model and the summary of supported and rejected hypotheses

Table 4.11 : Summary of tested hypotheses (supported/rejected)

Hypotheses	Description	Result
H1	Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via perceived quality of coffee and store attitude，such that luxuriousness would lead to higher quality of coffee which induce positive store attitude, thus increasing WTPP.	supported
H2	Perceived luxuriousness of the physical environment in the coffee shop in China impacts consumers' willingness to pay for a price premium via self-congruence and store attitude，such that luxuriousness would lead to higher congruence between coffee shop's store image and self-image, which induce positive store attitude, thus increasing WTPP.	supported
H3	People with high cosmopolitanism are more likely to perceive high quality of coffee due to the perceived luxuriousness of physical settings in a coffee shop in China, which induce their positive attitude and thus increase their willingness to pay for price premium than those with low cosmopolitanism	Rejected
H4	People with high cosmopolitanism are more likely to perceive high self-congruence due to the perceived luxuriousness of physical settings in a coffee shop in China, which induce their positive attitude and thus increase their willingness to pay for price premium than those with low cosmopolitanism	supported

5.0 Discussion

China's economy has risen dramatically since 1978 (Central Intelligence Agency, 2008), Chinese consumers have still high purchase power despite the economic turndowns in many parts of world (Ngai & Cho, 2012). Also, the Chinese booming market is still growing. However, it is both a challenge and an opportunity since understanding this ancient oriental country's culture and social context is crucial for international corporations who want to approach one of the biggest market in the world and gain profits from it. This paper provides empirical support for the reasons and ways luxuriousness could evoke Chinese consumers' willingness to pay for a price premium for coffee through the serial mediation—quality they perceived, self-congruence and store attitude with the moderating effect of cosmopolitanism. Our study successfully confirmed that only when consumers have sensed luxuriousness in the coffee shop, they would perceive higher quality or obtain self-congruence, thus having more positive attitude towards the store and willing to pay more for the coffee.

The Chinese market's characteristics received a large amount of attention from marketing researchers. However, a lot of previous research about the Chinese market is more concentrated on the area of luxury goods and brand (Gao et al., 2009; Ngai & Cho, 2012; Wong & Ahuvia, 1998). China's luxury market has ranked in the first class among leading countries in the world (Walley & Li, 2014) with the rising new middle class in China. But there are fewer studies about the marketing strategy of non-luxury brands or other categories of Western products in China. Thus, the key theoretical contribution of this paper is to introduce the importance of luxuriousness value in a non-luxury Western product—coffee from Chinese consumers' perspectives. Luxury products, despite their high popular acceptance in China, could only target a limited niche of Chinese consumers because of its high prices. This paper extended the role of luxuriousness value to a wider range of Western products—coffee, and examined profoundly the social, cultural, and emotional values that Chinese consumers are seeking in a cup of coffee. Both mediation effects of perceived quality and self-congruence are shown to be highly significant in our study, indicating adequately the indispensable role of luxuriousness value in the coffee in China. Chinese people generally

hold an ideal view towards the perfectly fascinating imagined Western world. This positive prejudice on the Western world could be explained by the post-Maoist policies—Open Reform in 1978 and the expansion of global mass media (Tian & Dong, 2011). These specific historical and cultural aspects have fundamental influences on Chinese people's consumption behavior. Thus, our study of coffee would be an effective example illustrating Chinese people's excessive positive attitude towards the perfectly fascinating Western world.

These findings are in line with Tian & Dong (2011) which illustrated that Western brands are regarded as guarantee of quality, and Western products are instruments of freedom for Chinese consumers. The self-congruence achieved through coffee consumption can be also explained by Maguire & Hu (2013) who indicated that coffee consumption could be understood as symbolic practices for a 'quite modern' self with modern tastes for individuals. Exposure to western culture in the TV programs, films and magazines have changed dramatically the value systems of Chinese people toward hedonic and material value (Pan, 1990). Not only seeking utilitarian consumption values—assuring the security of product performance, Chinese consumer nowadays are looking for more symbolic values in their consumption experiences (Wang & Lin, 2009).

In addition, for a self-bonded with collective identities associated with Chinese specific cultural values— "face" and collectivist—based on the Confucian notion that put a vital emphasis on group conformity (Jap, 2010). On the other hand, the importance of public self in China would be important driver for Chinese people's consumption behavior since China is a collectivist country.

Malär et al. (2011) indicated that under high public self-consciousness, brands generate stronger emotional brand attachment for consumer who are buying brands to represent their actual self-concept. Wang & Ling (2009) showed that Chinese consumers purchase foreign goods to show their upper social status and gain respect and prestige in their social circle. As such, Chinese people's consumption behavior could be seen as a kind of status competition. People are always trying to represent the best public self by ideal and material goods that are

valuable. Also, in previous research, Marsella et al. (1985) has observed that the Chinese have a more complicated interpersonal relationship than that of an American. As for collectivism, the Chinese people tend to value friend's and family's opinion in their daily life. Peer pressure and opinion leaders often serve as the primary influential factors during purchasing decisions process (Wang & Lin 2009). That is coffee drinkers' are seeking a high self-congruence in China. The success creation of culture in China makes coffee purchase as a means for self-identity within the community in order to get a sense of belonging. The previous research findings explained both perfect self-congruence and social self-congruence in our study.

Interestingly, our findings have shown more or less a trait of cosmopolitanism among our participants in the study (nearly 90%). This finding showing a high openness and curiosity towards the outside world for this ancient oriental country in this special historical period is in line with Henningsen (2011) who indicated that Chinese consumers are keen on identifying themselves as transcultural than those in other countries. Our study as well prove successfully the moderating role of cosmopolitanism on the relationship between luxuriousness and self-congruence, meaning that the luxuriousness perceived in a coffee shop's environment could induce higher self-congruence for the high Chinese cosmopolitan group compared with low cosmopolitans. Tian & Dong (2011) indicate that Chinese people are pursuing a kind of superior and imaginary Western lifestyle brought by western products. The higher cosmopolitan Chinese consumers are, the better the luxuriousness value act to satisfy their need to achieve a new modern self-identity and imagined Western lifestyle that they are seeking for in coffee consumption. However, cosmopolitanism could not moderate the relationship between perceived luxuriousness within a coffee shop and perceived coffee quality. Cosmopolitans are frequently those who are innovators, who easily adopt new products in an early stage (Cleveland et al., 2014). Consequently, with the development of the third wave of coffee during which period the spring of independent cafés providing higher-quality coffee and a wider range of brewing methods, Chinese coffee lovers emphasize more the nature, quality, and origin of coffee (Ferreira & Ferreira, 2018). Cosmopolitans might

have become coffee connoisseurs for whom the only luxuriousness value of coffee could not sufficient to satisfy their demands.

6.0. Managerial implications

Our study provides statistical evidence for a high popularity of coffee consumption in China (with 36.6% of participants consume coffee at least once a month). As well, coffee's popularity is still growing in China. The growing demand for coffee and the rising middle class have brought huge commercial potentials for investors. However, the acquisition of benefits and profits from the prosperity of coffee consumption in China should be determined by the proper marketing strategies. The findings in our study provide guidelines and directions for coffee investors to establish profitable marketing strategies.

This paper argues and demonstrates that the luxuriousness value in a coffee shop induce both high perceived quality of coffee and self-congruence which cause positive store attitude, thus willingness to pay for a price premium for coffee. Therefore, entrepreneurs who want to open coffee shops in China should recognize that a coffee with fair price would not be a good marketing strategy to attract target consumers. They should pay more attention to the premium price and superior experience of service environment, since Chinese consumers are not that quality conscious towards coffee. In other words, premium pricing would be an important marketing tactic for its role as indicator of higher quality and good reputation and an intermediate for Chinese consumers to display their wealth and upper social class. On the other side. the premium price would be indispensably associated with the luxurious value provided by the coffee shop. Café's managers in China should consider building and creating a luxurious and high-end physical environment with the unique design, décor and furniture since the luxurious environment would provide symbolic cues that help customers show their upper-class self and achieve the imagined Western lifestyle while chatting and drinking coffee with friends in the coffee shop, and as well establish a distinctive store image that differentiated from competitors, thus attracting target consumers efficiently (Newlands & Hota, 2016). In short, the luxuriousness value would be both a powerful weapon and heavy

burden for café owners since the luxuriousness value perceived in the coffee shop would attract more consumers successfully, but it would require spending more money on the design and furnishings inside and outside.

Not only limited to the coffee shops, it would also be helpful to sharing the findings in our study with other Western products' categories. The success of Haagen-Dazs in China who make Chinese consumers believe they provided the best ice-cream with luxurious service (Newlands & Hota, 2016), and the plight of SUBWAY, who introduced totally the same branding strategy as that from their original country, thus accepting low brand awareness, both proved that it is not that easy to share a tiny piece of the Chinese market. To enter the Chinese market, Western brands' marketers have to understand the Chinese specific historical and sociocultural contexts, which have profound influences on Chinese people's purchasing behavior. For Western companies, it would not be feasible and profitable to bring the same branding efforts as that from the original country into the Chinese market. They should adapt to a Chinese particular local philosophy in an imagined Western world where people are generally motivated by saving face and collectivism—that would be the key for Western brands and companies to share the Chinese market. Instead of bringing the same product into China, Western marketers should practice premium pricing strategy by establishing luxurious value within the product and service to help the Chinese consumers realize their imagined Western world and satisfy their emotional needs to achieve a new, free, and middle-class self (Tian & Dong, 2011).

7.0. Limitation and future research

This study has several limitations. First, in the methodology, because of the geographical limitation, this study only used several pictures to represent the coffee shop and the random sample investigated in this study was selected via an online survey service. Thus there might be a huge diversity among the respondents of this study since not every participant in our study has coffee consuming behavior. The future research about Chinese coffee industry could further select only samples of coffee consumers in China—customers in a real coffee

shop in China, that would lead to a more specific and accurate result for the motivation of consuming coffee in China.

Second, in this study, we did not take other demographic variables into account such as gender, income, education, etc. However, according to the result of the analysis on our study, the frequency of coffee consumption has significant influences on store attitude ($p<0.01$, please refer to Tables 3.4 and 3.6). Future study should consider the moderating effect of frequency of consumption.

Third, this study combined all four levels of self-congruence—actual self, social self, ideal self, and social ideal self for a global self-congruence. It is suggested that future researchers consider examining each level of self-congruence respectively. It would provide more detailed evidence to understand Chinese people's consuming behaviors from more perspectives.

Fourthly, Ferreira & Ferreira, (2018) indicated that it has been the third wave of coffee in –the spring of the development of independent cafés in China since 2010. However, we only used one coffee shop's image instead of defining the nature of coffee shops—coffee shop chain or independent cafés. Further study should consider investigating Chinese coffee lovers' different attitudes towards different types of coffee shops in China. More specifically, future researchers are advised to examine the role of independent cafés in China since they have mushroomed in several cities in China during a short period since 2010 (Ferreira & Ferreira, 2018).

In the end, because of the shortage of funds and limitation of experiment instruments, we only investigated the effect of luxuriousness value on a specific Western product—coffee. This symbolic function is advisable to be examined in the future on other categories of Western products. As well, future researchers could add a comparison of the luxuriousness' symbolic function between different products' categories as hedonic vs utilitarian.

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10.1177/002224298805200302

Appendices

INFORMATION AND CONSENT FORM

Study Title: What is the real motivation for coffee consumption in China?
Researcher: Xinyu Cui
Researcher's Contact Information: xinyucui90@gmail.com
Faculty Supervisor: Michel Laroche, Professor of Marketing, Department of Marketing
Faculty Supervisor's Contact Information: michel.laroche@concordia.ca
Source of funding for the study: CASA grant

You are invited to participate in this study mentioned above. This form provides information about what participating would mean. Please read it carefully before deciding if you want to participate or not. If there is anything you do not understand, or if you want more information, please ask the researcher.

A. PURPOSE

Entered for the first time into the Chinese market in the 1980s, coffee not a mainstream beverage in China has taken an indispensable place in the Chinese consumers' life. Today, the prosperity and the dynamic of coffee market in China is still growing. Thus, this study is aimed at finding out the motivation of consuming coffee in China.

B. PROCEDURES

If you participate, you will be asked to read the instruction and fill out this questionnaire. In total, participating in this study will take approximately 10-15 minutes to accomplish.

C. RISKS AND BENEFITS

There are not foreseeable risks involved in participating in this study other than those encountered in day to day life.

Benefits: This research is not intended to benefit you. However, your responses may help the researcher to learn more about the marketing strategies in Chinese coffee market.

D. CONFIDENTIALITY

At the end of the questionnaire, you have a choice to submit or not submit the questionnaire. It should be noticed that you cannot withdraw your data after submitting the questionnaire.

We will not allow anyone to access the information, except people directly involved in conducting the research. We will only use the information for the purposes of the research described in this form.

The information gathered will be anonymous. That means that it will not be possible to make a link between you and the information you provide.

We will protect your response information by converting them into electronic data, and they will be kept into researcher's personal computer with password protection. Only during the data analysis period that supervisor and researcher will have access to the research data.

We intend to publish the results of the research. However, it will not be possible to identify you in the published results.

We will destroy the information five years after the end of the study.

F. CONDITIONS OF PARTICIPATION

You do not have to participate in this research. It is purely your decision. If you do participate, you can stop at any time.

As a compensatory indemnity for participating in this research, you will receive 5 $ dollars. If you withdraw before the end of the research, you will receive nothing.

To make sure that research money is being spent properly, auditors from Concordia or outside will have access to a coded list of participants. It will not be possible to identify you from this list.

There are no negative consequences for not participating, stopping in the middle, or asking us not to use your information.

G. PARTICIPANT'S DECLARATION

Please select your choice below. Clicking on the 'Agree' button indicates that:

I have read and understood this form.

I have had the chance to ask questions and any questions have been answered.

I agree to participate in this research under the conditions described.

I am 18 years of age or older

　○Agree

　○Disagree

2. Please indicate your gender.

　○Male

　○Female

3. Please indicate your age average.

　○18-25

　○26-33

　○34-41

　○42-49

　○>50

4. Please indicate your education level.

　○High school

　○College

　○Bachelor

　○Master

　○Doctor

5. Please indicate the average of times you travelled overseas in the past 2 years?

○ never

○ 1-2 times

○ 3-5 times

○ more than 6 times

6.Please indicate how often you go to a coffee shop in China?

○ once a week at least

○ once a month at least

○ once a season at least

○ less than once a season

○ never

This a popular coffee house in China striving to provide the place and setting for its customers and allow its customers to be the owner of their experience.
Take a moment to think about this coffee shop.

7. How would you describe this coffee shop with its environment, décor furniture and

atmosphere?

a) not
high
class   ○1   ○2   ○3   ○4   ○5   ○6   ○7   high-
class

b)

○not
luxurious   ○1   ○2   ○3   ○4   ○5   ○luxurious

c)

○poor
atmosphere   ○2   ○3   ○4   ○5   ○6   ○good
atmosphere

d)

○poor
design   ○2   ○3   ○4   ○5   ○6   ○good
design

11. On a Likert-scale of "1" strongly disagree to "7" strongly agree, for each statement, please indicate your thoughts:

	strongly disagree	disagree	disagree to some extent	neither disagree nor agree	agree to some extent	agree	strongly agree
This coffee shop serves very tasty coffee	○	○	○	○	○	○	○
This coffee shop provides authentic coffee taste	○	○	○	○	○	○	○
The coffee presentation in this shop is visually attractive	○	○	○	○	○	○	○
This coffee shop offers high quality coffee	○	○	○	○	○	○	○

12. Please take a moment to think about the kind of person who typically visits this coffee shop. Imagine the person in your mind and then describe this person using one or more personal adjectives such as classy, poor, stylish, friendly, modern, traditional, popular or whatever other personal adjectives you can think of to describe the typical visitor of this coffee shop.

Once you have done this indicate your agreement or disagreement with the following statements:

	strongly disagree	disagree	disagree to some extent	neither disagree nor agree	agree to some extent	agree	strongly agree
The guests of this coffee shop have an image consistent with my own image	○	○	○	○	○	○	○
The guests of this coffee shop have an image consistent with how others see myself	○	○	○	○	○	○	○
The guests of this coffee shop have							

an image consistent with how I would like to see myself						
The guests of this coffee shop have an image consistent with how I would like others to see me	○	○	○	○	○	○	○

14. How would you describe your feelings toward this coffee shop?

○Very bad	○2	○3	○4	○5	○6	○Very good
○Very unpleasant	○2	○3	○4	○5	○6	○Very pleasant
○Very harmful	○2	○3	○4	○5	○6	○Very beneficial
○Very unfavorable	○2	○3	○4	○5	○6	○Very favorable

18. On a Likert-scale of "1" strongly disagree to "7" strongly agree, for each statement, please indicate your thoughts:

	strongly disagree	disagree	disagree to some extent	neither disagree nor agree	agree to some extent	agree	strongly agree
I am willing to pay a higher price for this coffee shop's coffee than for other coffee shop's	○	○	○	○	○	○	○
I am willing to pay a lot more for the coffee in the coffee shop than for other	○	○	○	○	○	○	○

kinds of coffee（instant coffee, ground coffee)							
I am willing to pay a higher price for coffee than for other beverages（bubble milk, juice and so on)	○	○	○	○	○	○	○

19．On a Likert-scale of "1" strongly disagree to "7" strongly agree, for each statement, please indicate your thoughts:

	strongly disagree	disagree	disagree to some extent	neither disagree nor agree	agree to some extent	agree	strongly agree
I like to observe	○	○	○	○	○	○	○

people of other cultures, to see what I can learn from them.							
I am interested in learning more about people who live in other countries.	○	○	○	○	○	○	○
I enjoy exchangin g ideas with people from other cultures and countries.	○	○	○	○	○	○	○
I like to learn about	○	○	○	○	○	○	○

other ways of life.							
I enjoy being with people from other countries to learn about their unique views and approaches.	○	○	○	○	○	○	○

ATTENTION：

Thank you for your participation. If you do not want to submit your survey, you can withdraw. However, once you press the button "submit", you can no longer withdraw from this study.

○submit

○quit