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Hierarchy of Consumer Demand and Industrial Development in China and India: A Comparison of Automobile Consumption in Shandong and Tamil Nadu

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Abstract: This study draws on status consumption and the hierarchical nature of consumer markets to examine the impact of consumer aspiration on moving up the social hierarchy in the choice between foreign and local brands in the auto industries in both countries. In China, small and medium cities and affluent rural areas are the primary locations where people engage in “new consumption suitable for their future status,” opting for German automobiles. Individuals with weaker upward aspirations or those accepting the status quo tend to choose local Chinese brands. In India, this trend is primarily observable in the largest cities, but not in other markets. Many individuals in India consume products “commensurate with their status,” and their upward aspiration selects local brands such as Maruti Suzuki. This implies that the difference in upward mobility-driven consumption has differentiated the process of industrial development in the two countries’ automobile sectors.

JEL classification: R22, D91, O57

Keywords: Market Hierarchy, Status Consumption, Social Mobility, Brand Choice

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Hierarchy of Consumer Demand and Industrial Development in China and India: A Comparison of Automobile Consumption in Shandong and Tamil Nadu

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Introduction

This study examines the hierarchical nature of consumer markets in two super-populous late-industrializing countries, China and India, and the impact of consumers' aspirations to move up the social hierarchy on brand choice in the auto industry.

This study has two main objectives. The first is to identify qualitative differences in consumption demand between urban and rural strata, primarily distinguished by the size of cities, namely large-city, medium-city, small-city, and rural areas, in China's and India's domestic markets. This study focuses on the nature of consumption demand, specifically status consumption. In both China and India, as overall affluence increases and urban lifestyles diffuse, consumption has evolved beyond satisfying daily needs; instead, it has become a crucial avenue for self-expression. We examine how people's aspirations to ascend in social and economic status influence their willingness to pay for automobiles and their brand choices as consumers.

Changes in people's aspirations to move up the social and economic ladder are likely influenced by shifts in the socioeconomic environment, including social mobility—the movement up or down the status ladder from one's birth class to

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another—within each social hierarchy or city stratum. To what extent does the impact of upward mobility on consumption differ across social strata? Understanding this will provide a clearer picture of the depth of the market hierarchy in both China and India.

The second objective is to examine the influence of the hierarchical nature of consumer demand on the development of the automobile industries in both countries. The domestic automobile market in China is the largest, and India's is the third largest in the world. Fierce competition among many local and foreign global brand firms is ongoing in both countries. Generally, global brands possess technological superiority and high brand value as perceived by consumers. While comparatively weaker, local brands often receive preferential treatment from national and local governments to shield them from direct competition with global brands.

Global and local brands do not compete equally across all consumption tiers; each is considered to have a region or consumption tier with advantages. Global brands are more competitive in larger cities, whereas local brands are positioned in lower segments, including rural areas. The diverse demands and attitudes of the main consumers in these bases determine the supply chains formed by firms. Why do consumers at each stratum choose global or local brands? Until now, studies on supply chains have primarily focused on supply-side factors, such as corporate strategy, pricing, skills and technology, sales networks, and government industrial policy¹. In contrast, demand-side factors have rarely been analyzed, including consumers' attitudes and the decision-making process that ultimately selects the most favored supply chains in the market. This study is one of the few that addresses this gap.

The analysis lies is based in the concept of status consumption. The vast population size and significant disparities among the socioeconomic strata in both countries lead to diverse consumption demands. Simultaneously, they serve as a long-term source of potential opportunities for social mobility, fueling robust consumption driven by pursuing a new and higher status.

The main findings of this study are as follows. In contemporary China, small

¹ Supply-side factors, of course, possess the decisive influence on market penetration for various companies of both foreign and local brands. Company strategies and competitive advantages differ between foreign and local brands. This study, however, does not delve into them and focuses only on consumers' cognition of status and its impact on brand choice. The differences among brands from the same foreign countries or among local brands are not touched upon either to concentrate on different attitudes of consumers against foreign and local brands, which is specific to the consumers of late-industrializing countries. This unsolved shortcoming should be addressed in future studies.

and medium-sized cities and affluent rural areas are the primary locations where many people engage in new consumption that reflects their future status aspirations. Those with strong upward mobility aspirations or those challenging the status quo often opt for German automobiles. Conversely, individuals with weaker upward aspirations, or those who accept the status quo, tend to choose Chinese automobiles, which are becoming prominent in the largest cities. Due to this, the differentiation between consumer demand for global brands favored in upper city strata and local-brand companies favored in lower city strata, as seen in the past, is becoming blurred. This trend is likely a result of the extensive social mobility since the 1990s.

In contrast, this trend is primarily observable in the largest cities in India. Many Indians consume products commensurate with their status. In India, where market segregation between foreign brands for upper city strata and local brands for lower strata was originally unclear, consumers' upward aspiration to consume global brands is weak but advantageous for local brands like Maruti Suzuki. The competitive environment that favors local brands is reinforced from the demand side in India. This implies that the qualitative difference in consumption driven by upward mobility has differentiated the process of industrial development in the two countries' automobile sectors.

Thus, the study analyzes the purchase intention for passenger cars, specifically examining willingness to pay and country brand choice. The analysis is based on original data from a questionnaire survey conducted in Shandong Province, China, and Tamil Nadu State, India.

1. Background and Significance of the Study

Compared with the significant interest in the Chinese and Indian domestic markets, surprisingly, little academic analysis has been conducted on the differences in consumption among market strata or city-size levels in both countries. While the new middle class in emerging economies has garnered considerable attention, empirical studies on the purchasing behavior of affluent consumers have focused mainly on large cities.

Psychological analyses have also predominantly focused on consumers in metropolitan areas. However, analyses of consumers in small- and medium-sized cities and affluent rural areas, considered the real volume zones in both countries, are lacking.

Furthermore, most studies analyze sophisticated consumption after achieving growth. As mentioned earlier, very few studies have investigated consumption as a factor that promotes economic growth and industrial development. This study is unique in addressing these lacunae.

This section introduces several key concepts and reviews the literature that constitutes the foundation of our analytical framework.

(1) Industrial Development and Market Hierarchy: Choice between Local and Foreign Brands

China and India, vast nations in terms of population, are currently undergoing late industrialization. Both countries boast robust local firms and brands in various industries, nurtured by their expansive domestic markets. The central theme in discussions on late industrialization revolves around promoting local industries in the home country. This includes examining whether representative local companies and their brands can effectively compete with and surpass counterparts from developed countries—entities that possess advantages in production capacity, technology, and brand power on the global stage. While import substitution industrialization may seem outdated, China and India have developed industrial development policies that leverage their substantial domestic markets. This trend persists, extending even to new high-tech sectors.

The expansive domestic markets in China and India have strengthened each country's leading enterprises. In addition to the geographical vastness of the domestic markets, many studies have highlighted their hierarchical nature and diverse demands from various market strata that have contributed to distinct growth pathways for both foreign and domestic firms.

Brandt and Chun summarized China's industrial development process since the 1990s as follows: Foreign-brand firms have flourished in the high-end market, targeting consumers with higher income levels, well-known domestic brands have positioned themselves in the middle market, and emerging local-brand firms have gained traction in the bottom market. Over time, as companies' capabilities in each tier converged, they began competing in the middle-volume zone (Brandt and Thun 2010).

Ohara attributed the decentralized nature of Chinese industry, characterized by the massive entry of many homogeneous firms into a particular sector and fierce price competition, to the seedbed effect. This effect involves price-conscious and brand-indifferent consumers, dominating middle- and lower-tier markets that nurture unknown

local firms. He highlighted that such dynamism is weaker in India, where the expansion of middle- and lower-tier demand is stagnant (Ohara 2014).

In the case of India, Yanagihara observed that even before liberalization started in the 1990s, local-brand firms had seized growth opportunities in low-end markets, especially in light-industrial goods, aligned with the economic development of rural areas (Yanagihara 2014). Yanagihara attributed the impetus to purchasing low-priced, locally branded industrial products by consumers seeking to escape the established order in pursuit of their future.

These studies share a common perspective: the domestic market comprises diverse strata, with different values and consumption attitudes at each level. Transforming people's lives in the middle and lower strata is a primary driving force of the growth of local firms. In super-populous late-industrializing countries, even a domestic market segment is substantial enough to act as a seedbed for industrial forces to thrive with a distinctive business model, diverging from foreign brands. This underscores the need to deepen our understanding of market hierarchy and characteristics, which complicate the process of industrial development. Moreover, these studies lack a foundation in empirical research on consumers. Thus, a detailed empirical analysis of consumers in various market strata should be conducted, considering the increased affluence of the middle and lower classes since 2010.

(2) Social Mobility and Upward Mobility

In developing countries, the prevailing values held by consumers may vary across market strata, and the timing of these value changes may also differ. Variances in values between two countries or within hierarchies may stem from cultural differences specific to each country, which can persist over time. Conversely, differences in values may arise from universal socioeconomic changes that commonly occur in all countries. An example of the latter, on which this study focuses, is social mobility driven by modern industrial development.

The correlation between social stratification, the mobility of people's status, economic development, and industrial upgrading has been a key focus in sociology. A society where individuals are confined to the class and occupations of their parents is premodern. In contrast, in modern societies, individuals aspire to achieve a unique status beyond their inherited place in the social hierarchy, contributing to macroeconomic growth (Moriyama & Hori 1999).

In the industrial stage, marked by the transition from an agriculture-based

society to an industrial one, and the postindustrial stage, characterized by the shift toward a society dominated by high-value-added service industries, a more significant number of new and well-paying industries, along with job opportunities, typically emerge for the younger generation compared to their parents' generation. In such a society, absolute mobility—individuals whose status surpasses that of their parents' generation—continues to increase. Conversely, in the postindustrial stage, or the postmodern society, the growth of new, higher-paying industries plateaus. Within a single stratum, there is an approximate symmetry in the number of individuals moving up or down compared to their parents' generation—termed relative mobilities. If educational equality prevails, ascending or descending becomes meritocratic (Treiman 1970). However, in many developed countries, educational opportunities may become tied to one's origin, resulting in individuals of the same origin occupying similar occupations. This tendency can result in a growing number of people sensing the likelihood of downward mobility (Bukodi and Goldthorpe 2022). In a postmodern society, the prospect of attaining a higher social status may cease to be realistic for many.

In super-populous late-industrializing countries, the progression through these mobility stages may exhibit a time lag between different market strata. For instance, in China, rural areas may be closer to the industrial stage, while small- and medium-sized cities might be in the postindustrial stage. Larger Chinese cities could already house many individuals experiencing the features of a “postmodern society.”

In contrast, India primarily finds itself in the industrial stage across many strata, with some potentially reaching the postindustrial stage, especially among the elite residing in large cities. However, rural areas in India might still predominantly be in the industrial stage with limited expectations for upward social mobility due to inadequate social infrastructure, such as public education.

More importantly, we anticipate that individuals in different stages of mobilization possess distinct aspirations for upward mobility, and the status consumption resulting from these aspirations will vary. In the industrial and postindustrial stages, we expect people to have a strong desire to move up, and the extent to which this desire translates into status consumption is robust. However, in a postmodern society, the impact of the aspiration to move up on status consumption may significantly diminish.

(3) Status Consumption: Social Stratification and Aspiration to Move Up

The prevailing definition of status consumption in consumer behavior theory is "the interest a consumer has to improve one's social and/or self-standing through consumption of consumer products that may be conspicuous, and that confer and symbolize status for individual and surrounding significant others" (Eastman and Eastman 2015, p3). Status consumption encompasses overt consumption intended to showcase possessions to others and consumption that is personally satisfying and considered worthy of a certain status (O'cass and McEwen 2004, Eastman and Eastman 2015). Two key psychological factors that drive status consumption are the desire for status and the satisfaction derived from displaying status through goods (Eastman et al. 1999).

What are the primary forces driving status consumption? According to findings in consumer psychology, there is a positive correlation between societal disparity, competition intensity, and class mobility, leading individuals to engage more in status consumption as they strive to restore and enhance their higher social standing (Christen and Morgan 2005, Ivanic, Overbeck, and Nunes, 2011, Dubois and Ordabayeva 2017). Traditional consumer psychology discussions have primarily emphasized anxiety and the fear of losing status, along with other negative factors such as alienation, inferiority, dissatisfaction, and envy, as key drivers of status consumption (Walasek et al. 2018, Ordabayeva and Chandon 2011, Dubois and Ordabayeva 2017).

Several studies on status consumption in emerging countries highlight aspiration as a central concept of this phenomenon. In China and India in particular, many studies indicate that demonstrating oneself as competent and hardworking enough to climb the status ladder propels status consumption, including of luxury goods (Yu, 2017, Rajshekhar and Grossman 2016, Rocca 2008, Zhou 2008, Zhou ed. 2005).

Consultants focusing on the middle class in emerging economies also recognize the prevalence of optimistic consumption among many individuals who self-actualize in the business arena, fueled by expectations of sustained economic growth and market expansion (Silverstein et al, 2012). Many of these studies are sociological and anthropological descriptive works or business reports, yet few have undertaken quantitative empirical analyses on the relationship between upward mobility and status consumption.²

² For example, Rajshekhar and Grossman (2016) discuss India.

There have also been discussions on the distinction between ascribed and attained status. The traditional concept of status consumption was rooted in Veblen's assumption of 19th-century consumption, highlighting wasteful spending by the high classes³ enjoying ascribed status (Veblen 1899/1998, Yu 2017). The desire to showcase one's ascribed status encourages consumption that signals and reinforces an individual's status. In contrast, the desire to manifest attained status reflects that social ascent is possible, prompting new consumption patterns that signify social progress (Rucker and Galinsky 2008, Ordabayeva and Chandon 2011, Dubois and Ordabayeva 2017).

In examining the relationship between growth and consumption in emerging economies, this study emphasizes the desire to attain a new status—the aspiration to move up the status ladder—as the driving force behind this relationship.

2. Analytical Framework

(1) Automobiles as status goods

Status goods are characterized by their expense, conspicuousness, impracticality, and perceived value within the community one belongs to or aspires to belong to (Dubois and Ordabayeva 2017).

Automobiles are commonly recognized as status symbols. However, unlike fashion or decorative items, automobiles are primarily purchased out of necessity. For many individuals, showcasing status is not the primary motivation for owning a car, as it might be for owning a house. Various factors influence purchase decisions, including income, infrastructure such as roads, parking availability, fuel supply, and service supply systems, family structure, and access to public transportation. The aesthetic appeal of an automobile is significant. Still, it usually manifests in the quality or level of the vehicle one chooses, influencing decisions related to price and brand rather than deciding whether to buy or not.

(2) Analytical Model

The Chinese and Indian markets are categorized into various strata based on the size and level of cities. This study identifies qualitative differences by estimating how people's

³ It is consumption to show that one belongs to a class that does not have to work.

aspirations for upward mobility drive their consumption patterns. To achieve this, we developed a model grounded in standard consumer psychology to capture the influence of upward mobility aspirations on purchasing behavior. This study compares these dynamics across countries and market strata.

Eastman's status consumption is one of the most commonly employed concepts in consumer psychology's empirical analysis of status consumption. According to Eastman, status consumption comprises both the desire for status and the desire to showcase that status through the possession of certain goods. He posits that the greater these desires, the greater the willingness to make a purchase (Eastman et al., 1999). They developed the Status Consumption Motivation Index, a widely used tool in empirical analyses of consumer psychology. The index is constructed from mixed responses to five questions that serve as observed variables: interest in the status of a product (positive and negative), willingness to purchase, willingness to pay, and differentiation from others.⁴

We divided the indicators into two parts: those reflecting willingness to purchase (purchase intention and willingness to pay) and those reflecting willingness to display status. Subsequently, we examined the relationship between these two aspects. The actual impact of the desire to attain status in driving status consumption is expected to vary by market strata and countries. To measure this, we developed the following model and estimated the relationships among the conceptual variables using structural equation modeling techniques.⁵

(3) Four Latent Constructs

We created four constructs and estimated their mutual relationships. We will begin by explaining these constructs and the method used to convert them into variables.

The first construct is purchase behavior (willingness to buy), encompassing three types of purchase behavior: (1) purchase intention (whether or not one wants to buy an automobile), (2) willingness to pay (how much one is willing to pay for the automobile), and (3) brand choice (the country's brands that one would choose if buying

⁴ Specifically, the five questions are: "I buy the product because I feel it presents status," "I am interested in new products that make me feel status," "I will pay more if I feel status," "I am not interested in the status of the product," and "I feel value if the product signals that I am different from others" (Eastman et. al. 1999).

⁵ The statistical software used was AMOS,, and the model was validated using the maximum likelihood method. For more information on structural equation modeling, see Toyoda 2007.

the automobile). The specific questions and scoring methods will be presented later when we scrutinize descriptive statistics of the samples.

Purchase intention is defined as whether the respondent wants to buy a particular item. However, it is difficult to assume that status consciousness influences purchase intention for automobiles (in fact, no statistically significant relationship was found in the empirical results of this study). Therefore, this paper does not present the estimation results using this variable.

Willingness to pay was scored by the ratio of the preferred amount of money one can pay for an automobile to the person's monthly salary. The relationship of this index with other variables demonstrates their ability to drive actual consumption.

The third variable of purchase behavior is the choice of the country brand of the automobile. A brand represents the additional value that consumers perceive compared with other products of the same quality and function (Nobeoka, 2006). Consumers attribute value to foreign brands based on the country where products are developed or manufactured, known as the country-of-origin effect. In discussions of consumption in developing countries, foreign brands are perceived as having a higher value than local brands (Lee, 2018; Park, 2015), contributing to the superiority of foreign over local brands in industrial development (Brandt and Thun, 2010). In this study, we asked respondents, "Which country's brands do you want to buy for your next automobile?" We provided one or two actual brand names for each country: for China, Changan, and BYD; for India, Maruti Suzuki, Tata, and Mahindra; for Germany, VW, and BMW; for Japan, Toyota, and Honda; for the United States, GM and Ford; and for Korea, Hyundai.

The second construct is status indication awareness, or, the desire to show one's status via goods, as a psychological factor influencing the desire to buy.⁶ This is estimated from the responses (selected from a 4-point Likert scale) to three questions: "Do you think the good indicates status?"; "If you were to purchase the good, would you care about what people around you think of it?"; and "When purchasing the good, would you consider your ideal status and lifestyle in making your choice?" This corresponds to three of Eastman's five items mentioned above, excluding purchase intention and willingness to pay.

The third construct is the impetus to move up (or moving-up aspiration) in status. According to Eastman, status consumption reflects the willingness to feel and

⁶ In setting this variable, we referred to the concept of "status display power" in Lee (2017).

display status through consumption. However, in Eastman's Status Consumption Motivation Index, the former was considered to exist as a matter of course and was not explicitly incorporated in the index. This study assumes a difference in the intensity of people's aspiration to ascend in status and how this aspiration influences consumption. To clarify this difference, this concept was made an independent variable.

This construct is estimated from responses to three questions about target social class, target income level, and how strongly one wants to attain the target status. Since this represents a future position one wishes to attain, it can be regarded as an expectation of status.

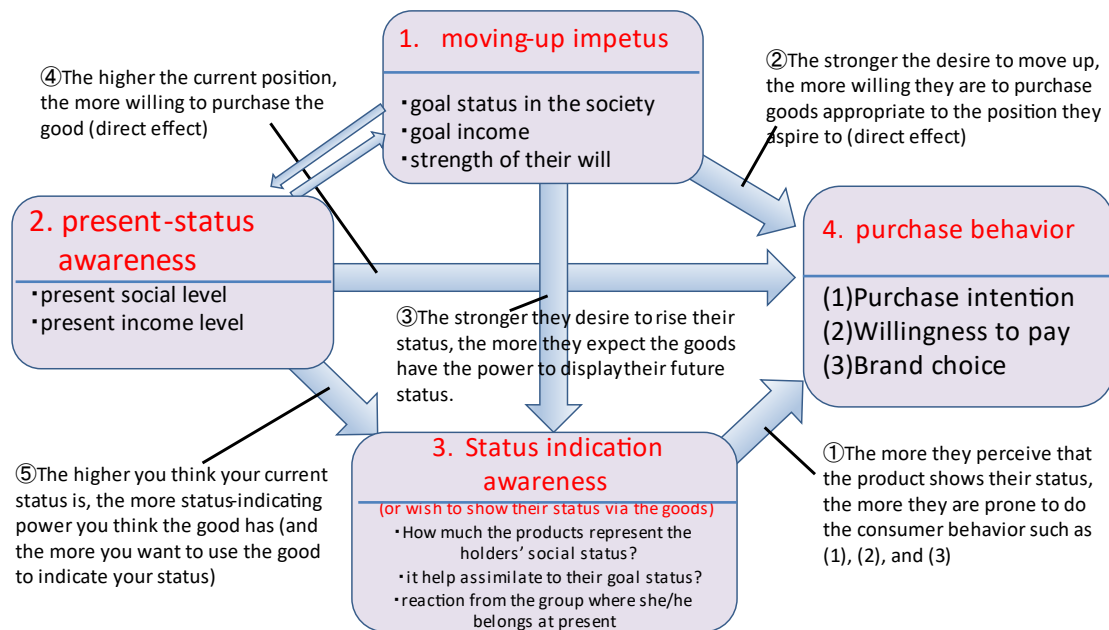
The fourth construct is present status awareness, representing how high or low an individual perceives his or her position in terms of social status and income level. This variable is also estimated from the responses to the two related questions. By assessing the effect of this variable on purchase behavior and comparing it with the effect of the moving-up impetus of status on purchase behavior, we can understand whether status consumption is driven more by the expectation of future status (moving-up impetus) or by the willingness to display one's present status (present status awareness).

(4) Relationships among Constructs: Hypotheses

Figure 1 illustrates the predictable relationships among these constructs as hypotheses; these are not designed to test their own validity⁷ but to establish a basic framework for checking the soundness of our logic and comparing the strength of variable effects on status consumption across different countries and market strata.

⁷ However, as discussed below, the validity of this model is demonstrated for most hierarchies in both China and India.

Figure 1: Research Framework



Source: Compiled by the authors.

(1) Influence of Status Indication Awareness on Purchase Behavior

We expect that individuals with a heightened awareness of status indications in automobiles or a stronger desire to showcase their status through their vehicles will be more willing to purchase the product (indicated by arrow ① in Figure 1). This inclination stems from the psychological utility derived from displaying one's status through acquiring such goods (Eastman et al., 1999). In the Structural Equation Model (SEM), the coefficient associated with relationship ① can be interpreted as the effect of status display on purchasing.

Of the three specific variables of purchase behavior, purchase intention (indicating whether one plans to buy an automobile in the near future) is expected to be unassociated with status indication awareness (the desire to showcase status).⁸ We solely focus on and discuss the determinants of willingness to pay and brand choice.

Hypothesis 1: In a given society (e.g., market strata), the greater the perception among consumers that automobiles reflect their status, the more they are willing to pay for it or choose a brand they believe effectively signals their status.

⁸ After the actual calculation, it did not show significant results.

(2) Influence of Moving-up Impetus on Purchase Behavior

The aspiration to elevate one's status is expected to drive purchase behavior through two routes: the indirect route ($\textcircled{3} \times \textcircled{1}$ in Figure 1) involving an increase in status indication awareness and the direct route ($\textcircled{2}$ in Figure 1).

The indirect route starts with an increase in how individuals desiring upward mobility perceive automobiles as status goods (relationship $\textcircled{3}$). We expect that individuals with higher goals and stronger motivations for future status elevation will have a greater desire to showcase their status through the purchased automobiles, consistent with prior research (Eastman et al., 1999). The magnitude of this coefficient is crucial. A higher coefficient in a society implies that individuals driven by status motivations perceive automobiles as a way to display their status, a focal point in this study. When status awareness indicates purchasing behavior (relationship $\textcircled{1}$), we can infer that the impetus to move up in status has translated into actual purchasing activities for status display (relationship $\textcircled{3} \times \textcircled{1}$). This manifests as purchasing behavior exclusively for showcasing status. This study terms the product of coefficients 3 and 1 as the "indirect effect of moving-up aspiration on status consumption."

However, there may be instances where $\textcircled{3}$ is statistically significant, but $\textcircled{1}$ is not. This can occur because reasons beyond status display, such as practical considerations for convenient and safe transportation often drive automobile purchases. In such cases, it is possible for coefficient $\textcircled{2}$ to become significant, indicating that the impetus to move up in status directly promotes purchase behavior without involving $\textcircled{1}$. An example of this is evident in the choice of Maruti Suzuki automobiles by Indian consumers, which will be explored later. Indian consumers may desire a Maruti Suzuki vehicle because of its quality and service, aligning with their future ideal lifestyle, such as commuting and traveling. This study considers such cases as part of status consumption, referring to it as the "direct effect of the moving-up impetus in promoting automobile purchases."

The overall magnitude of the effect of the moving-up impetus that drives status consumption in a society is the sum of the indirect and direct effects ($\textcircled{3} \times \textcircled{1} + \textcircled{2}$).

Hypothesis 2: Consumers' aspirations to move up in status positively influence their purchase behavior either indirectly, with the primary purpose of the purchase being status display, or directly, with the primary purpose being practical necessities.

This can be seen as consumption driven by the desire to express the desired high

status in the future by purchasing automobiles.

(3) Influence of Current Status Perception on Purchase Behavior

This also influences purchase behavior through two routes: indirect and direct effects. The product of the coefficients $\textcircled{5} \times \textcircled{1}$ in Figure 1 represents the indirect effect. It is important to note that Route $\textcircled{5}$ might not yield statistically significant results. In one stratum, individuals who perceive themselves as having a higher status may believe that their automobile signals their status (indicated by a positive coefficient for $\textcircled{5}$), whereas in another stratum, those with lower status might feel that purchasing an automobile enhances their status (indicated by a negative $\textcircled{5}$). Alternatively, in a different stratum, the perception of the automobile as a status symbol may not significantly vary among individuals, regardless of their status (indicated by a nonsignificant coefficient for $\textcircled{5}$).

A direct effect ($\textcircled{4}$) is more likely to be observable. If this coefficient is positive and significant, it suggests that individuals who perceive their status as higher are more inclined to purchase the product or pay a higher price for it. Conversely, a negative coefficient implies that those who perceive their status as lower are less likely to buy the product or pay a higher price for it. This can be interpreted as individuals who perceive their status as low and do not attempt to signal a higher status by consuming the product, indicating a lack of consumption behavior beyond their current status. In other words, their consumption behavior is reasonable.

Effect $\textcircled{4}$ may include an income effect, meaning that individuals with higher incomes likely perceive themselves as having higher status and being more financially comfortable, making them more inclined to purchase those goods. However, in this model, the income variable is included simultaneously, and its effect on purchase behavior is calculated independently. Therefore, we ignore the income effect in the coefficient of $\textcircled{4}$.

We consider the sum of current status perceptions' indirect and direct effects as the overall magnitude by which they drive consumption.

Hypothesis 3: Consumers' perceived status influences their purchase behavior of status goods. Individuals who believe they have a high status will be inclined to purchase goods perceived as appropriate for their status, including more expensive items, whereas those who perceive they have a low status will refrain from purchasing such goods.

This can be seen as consumption driven by the willingness to showcase one's status by purchasing appropriate automobiles for that status.

(4) Analysis Method

This study examines how individuals' status recognition influences their automobile purchase behavior across diverse strata in China and India. The purchase behavior analysis primarily focuses on individuals' willingness to pay and their choice of country brands. We measure the impact of two types of status recognition: moving-up impetus and present status awareness. The influence is assessed through an indirect effect through the change in status indication awareness and a direct effect. We estimate both the indirect and direct effects of the moving-up impetus and present status awareness on consumption behavior. This study aims to determine which effect significantly promotes purchasing behavior across various strata in Chinese and Indian markets.

Suppose the moving-up impetus is the more potent driver of purchasing behavior. In that case, we can interpret that status consumption is predominantly influenced by people's future expectations—envisaging a new lifestyle higher than their current one. Conversely, if present status awareness is the stronger motivator behind purchasing behavior, we assume that consumption is driven by people's perception of their current standard of living.

We tentatively predict that in China, where social mobility is higher, the moving-up impetus drives status consumption more strongly. Conversely, in India, where social mobility levels are relatively low, we expect that present status awareness drives status consumption more prominently.

Finally, we aim to identify hierarchical characteristics in the domestic market demand between China and India and which market strata more strongly support domestic- and foreign-brand automobiles. This analysis will enable us to understand the specific market segments/strata that underlie the competition for various brands. In addition, it allows us to capture the demand-side factors that have shaped the competitive landscape of the Chinese and Indian automobile industries.

3. Urban Hierarchy Systems and Social Mobility in China and India

This section identifies the Chinese and Indian urban hierarchy systems. The questionnaires in this study were conducted across four strata: large cities, medium

cities, small cities, and rural areas.

(1) Social Mobility in China and India

A significant difference exists between the social mobility in China and India. Social mobility occurs on a larger scale in China than in India. Domestic migration is less prevalent in India than in China (Bell et al. 2015), with rural–urban migrants accounting for 21% in 2010 and 16% in 2015 of the urban population in China⁹ (amounting to 246 million in 2015), as reported by the National Bureau of Statistics et al. (2018). Forty-two percent of the migration in China is interstate (long distance)¹⁰. In contrast, India saw only 51 million people (40% of them students), or 4% of the population, migrate internally for economic reasons in 2011 (Nayyar and Kim, 2018). India’s migration is less dynamic in volume and is the main driving force of the population movement than in China¹¹.

While international comparisons of individual and intergenerational social mobility are

⁹ The ratio of urban–urban migration to the total urban population increased from 7.1% in 2010 to 12.2% in 2015. Urban–rural and rural–rural migration accounted for 7.1% and 6.1% of total migration in 2015, respectively. National Bureau of Statistics et al. ed. (2018).

¹⁰ The ratio is 44.6% for males and 38.2% for females. There are small differences in the various aspects of migration between males and females in China. National Bureau of Statistics et al. ed. (2018).

¹¹ According to 2020 official sample-survey statistics (Ministry of Statistics and Programme Implementation 2022), India’s present domestic migration seems larger than widely recognized, but is still far smaller in number than in China, as the migration rate in urban areas (the ratio of migration out of total urban population) amounts to 23% for males and 48% for females. However, rural–urban migration accounts for 54% of total migration for both males and females, and long-distance (interstate) migration accounts for only 30% for males and 15% for females. The large migration ratio for female population is due to their main reason of migration, marriage and family accompanying. Seventy percent of migrated females in urban areas is due to marriage and 19% to the movement of parents or the main earner of the family (for rural migrant female, 94% is marriage), whereas only 3.2% is driven by the reasons of getting or searching for new job opportunities. In China in 2015, 43% of female migrants moved for job opportunities and 16% for learning and training (marriage only account for 8.4%). The largest difference with China’s statistics is that, in India, the definition of “migration” is those “whose last usual place of residence, any time in the past, was different from the present place,” and the “place” means “town or village,” meaning that those who have ever moved their residence out of the previous town or village are counted as “migration.” In contrast, in China, researchers, including us, usually use the statistics of “floating population” when discussing “domestic migration,” and the “floating population” is those who have lived more than 6 months in the different registration town/village (so called “hukou”), which is the basis of the provision of various kinds of public services, including medical or educational services (National Bureau of Statistics et.al.ed, 2018). This does not include those who have moved with the official “hukou.” Therefore, compared to India’s statistics, China’s actual “migration” volume is undercounted.

challenging, China's new middle class is expanding due to massive urbanization, educational development, and increased employment from industrial growth (Chen and Qin, 2014; Song et al., 2016; Li, 2020). Conversely, in India, intergenerational mobility is reported to be limited, influenced more by parents' occupations and social background than education (Singh and Muniyoor, 2021). This limited mobility is less dynamic than China's, a trend also reflected in urbanization.

(2) Urban Hierarchies in China and India

Differences in the urban hierarchies of China and India must be highlighted. China has a relatively dispersed distribution of cities of similar size throughout the country (Swerts and Liao, 2018; Okamoto, 2014). In contrast, India's urban hierarchy is characterized by an uneven distribution, with the population skewed toward some large cities (Farrell and Nijkamp, 2019; Schaffar and Dimou, 2010). India also features a relatively limited number of medium-sized cities, but many small cities (Farrell and Nijkamp, 2019; Swerts and Liao, 2018; Schaffar and Dimou, 2010).

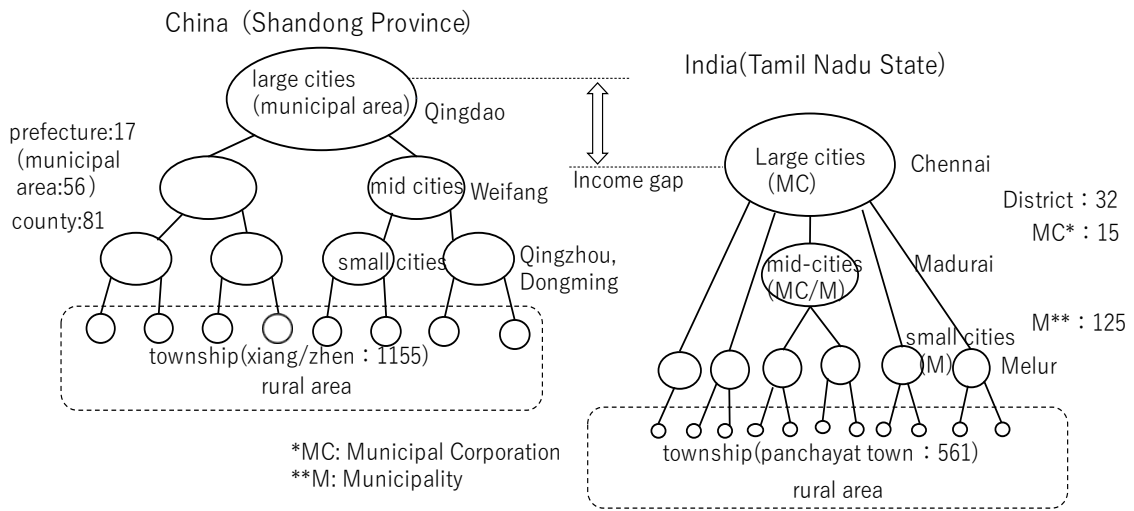
Urban expansion results from three primary factors: 1) rural-to-urban migration, 2) population growth within cities, and 3) administrative reclassification from rural land to city land, involving zoning and the upgrading of administrative districts (United Nations, 2001). Rural migration is the predominant factor driving urban expansion in East and Southeast Asia, particularly in China. Conversely, migration is less significant in South Asia, and internal urban population growth plays a more significant role (United Nations, 2001; Farrell and Nijkamp, 2019).

The distinct social characteristics of China's and India's migration, with strong mobility from rural areas to upper urban areas widely dispersed in the former and weaker mobility in the latter, are also reflected in their respective urban hierarchies.

The characteristics have not changed significantly since the 2010s. Despite ongoing urbanization in India, nearly 70% of the population still resides in rural areas. Urban development continues to be dominated by small cities with populations of fewer than 100,000 inhabitants, often surrounded by rural areas (Swerts et al., 2018).

The urban hierarchies in China and India are illustrated in Figure 2, which depicts a combination of four strata of cities: large cities, medium cities, small cities, and rural areas. Each circle's size indicates the urban population's size in each tier. The names of cities/areas such as Qingdao and Chennai, correspond to the locations surveyed in this study.

Figure 2: Conceptualization of urban–rural hierarchy in China and India



Source: the authors

Three notable differences between China and India emerge from Figure 2. (1) China has more medium-sized cities, whereas small cities are more widespread in India. Many Chinese cities similar in size compete, whereas in India, large and small cities are relatively developed, and there are fewer medium-sized cities. (2) There is no significant difference in the population size of large cities in China and India, but the populations of small cities are larger in China than in India. Townships and small towns (panchayats in India), which serve as the nexus between urban and rural areas, have larger populations in China. This difference may reflect differences in the level of rural development between the two countries. (3) There is a marked difference in economic levels. The per capita GDP (based on purchasing power parity) of large Indian cities is comparable to that of medium or small cities in China. Various aspects, such as consumer income, industrial development, infrastructure construction, and modern culture and lifestyle penetration are one or two steps lower in India than in China.

(3) Examples of Urban Hierarchies: Sample Cities

We collected samples through a questionnaire survey in four different levels of cities and rural areas in Shandong (China) and Tamil Nadu (India). Shandong and Tamil Nadu share similarities as relatively developed and populous provinces/states in both agriculture and nonagricultural sectors, making them suitable for observing the consumption patterns of the new middle class.

We selected Qingdao in Shandong and Chennai in Tamil Nadu as large cities.

Qingdao is the central city in Shandong, with the province's highest per capita GDP and urbanization rate, while Chennai is the largest city in South India. We chose Weifang in Shandong and Madurai in Tamil Nadu as medium-sized cities. Weifang is the second most populous district in Shandong Province, and Madurai is the third most populated city in Tamil Nadu. Both cities are relatively important in their respective provinces and fall into the upper-middle category in terms of affluence.

For small cities, we chose Qingzhou, a prefecture-level city within Weifang City (District), and Dongming County in the Weizawa District, the least urbanized city in Shandong Province. Qingzhou's per capita GDP is above Weifang's average and is representative of an affluent county. In contrast, Dongming County has the lowest urbanization rate and GDP per capita in Shandong Province, representing poorer counties. The central areas of Qingzhou and Dongming counties (Jiedao, which also include rural areas) have populations of 420,000 and 130,000, respectively. Melur in southern Tamil Nadu was selected as a small city. It is a municipality within the Madurai district with a small urban population of 50,000. However, it represents many small cities (average urban population 60,000), which is characteristic of the Indian urban system.

Samples to assess rural consumption were collected from townships and TPs located near the above cities. Townships and TPs are the smallest urban units in both countries, functioning as centers for rural residents' consumption. In China, samples were collected from four townships in the administrative districts of Qingzhou City and Dongming County. In India, samples were collected in six TPs close to Melur and Kanchipuram, which is next to Chennai. In the townships, samples were collected in regular markets with several farmers, whereas in the TPs, samples were collected in markets with several suburban farmers. Of the 407 sample members¹² obtained in rural China (townships), 364 (89%) were rural dwellers. In rural India (TPs), out of the 328 sample members obtained, 309 (94%) were rural dwellers.

¹² There are 343 local rural household registration holders and 38 rural household registration holders from other regions.

**Table 1: Population size and economic wealth of the cities studied
(GDP per capita, 2016)**

	China	population (million, 2010)				P/C GDP (USD)			India	population (million, 2010)				P/C GDP (USD)	
		total popu.	urban ratio (2010)	urban popu.	core urban(m uni./tow)	nominal total	urban	PPP total		urban rate: 33.2%	total popu.	urban ratio (2010)	urban popu.	core urban(m uni./tow)	nominal total
	urban rate: 56.7%														
	national	1383.0	49.2	-	-	8997	-	10203		1299.0	31.2	377.1	-	2100	4652
	Shandong	96.0	49.7	-	-	10259	-	11634	Tamil Nadu	72.1	48.4	35.0	-	3144	6980
Large	Qingdao	7.91	65.8	5.21	3.79	18890	25621	21422	Chennai	4.68	100.0	4.68	4.68	3899	8655
Mid	Weifang	9.01	47.0	4.23	1.90	8565	12460	9713	Madurai	3.04	60.6	1.84	1.02	2987	6631
Small	Qingzhou	0.94	40.9	0.38	0.42	9734	-	11039	Melur	0.05	-	0.05	0.05	-	-
	Dongming	0.85	33.2	0.28	0.13	4952	-	5615							

Note: When calculating GDP per capita for each region, India's total 2016 GDP was divided by its population in 2011. This is because the population statistics for each region in India are only published in the 2011 census data.

Sources: The China City Statistical Yearbook, 2017; Dongming County Government (2017); China Statistical Yearbook, 2017; ADB Key Indicators 2017; Bureau of Statistics, India, for District-wise GDP, Growth Rate at Current Price (2004–05), compiled from Penn World Table, version 9.0.

4. Overview of the Questionnaire Survey and Statistical Description

(1) Survey Location and Questionnaire Collection

The questionnaire survey in China was conducted between March and April 2017 and in India between July and August 2018. In the urban areas of both countries, researchers distributed paper questionnaires at representative shopping centers and collected them on the spot. Questionnaires were collected at regular markets in the township for rural areas in Qingzhou City and Dongming County in China. In rural India, they were collected at markets where TP farmers shop.

Graduate students from the Institute of East Asian Studies at Shandong University and the Department of Economics at Shandong Qufu Normal University collected data in China. In India, graduate students from the Department of Economics at the University of Madras collected data in urban areas and the southern suburb of Melur TP. In the rural area of northern Chennai (Kanchipuram), data were collected by a local NGO (Gandhian Unit for Integrated Development Education). The questionnaires were printed on paper, and local NGO staff recorded responses on the spot.

Table 2: Sample Collection Locations

		China Shandong Province (1425)			India Tamil Nadu State (1059)		
	administrative level	area	sample size	the place of questionnaire survey	area	sample size	the place of questionnaire survey
large city	province/state	Qingdao	200	North Ward(100), Huangdao(100)	Chennai	200	shopping mall 1(100), mall 2(100)
mid city	prefecture/district	Weifang	200	Fangzi Ward(100), Guiwen Ward(100)	Madurai	200	shopping mall 1(100), mall 2(100)
small city	county/town	Qingzhou	417	city center (417)	Mellur	331	city center 1(200)
		Dongming	200	city center (200)			city center 2(131)
rural area	township	Qingzhou	200	northeast 3 townships (100), southwest 3 townships (100)	Mellur	79	Kappalur(54), Vallalapatti(25)
		Dongming	208	town A (100), town B(108)	Kanchipuram	249	Palaveli(52), Pazhaveli(26), Ullavur(65), Walajabad(106)

Source: Compiled by the authors.

(2) Descriptive Statistics of the Samples

Descriptive statistics of the samples are presented in Table 3, which summarizes the method used to create the variables and highlights differences in responses among various city strata.

a. Attributes

Gender distribution in the Chinese sample is slightly skewed toward females, whereas, in India, it leans slightly more toward males. This likely reflects the gender ratio of individuals who frequent commercial areas. The primary focus of the analysis is on relatively young individuals, aged from their early 20s to their early 30s, representing 79.4% of the total sample in China and 79.3% in India.

The overall education level is higher in China, with a concentration on high school, junior college and undergraduate degrees. In the Indian sample, education levels were more dispersed, with higher percentages of both elementary and secondary school graduates and postgraduates. In the samples of both countries, college graduates accounted for nearly half in large cities. However, the education level of postgraduates¹³ is higher in India's large cities, constituting 21%, compared with samples in large cities

¹³ Generally, in India, university (undergraduate) is a three-year program, and many students continue to the postgraduate level.

in China. The proportion of less educated individuals increases as one moves down the urban hierarchy.

There is no significant difference in educational composition between medium-sized and small cities between China and India. However, notable differences exist between urban and rural areas. In rural China, most population has completed middle school, whereas in rural India, most have completed elementary school¹⁴. The gap in educational attainment between urban and rural populations is more pronounced in India than in China.

Income was measured by monthly income. When the average income for large cities is set at 1, that of smaller cities gradually declines: 0.91 in medium cities, 0.85 in small cities, and 0.72 in rural areas in China. In India, the income gap between large cities and the rest of the country is larger: 0.84 for medium cities, 0.85 for small cities, and 0.69 for rural areas. The income disparity between cities and rural areas is greater in India than in China.

Table 4 illustrates the employment composition. In general, the higher the city level, the greater the number of workers in the private sector, including foreign-affiliated firms, in both China and India. China has more private businesspeople, whereas India has more government and public sector workers (including those working in schools and public corporations), students, and others (such as housewives and the unemployed). In both countries, government and public sector workers are most numerous in small cities. Likewise, the ratio of farmers (agricultural workers) in rural samples from both China and India is relatively small. This may be attributed to the fact that the study sites were rural villages in areas with relatively good employment opportunities, and the samples were collected in rural towns.

¹⁴ Those who responded “elementary school” in the survey may include “out-of-school students” or “dropouts.” In India, there are 10 years of compulsory education, comprising 8 years of primary and 2 years of secondary education, which is longer and more difficult to complete than in China “middle school graduation” (9 years of compulsory education when combined with elementary school).

Table 4: Occupational distribution of the sample (%)

		Gov't	public sectors	private compa.	individual	foreign firms	farmers	students	others
China	Large city	11.5	10.5	25.0	20.5	17.5	1.0	9.5	4.5
	Mid city	7.0	8.5	37.5	31.5	5.5	4.0	2.5	3.5
	Small city	21.2	9.2	31.3	27.6	1.6	2.1	1.6	5.3
	Rural	2.2	3.7	26.8	24.9	1.0	37.2	2.7	1.5
India	Large city	15.0	7.0	46.5	6.0	3.5	0.0	16.5	5.5
	Mid city	15.5	11.0	30.0	19.5	2.5	1.0	12.0	8.5
	Small city	22.7	18.1	16.3	20.8	0.6	4.8	8.8	7.9
	Rural	6.4	9.8	26.5	23.8	0.0	23.2	1.2	9.1

Source: Compiled by the authors.

b. Status Awareness and Purchase Intentions for Automobiles

Participants in the Indian sample recognize that their present social status is slightly higher than that of their counterparts in China. The future social status goal is similar in both countries. In contrast, the goal for future income level is higher in China, and the desire to upgrade status is stronger in India. In both countries, goals and motivations do not significantly differ by city size, but samples in rural areas exhibit higher goals and stronger motivation than those in urban areas. In Indian cities, the samples in large cities have the highest goals and motivations, whereas in China, those in large cities show the lowest goals and motivation to move up.

On the questions of “status indication awareness,” including whether an automobile is representative of one’s status (status representation), whether individuals are concerned about the opinions of others when using the car (reference group consciousness), and whether the car represents one’s lifestyle (lifestyle consciousness), Indian research participants recognize the automobile as a status symbol more than in China across all levels of society. Women in China are more strongly aware of it as a status symbol than men, whereas men are more aware than women in India. Regarding differences by urban strata, status awareness is stronger in small cities and rural areas than in larger cities in China, whereas in India, large cities and rural areas show the strongest status awareness in automobiles compared to mid- and small-sized cities.

There is a notable difference in purchase intention between China and India. In China, purchase intention is high, even in rural areas, reflecting that it is perceived as a necessity of life in both urban and rural areas. Purchase intention in China is lowest in large cities. Purchase intention in India is one percentage point lower than that in China. For many rural dwellers in India, their income level makes it impractical to purchase

their own car.

There is a clear trend in the willingness to pay in China, where the higher the urban strata, the more likely individuals are to spend a larger share of their income on automobiles. In contrast, in India, the trend is less clear.

The third variable of purchase awareness is the choice of country brand. Respondents were asked which country brand they would prefer to buy for their next car (Table 5).¹⁵ Of the total sample, 46% own cars in China, with the highest percentage in medium and small cities. In rural areas, 54% of the affluent rural village of Qingzhou own cars, compared to 24% in the poor rural village of Dongming. In the largest city, 48% of respondents chose German brands, but the percentage declined as one moved down the urban hierarchy. Conversely, the share of those who choose Chinese brands is lowest in the largest city at 22%, but increases as one moves down the hierarchy, reaching 84% in the rural areas of Dongming. The shares follow a pyramid-type (triangular) pattern for Chinese brands and an inverted-pyramid-type pattern for German brands as they descend the urban hierarchy.

In contrast, in the Indian sample, car ownership is as high as 16% in large cities, 12–14% in small- and medium-sized cities, and drops significantly to 8% in rural areas. In rural areas with low incomes, in particular, individual ownership of automobiles is unrealistic for most people. For brand share, Maruti Suzuki, accounting for more than 50% of the market share (2018), was selected independently from other Indian (local) brands.¹⁶ Unlike in China, there were no significant differences in country brand share among city strata for Maruti Suzuki, other Indian brands, and Japanese brands. A slight inverse triangle of market share can be observed for German brands, although they are the exception, with a real market share of only 2%. Unlike China, no clear competitive differences give different brands a robust base in market strata in India. In this sense, the Indian market does not have the same depth or width for automobile brands as in China.

¹⁵ It also includes actual sales by brand country in both countries in 2019 and a breakdown of only those in the sample who actually purchased a car (619 in China and 142 in India). There were no significant differences in trends between the actual owners and the sample as a whole.

¹⁶ Maruti Suzuki is a subsidiary of Suzuki (56% stake in 2020), established in 1981 as a joint venture with Maruti Udyog, an Indian governmental enterprise. Since then, Maruti has been associated as an Indian company for many consumers. Suzuki is not a globally well-known brand to Indians, and they do not seem to pay attention to Maruti Suzuki because it is a Japanese company. It was only in 2013, 30 years after its establishment, that Suzuki acquired a majority stake in the company. It is considered a brand somewhere between a local and foreign brand.

Table 5: Choice of brand (country) for cars in China and India

		national/indegenous brands			foreign/global brands					others
		Chinese	Multi-Suzuki	other Indian	German	USA	other Western	Japanese	Korean	
China	actual national sales (21.04 million units)	33.6	-	-	24.7	13.4	0.9	22.5	4.8	0.3
	1324 samples									
	total (46.8)*	34.7	-	-	27.8	10.1	5.5	10.7	1.3	9.8
	large city (42.2)	21.5	-	-	47.5	7.5	4.5	11.0	1.0	7.0
	mid city (52.0)	32.0	-	-	27.5	13.0	8.0	10.0	2.0	7.5
	small city (50.8)	28.8	-	-	34.0	11.8	3.9	14.1	1.5	5.8
	* Qingzhou (52.0)	26.5	-	-	38.8	12.9	3.2	9.1	1.3	8.2
	* Dongming (48.2)	32.5	-	-	26.5	10.0	5.0	22.0	2.0	2.0
	rural area (38.6)	51.0	-	-	13.4	10.8	8.3	8.3	0.6	7.6
	* Qingzhou (53.5)	35.5	-	-	17.8	15.9	12.1	11.2	0.9	6.5
* Dongming (24.2)	84.0	-	-	4.0	0.0	0.0	2.0	0.0	10.0	
actual 619 auto owners	33.0	-	-	30.4	12.1	5.5	11.5	1.0	6.6	
India	actual national sales (2.96 million units)	-	50.2	13.4	1.6	2.9	-	12.7	18.8	0.5
	1059 samples									
	total (11.9)	-	27.9	28.9	10.4	5.6	2.8	12.6	4.4	4.2
	large city (16.0)	-	26.7	20.5	24.1	2.1	0.5	15.4	7.7	3.1
	mid city (12.0)	-	24.0	29.6	11.7	8.7	3.6	13.3	3.6	5.6
	small city (13.7)	-	34.0	32.7	8.7	8.4	2.6	7.1	4.2	2.3
	rural area (7.6)	-	28.0	32.9	4.0	3.7	4.3	16.9	3.7	6.5
actual 126 auto owners	-	23.2	21.1	19.0	5.6	2.1	20.4	7.0	1.4	

Notes: * Percentage of the sample actually owning a vehicle (%)

** Actual sales figures are for 2019.

Source: from the authors' samples. Actual sales are from the automotive industry portal MARKLINES database.

Finally, although not used in the empirical analysis, we inquired about the key factors considered when purchasing automobiles to interpret the results (Table 6). Respondents were asked to select the three most essential factors in seven categories when purchasing: brand, design, price, size, quality, sales environment, and investment value. The overall score was calculated by awarding two points to the first item, 1.5 points to the second item, and 1 point to the third item.

Table 6: Important Factors at Time of Purchase: Automobile

		Brand	Design	Price	Size	Quality	Sales atmosphere	Investment value
China	total	0.94	0.88	1.01	0.47	0.99	0.06	0.03
	large city	1.07	0.92	0.84	0.32	1.14	0.08	0.03
	mid city	0.92	1.09	0.90	0.43	0.87	0.11	0.05
	small city	1.00	0.86	0.90	0.46	1.03	0.07	0.03
	Qingzhou	0.98	0.90	0.92	0.38	1.06	0.06	0.04
	Dongming	1.03	0.78	0.86	0.58	0.98	0.07	0.03
	rural area	0.82	0.80	1.29	0.58	0.92	0.03	0.02
	Qingzhou	0.95	0.96	1.17	0.42	0.84	0.04	0.03
	Dongming	0.70	0.65	1.40	0.74	0.99	0.01	0.00
India	total	0.92	0.62	0.78	0.27	0.64	0.15	0.35
	large city	0.94	0.62	0.89	0.17	1.08	0.07	0.24
	mid city	0.86	0.44	0.35	0.29	0.52	0.09	0.39
	small city	0.91	0.55	0.62	0.17	0.56	0.15	0.40
	rural area	0.96	0.78	1.14	0.41	0.53	0.24	0.35

Source: Authors' samples

5. Determinants of Willingness to Pay for an Automobile

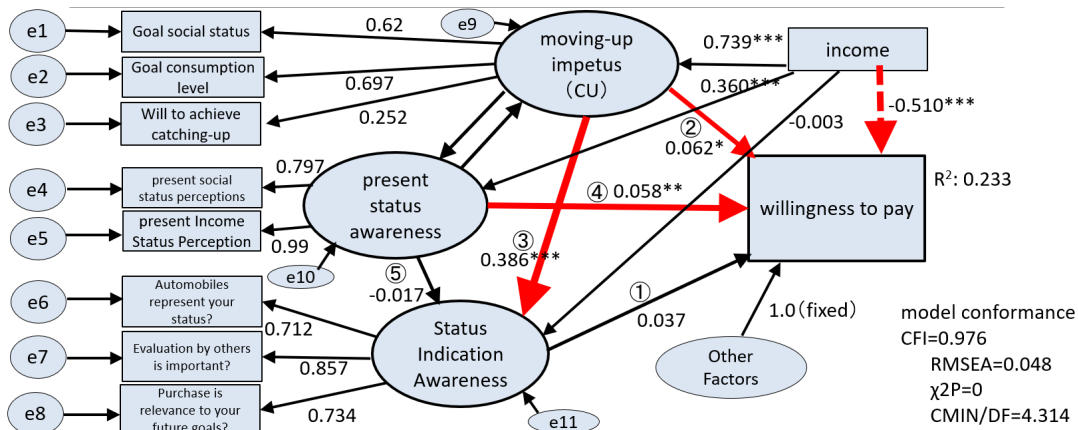
In China and India, the samples were divided into various strata, and for each stratum, samples were fitted into the above-explained model. SEM was then used to estimate the relationship between the variables. We then examined the effects of two status recognitions (i.e., moving-up impetus and present status awareness) on the purchase behavior of automobiles at each strata level in both countries.

(1) Willingness to Pay for Automobiles in China

Table 7 presents the effects of three constructs—status indication awareness (wish to show status by automobile), moving-up impetus, and present status awareness—on the willingness to pay for automobiles in China across various social strata. The first row in Table 7 presents the estimates for China as a whole (sample size 1436). A graphical representation is shown in Figure 3. Let us examine the results of this estimation.

Figure 3: Determinants of Willingness to Pay for a Car (China)

Total China samples (n = 1436), coefficients are standardized



Source: Compiled by the authors.

The CFI and RMSEA are included to assess model fitness. A CFI of 0.95 or higher and RMSEA of 0.05 or lower¹⁷ indicate an excellent fit between the model and the samples (Toyoda 2007). In this case, the sample fits the model very well based on the index (0.976 and 0.048, respectively).

For Hypothesis 1, regarding relationship ① in Figure 3, we observe that the willingness to pay for a car does not increase, as cars are perceived as being able to change status (status indication awareness). The coefficient of relationship ① is not statistically significant at the 10% level (the value of the standardized coefficient is 0.037). This suggests that, in China, the amount of money an individual is willing to pay for a car (as a percentage of income) is not determined by status indication awareness (or the wish to show status via an automobile). While many people in China recognize that automobiles indicate status, they do not necessarily seek to purchase more expensive cars to signal their status. However, as shown in Table 7, ① becomes significant when the sample is limited to men, who are more willing to pay more if they are more aware of status indications. This indicates that status indication is an important motivation for men to purchase a car.

Turning to Hypothesis 2, the higher the aspiration to move up in status, the more

¹⁷ RMSEA is said to be poorly fit at 0.1 or higher, and between 0.05 and 0.1 is a gray zone (Toyoda 2007).

one pays for a car. First, it is evident that the stronger people's moving-up impetus, the higher their awareness of status indication (the estimation of the relationship ③ is significant at the 0.1% level, with a coefficient as high as 0.386). This indicates that the stronger people's desire to move up, the more strongly they perceive automobiles as a status symbol. However, as observed earlier, status indication awareness is not significantly related to willingness to pay (①). The total indirect effect of the willingness to pay through status indication awareness is minimal, calculated as 0.037 (①) \times 0.386 (③) = 0.014 . There is a tendency for the moving-up impetus to increase the level of willingness to pay directly. However, the effect is not large (direct effect ②: significant at the 10% level, coefficient 0.062), suggesting that a driving factor is the desire to possess an appropriate car for a better lifestyle, not necessarily to signal status. Table 7 shows this tendency is notable in rural areas and among people with lower education levels (those who finished primary education). Chinese may not spend extra money solely to showcase their status via automobiles except for these strata.

As assumed in Hypothesis 3, with the total Chinese sample, present status awareness (how high they perceive their current status) exhibits a slight positive effect on the willingness to pay (④), but the coefficient is low at 0.058. No relationship was found between present status awareness and status indication awareness (⑤). This indicates that regardless of their status, people consider automobiles as status goods. As shown in Table 7, this tendency is particularly observed among women in rural areas. Presumably, rural women who perceive their status as low may prefer to buy a more budget-friendly car that aligns with their economic status.

As shown in the first line of Table 7, the effect of the moving-up impetus on the willingness to pay is 0.076 (overall effect), which is the sum of the indirect effect (③ \times ① = 0.014) and the direct effect (② = 0.062). This is slightly higher than the overall effect of present status awareness on willingness to pay, which is 0.057 (the sum of the indirect effect ⑤ \times ① = -0.001 and the direct effect ④ = 0.058).

The remaining rows of Table 7 present the estimation results using the same model for various social strata. The following characteristics of each stratum are derived from Table 7.

Table 7: Estimated Determinants of Willingness to Pay for Cars in China

Car	Willingness to pay	goodness of fit			coefficient (standardized value, upper) and significance probability (lower)											moving-up status		present status		R2
		n	CFI	RMSEA	wish to show status → purchase①	moving-up → purchase②	moving-up → wish to show status③	present status → purchase④	present status → wish to show status⑤	income → moving-up⑥	income → present status⑦	income → WTP⑧	present status → moving-up⑨	indirect	total	indirect	total	coefficient of determination		
total		1436	0.976	0.048	0.037 0.208	0.062 0.070	0.386 ***	0.058 0.034	-0.017 0.568	0.739 ***	0.360 ***	-0.510 ***	-1.276 ***	0.014	0.076	-0.001	0.057	0.233		
urban		735	0.985	0.038	0.017 0.659	0.026 0.556	0.399 ***	0.036 0.266	0.048 0.204	0.735 ***	0.367 ***	-0.585 ***	-1.553 ***	0.007	0.033	0.001	0.037	0.322		
suburban		178	0.976	0.055	0.068 0.422	-0.133 0.203	0.473 ***	-0.133 0.949	0.138 0.100	0.674 0.003	0.516 ***	-0.591 ***	-1.143 0.001	0.032	-0.101	0.009	-0.124	0.360		
rural		510	0.959	0.066	0.128 0.009	0.131 0.023	0.372 ***	0.096 0.044	-0.110 0.032	0.783 ***	0.257 ***	-0.506 ***	-1.126 ***	0.048	0.179	-0.014	0.082	0.230		
male		641	0.975	0.051	0.111 0.008	0.062 0.200	0.327 ***	0.001 0.981	0.032 0.446	0.585 ***	0.397 ***	-0.471 ***	-1.196 ***	0.036	0.098	0.004	0.005	0.236		
urban male		301	0.986	0.038	0.120 0.041	-0.046 0.480	0.341 ***	0.036 0.465	0.120 0.038	0.644 ***	0.412 ***	-0.566 ***	-1.526 ***	0.041	-0.005	0.014	0.050	0.312		
rural male		250	0.986	0.038	0.131 0.065	0.162 0.039	0.371 ***	-0.964 0.775	-0.079 0.266	0.524 0.004	0.358 ***	-0.453 ***	-0.964 0.004	0.049	0.211	-0.010	-0.974	0.241		
female		780	0.970	0.053	-0.020 0.633	0.062 0.216	0.438 ***	0.132 0.001	-0.072 0.087	0.901 ***	0.361 ***	-0.525 ***	-1.417 ***	-0.009	0.053	0.001	0.133	0.217		
urban female		434	0.984	0.037	-0.064 0.243	0.081 0.205	0.453 ***	0.037 0.456	-0.025 0.646	0.923 ***	0.411 ***	-0.567 ***	-1.737 ***	-0.029	0.052	0.002	0.039	0.303		
rural female		257	0.944	0.077	0.132 0.053	0.083 0.329	0.352 ***	0.237 0.126	-0.118 0.266	0.907 0.350	0.090 ***	-0.516 ***	-1.199 0.002	0.046	0.129	-0.016	0.221	0.212		
Education	higher	446	0.981	0.044	0.033 0.507	-0.020 0.735	0.436 ***	0.055 0.150	0.015 0.752	0.552 ***	0.401 ***	-0.641 ***	-1.235 ***	0.014	-0.006	0.000	0.055	0.385		
middle		709	0.965	0.060	0.077 0.065	-0.057 0.236	0.388 ***	0.007 0.857	0.004 0.918	0.705 ***	0.471 ***	-0.461 ***	-1.477 ***	0.030	-0.027	0.000	0.007	0.215		
primary		267	0.920	0.093	0.021 0.738	0.227 0.002	0.282 0.001	0.092 0.115	-0.104 0.121	0.812 ***	0.139 0.220	-0.591 ***	-1.101 ***	0.006	0.233	-0.002	0.090	0.281		
city/rural hierarchy	large city (Qingdao)	200	0.999	0.007	0.072 0.258	-0.039 0.576	0.290 0.010	-0.006 0.893	0.036 0.576	0.605 0.009	0.358 0.055	-0.687 ***	-1.770 0.010	0.021	-0.018	0.003	-0.003	0.478		
mid-city (Wefang)		200	0.963	0.069	0.155 0.022	-0.030 0.680	0.346 ***	0.198 0.003	0.047 0.542	0.743 0.003	0.415 ***	-0.656 0.001	-1.561 0.001	0.054	0.024	0.007	0.205	0.372		
small city		617	0.972	0.050	-0.021 0.661	-0.004 0.949	0.464 ***	-0.072 0.076	0.062 0.166	0.757 ***	0.388 ***	-0.556 ***	-1.194 ***	-0.010	-0.014	-0.001	-0.073	0.277		
Qingzhou		417	0.959	0.055	-0.051 0.438	0.057 0.454	0.514 ***	0.068 0.177	0.048 0.387	0.777 ***	0.252 0.011	-0.472 ***	-1.477 ***	-0.026	0.031	-0.002	0.066	0.200		
Dongming		200	0.957	0.073	0.006 0.927	-0.162 0.097	0.367 0.010	0.070 0.296	0.167 0.023	0.367 0.097	0.590 ***	-0.640 ***	-0.631 0.066	0.002	-0.160	0.001	0.071	0.387		
rural		407	0.969	0.061	0.237 0.003	0.192 0.003	0.398 ***	0.126 0.019	-0.206 0.019	0.915 ***	0.302 ***	-0.524 ***	-1.312 ***	0.094	0.286	-0.049	0.077	0.306		
Qingzhou		200	0.956	0.067	0.087 0.243	0.169 0.061	0.409 ***	0.240 0.001	0.050 0.541	0.386 0.061	0.591 ***	-0.617 0.010	-1.001 0.010	0.036	0.205	0.004	0.244	0.363		
Dongming		207	0.983	0.051	0.309 0.046	0.174 0.046	0.434 ***	-0.031 0.666	-0.435 0.000	1.000 ***	0.005 0.963	-0.480 ***	-1.129 ***	0.134	0.308	-0.134	-0.165	0.341		
urban local		349	0.993	0.027	0.047 0.373	-0.091 0.153	0.330 ***	-0.008 0.877	0.137 0.019	0.365 0.009	0.527 ***	-0.564 ***	-1.032 ***	0.016	-0.075	0.006	-0.002	0.319		
converted urban		131	1.000	0.000	0.104 0.271	-0.005 0.964	0.403 0.001	0.093 0.279	-0.013 0.895	0.384 0.076	0.401 0.009	-0.508 ***	-1.355 0.008	0.042	0.037	-0.001	0.092	0.248		
inter-city mobile		127	0.880	0.111	0.160 0.069	-0.054 0.579	0.338 0.020	-0.054 0.794	0.141 0.047	0.851 0.030	0.170 0.445	-0.650 ***	-1.540 0.095	0.054	0.000	0.023	-0.031	0.439		
rural-urban mobile		150	0.992	0.028	-0.084 0.328	0.071 0.426	0.462 ***	0.185 0.028	-0.143 0.128	1.360 0.002	0.340 0.053	-0.732 ***	-2.250 0.004	-0.039	0.032	0.012	0.197	0.418		
rural local		376	0.969	0.059	0.226 0.027	0.143 0.027	0.384 ***	0.037 0.502	-0.205 0.000	0.822 ***	0.243 0.003	-0.455 ***	-1.158 ***	0.087	0.230	-0.046	-0.009	0.252		
inter-rural mobile		45	0.821	0.134	-0.126 0.419	0.175 0.254	0.319 0.136	0.353 0.034	-0.101 0.552	-0.185 0.349	0.542 0.002	-0.501 0.001	-0.264 0.521	-0.040	0.135	0.013	0.366	0.293		
public sector		287	1.000	0.000	0.000 0.999	0.037 0.624	0.407 ***	0.069 0.276	0.011 0.870	0.830 ***	0.372 ***	-0.552 ***	-1.475 0.002	0.000	0.037	0.000	0.069	0.270		
private firms		487	0.986	0.039	0.059 0.235	0.000 0.994	0.427 ***	0.093 0.028	0.126 0.009	0.473 ***	0.377 ***	-0.568 ***	-1.204 ***	0.025	0.025	0.007	0.100	0.293		
individual business		375	0.956	0.066	-0.019 0.786	-0.031 0.707	0.542 ***	0.061 0.235	0.018 0.745	0.497 0.001	0.481 ***	-0.501 ***	-1.001 ***	-0.010	-0.041	0.000	0.061	0.228		
farming		174	0.962	0.072	0.208 0.004	0.120 0.093	0.031 0.731	-0.129 0.079	-0.391 ***	1.305 0.001	0.088 0.492	-0.539 ***	-1.976 0.006	0.006	0.126	-0.081	-0.210	0.446		

Source: Compiled by the authors.

(a) Model fitness for urban and rural areas

The model fitness is slightly higher in urban than in rural areas. However, the fit in rural areas is also good, generally exceeding 0.95 for each stratum, indicating that individual purchases of automobiles are becoming common in China, even in rural areas, and that status recognition is important in purchasing behavior.

In rural areas, willingness to pay is statistically influenced by status indication awareness. This is exemplified in samples from poor Dongming villages and among those raised in rural areas, particularly agricultural workers. However, a similar influence is also observed in urban areas, although only among men.

(b) Women's upward mobility

Although the willingness to pay increases with stronger status indication awareness among men, it does not do so among women. However, women are more likely to be motivated to move up in status, meaning those who are more motivated to advance in status are more inclined to signal their status through automobiles. This inclination is particularly evident among urban women. Conversely, rural women are more willing to purchase a car at a price that is aligned with their status. Women who aspire for upward mobility feel more strongly about their status, but are not inclined to showcase it through higher-priced goods. They seek to manifest their status qualitatively, such as through the brand, rather than purely in terms of monetary value.

(c) Small- and medium-sized cities and rural areas are China's main status consumption market.

The coefficients of moving-up impetus and status indication awareness (③) are highest in small cities, followed by rural areas and medium-sized cities. The impact of rising status on motivating the consumption of automobiles as a status symbol is more pronounced in the middle and lower markets of small cities and rural villages than in the upper strata of the hierarchy, such as large cities in China. As mentioned earlier, some consumers in rural areas are willing to pay higher amounts. The direct effect of the increase in the willingness to pay is also observed in rural areas, especially among males, primary educators, those who grew up in local rural areas, and agricultural workers.

In contrast, present status awareness is significantly negative in rural areas; those who perceive their status as low are more likely to view automobiles as status symbols. Present status awareness also directly influences the willingness to pay in rural areas, particularly among rural women and in affluent rural areas (Qingzhou), prompting them to consider purchasing a car at a price aligned with their status.

(d) Large role of migrants

The influence of the moving-up impetus on status indication awareness is most pronounced among migrants from rural who have moved to urban areas. This effect is also strong among citizens of expanding cities—those who have transitioned from rural to urban living through the urbanization of areas previously rural. It appears that individuals whose living environment has changed from rural to urban strongly associate automobiles with a change in status.

(e) Occupation and education

The strongest link between the move-up impetus and status indication awareness is observed in the private sector, followed by the government sector. However, this effect is not evident among agricultural workers. While the connection between upward mobility and automobile consumption is more pronounced in rural areas, it is primarily found among rural nonfarm workers. Furthermore, the move-up impetus increases status indication awareness more significantly as one progresses up the educational ladder, such as achieving higher education.

(f) Comparing the effects of moving-up impetus and present status awareness

There is little difference between the overall impact of moving-up impetus (sum of indirect and direct effects) and present status awareness on willingness to pay in the sample as a whole, although the former slightly exceeds the latter. This implies that the effect of the moving-up impetus on spending on automobiles is slightly greater than the effect of present status awareness. However, the number of strata where the effect of the moving-up impetus is stronger is roughly equivalent to the number of strata where present status awareness is more prominent. While the spending more money to display higher status is observed in rural and male strata, among urban women and in small- to medium-sized cities, people's tendency to invest more in automobiles is influenced by the mindset of improving their future status. In contrast, there is a strong inclination, especially among rural women, to spend less due to their low present status. Owing to the interplay of these two factors, it is not evident in the sample whether the impetus to move up or the awareness of present status has a greater influence on willingness to pay.

(2) Willingness to pay for Automobiles: India

Let us explore the results of the analysis of various strata for India (Table 8), with a focus on how India differs from China. When comparing the estimation results of the sample with those of China, the overall model fit is slightly less favorable: the CFI remains above 0.95, while the RMSEA is 0.061, surpassing the 0.05 threshold. This deterioration is likely due to including samples from rural strata, which exhibit a less optimal fit to the model.

Table 8: Estimated Determinants of Willingness to Pay for a Car in India

Car	Willingness to pay	goodness of fit			coefficient (standardized value, upper) and significance probability (lower)								moving-up→ purchase		present status → purchase		R2	
		n	CFI	RMSEA	wish to show status → purchase①	moving-up → purchase②	moving-up → wish to show status③	present status → purchase④	present status → wish to show status⑤	income → moving-up⑥	income → present status⑦	income → WTP⑧	present status → moving-up⑨	indirect	total	indirect		total
total		1059	0.956	0.061	0.026 0.398	-0.053 0.081	0.285 ***	0.189 ***	-0.098 0.013	0.334 ***	0.402 ***	-0.710 ***	-0.945 ***	0.007	-0.046	-0.003	0.186	0.439
urban		375	0.976	0.049	0.048 0.334	-0.032 0.545	0.337 ***	0.094 0.112	0.043 0.519	0.658 ***	0.428 ***	-0.666 ***	-1.411 ***	0.016	-0.016	0.002	0.096	0.398
suburban		140	0.934	0.073	0.143 0.118	-0.034 0.666	0.436 0.004	-0.034 0.959	0.048 0.649	1.672 0.031	0.304 0.167	-0.648 ***	-3.262 0.054	0.062	0.028	0.007	-0.027	0.427
rural		414	0.858	0.113	0.035 0.459	-0.156 0.002	0.283 ***	0.249 ***	-0.344 ***	-0.162 0.064	0.119 0.084	-0.737 ***	-0.997 0.002	0.010	-0.146	-0.012	0.237	0.579
male		555	0.955	0.062	0.058 0.159	-0.073 0.089	0.285 ***	0.225 ***	-0.103 0.054	0.307 0.001	0.466 ***	-0.718 ***	-0.928 ***	0.017	-0.056	-0.006	0.219	0.436
urban male		196	0.984	0.039	0.136 0.068	-0.141 0.072	0.425 ***	0.029 0.715	0.028 0.743	0.557 0.003	0.466 ***	-0.613 ***	-1.285 ***	0.058	-0.083	0.004	0.033	0.380
rural male		214	0.836	0.121	0.032 0.608	-0.035 0.489	0.160 0.067	0.358 ***	-0.294 0.007	-0.244 0.015	0.297 ***	-0.759 ***	-0.178 0.195	0.005	-0.030	-0.009	0.349	0.595
female		502	0.955	0.060	-0.041 0.784	0.154 0.338	0.272 ***	0.154 ***	-0.114 0.054	0.345 ***	0.344 ***	-0.708 ***	-0.976 ***	-0.011	0.143	0.005	0.159	0.451
urban female		179	0.973	0.046	-0.022 0.745	0.071 0.302	0.214 0.026	0.160 0.112	0.053 0.612	0.905 0.006	0.437 0.007	-0.730 ***	-1.664 0.006	-0.005	0.066	-0.001	0.159	0.437
rural female		200	0.878	0.108	-0.007 0.908	-0.132 0.043	0.343 0.004	0.085 0.060	-0.283 0.001	-0.315 0.064	-0.051 0.665	-0.761 ***	-1.648 0.052	-0.002	-0.134	0.002	0.087	0.603
English users		329	0.983	0.037	-0.003 0.962	0.002 0.975	0.368 ***	0.232 0.001	0.050 0.453	0.752 0.001	0.533 ***	-0.770 ***	-1.427 ***	-0.001	0.001	0.000	0.232	0.458
Tamil users		730	0.924	0.081	0.058 0.088	-0.089 0.010	0.222 ***	0.150 ***	-0.121 0.014	0.245 0.002	0.330 ***	-0.736 ***	-0.911 ***	0.013	-0.076	-0.007	0.143	0.503
Education	higher	490	0.973	0.047	0.009 0.848	-0.070 0.131	0.367 ***	0.154 0.005	-0.114 0.289	0.345 ***	0.344 ***	-0.708 ***	-0.976 ***	0.003	-0.067	-0.001	0.153	0.451
	middle	224	0.955	0.062	0.185 0.003	0.103 0.031	0.237 0.003	0.082 0.148	-0.135 0.131	-0.026 0.749	0.181 0.039	-0.675 ***	-0.587 0.064	0.044	0.147	-0.025	0.057	0.437
	primary	341	0.896	0.093	0.006 0.902	-0.211 ***	0.101 0.221	0.276 ***	-0.132 0.076	-0.144 0.103	0.511 ***	-0.766 ***	-0.506 0.012	0.001	-0.210	-0.001	0.275	0.603
city/rural hierarchy	large city (Chennai)	200	0.949	0.076	0.007 0.916	0.141 0.045	0.362 ***	0.352 ***	0.030 0.705	1.000 0.007	0.825 ***	-0.789 ***	-1.805 0.001	0.003	0.144	0.000	0.352	0.433
	mid city (Madurai)	200	0.987	0.031	0.184 0.025	-0.164 0.053	0.508 ***	-0.032 0.137	0.155 0.045	0.297 0.013	0.336 0.039	-0.639 ***	-1.157 0.002	0.093	-0.071	0.029	-0.003	0.436
	small city (Mellur)	310	0.976	0.042	0.097 0.055	-0.160 0.005	0.318 ***	-0.057 0.187	-0.009 0.890	1.026 ***	-0.039 0.837	-0.697 ***	-2.537 0.187	0.031	-0.129	-0.001	-0.058	0.573
	rural	328	0.850	0.113	0.081 0.006	-0.168 0.010	-0.087 0.495	0.294 ***	0.060 0.510	-0.362 ***	0.315 ***	-0.741 ***	-0.258 0.118	-0.007	-0.175	0.005	0.299	0.513
mobility	urban local	217	0.967	0.050	0.142 0.050	-0.147 0.046	0.401 ***	0.047 0.505	-1.685 0.480	0.602 0.005	0.154 0.338	-0.602 ***	-1.685 0.011	0.057	-0.090	-0.239	-0.192	0.385
	inter-city mobile	60	0.926	0.087	-0.178 0.149	0.424 0.007	0.418 0.019	0.056 0.170	0.121 0.475	0.674 0.160	0.748 ***	-0.606 ***	-1.575 0.054	-0.074	0.350	-0.022	0.034	0.567
	rural-urban mobile	133	0.974	0.053	-0.030 0.688	0.153 0.121	0.177 0.140	0.367 0.023	0.118 0.325	0.845 ***	0.778 ***	-0.867 ***	-1.481 ***	-0.005	0.148	-0.004	0.363	0.480
	rural local	354	0.797	0.145	0.002 0.975	-0.111 0.034	0.277 ***	0.323 0.032	-0.528 ***	-0.134 0.068	0.333 ***	-0.805 ***	-0.349 0.032	0.001	-0.110	-0.001	0.322	0.599
	inter-rural mobile	86	0.983	0.034	0.197 0.038	-0.299 0.027	0.382 0.029	-0.084 0.500	-0.024 0.845	1.047 0.078	0.293 0.217	-0.570 ***	-1.887 0.132	0.075	-0.224	-0.005	-0.089	0.506
occupation	public sector	275	0.981	0.038	0.189 0.005	-0.209 0.003	0.409 ***	0.025 0.674	0.145 0.060	0.345 0.013	0.336 ***	-0.626 ***	-1.051 0.002	0.074	-0.131	0.026	0.051	0.417
	private firms	294	0.971	0.048	-0.060 0.344	0.037 0.483	0.148 0.032	0.072 0.224	-0.231 0.002	0.335 0.066	0.263 0.002	-0.511 ***	-0.732 0.063	-0.009	0.028	0.014	0.086	0.242
	individual business	181	0.899	0.090	0.050 0.513	0.153 0.064	0.135 0.179	0.102 0.243	-0.009 0.923	0.247 0.137	0.544 ***	-0.482 ***	-0.512 0.055	0.007	0.160	0.000	0.102	0.224
	farming 識別されず								0.923									

Source: Compiled by the authors.

The overall Indian sample is notable for the negative direct impact of the moving-up impetus on the willingness to pay, in contrast with China. Individuals who are more inclined to enhance their status are less likely to invest a higher amount for status display, indicating a tendency toward frugality. Indian frugal consumers are satisfied with the status quo and have less desire for upward mobility, despite being more willing to pay higher automobile prices.

In contrast, China positively affects this coefficient in several strata, particularly rural areas, where individuals aspiring for upward mobility are strongly willing to pay for automobiles. The only stratum in India where a positive relationship in this coefficient is observed is in large cities and among interurban migrants. Conversely, negative relationships are identified in a broader range of strata in India, including rural

areas, urban men, rural women, Tamil language speakers, those with primary education, small- and medium-sized cities, rural settings, farmers, and government sector workers. Except for large cities, many Indian consumers aspiring for upward mobility appear to be more frugal.

Another difference is that the overall effect of present status awareness on willingness to pay is greater than that of the moving-up impetus. In India, this implies that individuals with high present status (those who perceive they enjoy higher status) tend to spend more money, while those who perceive they are in a lower status tend to spend less. This reflects an attitude of commensurate consumption aligned with present status.

In contrast, in China, the effects of the two are almost the same, with the effect of the moving-up impetus being slightly larger. In India, the effect of present status awareness on willingness to pay is significant across various groups, indicating a tendency to consume commensurately with status. The frugality of the Indian consumer, except in large cities, is evident in various strata and social groups.

(A) Fit of hypotheses in urban and rural areas

Our model fits the urban strata sample well but not the rural samples (CFI is below 0.9, and RMSEA is close to 1.0 in rural strata). Because of the low reliability of rural estimates, rural results should be viewed only for reference. The model fit is good for large, medium, and small city strata, indicating that socioeconomic discontinuity between urban and rural areas in India is prominent, in contrast with China. This discontinuity may result from different income levels and differences in people's attitudes and perceptions concerning social status and automobile consumption.

The positive effect of status awareness in increasing willingness to pay (i.e., purchasing a higher-priced car to indicate higher status) is found among men, as in China, and observed in small- and medium-sized cities, rural areas, and among those who have completed secondary school education. In China, this is mainly observed in rural areas (agricultural workers, local rural citizens, and the poor Dongming rural strata), whereas in India, this phenomenon can be observed more widely, including among local urban residents and government sector workers. This may reflect the rural nature of India's small- and medium-sized cities.

(b) Men, rather than women, make status purchases

The effect of the moving-up impetus on increasing status indication awareness of

automobiles is greater among urban men. Unlike in China, this effect is smaller for urban women. Perhaps men are the main actors in status consumption (as far as automobiles are concerned) in Indian cities. As noted above, the effect of status indication awareness on willingness to pay is also significant for urban men, similar to that observed in China.

In contrast, the moving-up impetus for rural men does not affect their willingness to pay for automobiles, possibly because car ownership is unrealistic for this demographic. This phenomenon is also found among rural women (this is observed more clearly than in urban women).

(c) Large cities are the center of status consumption

Regarding model fitness and coefficients, the sample from large Indian cities exhibits a pattern similar to the general scenario in China. India's large cities display a pattern of status consumption for automobiles similar to that in China's small- and medium-sized cities and rural areas.

When comparing the impact of the moving-up impetus on status indication awareness across urban strata, the coefficient is largest in medium-sized cities, followed by large cities. The effect was smaller in small cities and not significant in rural areas. In contrast, the effect is most pronounced in China's small cities and rural areas. This suggests that the tangible connection between the moving-up impetus and car ownership in India is confined to large and medium-sized cities.

(D) Role of migrants

The Indian sample in this study encompasses three categories of domestic migrants: urban-to-urban (interurban), rural-to-urban, and rural-to-rural (inter-rural). Compared with the Chinese sample, there are fewer urban-to-urban migrants but a higher proportion of rural-to-urban migrants.

The impact of the moving-up impetus on status indication awareness is most pronounced among urban locals who were born and raised in the same area, followed by interurban migrants. This effect is most evident in rural-to-urban migrants in China, yet is not observed among Indian rural-to-urban migrants. The influence of status indication awareness on the willingness to pay is also notable for urban residents (similarly observed in rural residents who were born and raised locally in China). In India, it appears less feasible for rural-to-urban migrants to fulfill their aspirations for moving-up through automobile ownership. Instead, the moving-up impetus has greater impact

on status consumption among inter-rural migrants. In India, migration within rural areas, rather than from rural to urban areas, contributes more significantly to status advancement.¹⁸

(e) Summary: Differences between China and India

The above discussion reveals differences in the motives and effects of automobile consumption among consumers of various strata in China and India. This information is summarized in Table 9.

In general, the willingness to express expectations of a moving-up impetus in China drives car consumption, particularly in small- and medium-sized cities, affluent rural areas, and among urban women and rural men. However, only in rural areas is the desire to display status significantly linked to higher monetary expenditures. For the rest of the population, we expect that attempts to signal status through automobile purchases can be observed through qualitative differences, such as brand choices, rather than increased spending (which will be examined in the next section).

Given that the moving-up impetus significantly affects rural-to-urban migrants, those who experience actual social mobility are likely to engage in status consumption. This holds true for individuals seeking new employment opportunities, such as self-employed individuals or independent entrepreneurs.

In contrast, the desire in India to showcase one's present status (i.e., consuming at an appropriate level relative to one's status) is a more significant driver of status consumption. Status consumption in India is more diverse than in China. There is a discontinuity between urban and rural areas, and even within cities, and there are substantial differences between large cities and the rest of the country. Consumption patterns in large cities follow the same trend as in China, particularly with those of small- and medium-sized cities and affluent rural areas.

Small- and medium-sized cities exhibit the same characteristics as rural areas in that status awareness leads to higher monetary expenditures; that is, those who want to display their status are more willing to buy higher-priced cars. Meanwhile, individuals with a robust moving-up aspiration for future status advancement are more likely to be frugal when purchasing cars, being more willing to buy modestly priced cars.

¹⁸ Yanagisawa (2014) states that people belonging to a certain stratum within rural India tend to belong to the same stratum within the city even if they migrate to the city. The results of this study are consistent with those of the statement.

Furthermore, in large cities, those who recognize their current high status and those with high aspirations for moving up are willing to spend more on cars, demonstrating a clear interest in signaling financial wealth (a similar trend observed only in rural areas in China). In India, we observe a mixture of different consumption attitudes. On the one hand, that consumption should be commensurate with one's actual status, evidenced by the duality of showing financial wealth by those who are already rich and satisfied with the status quo, and the frugality of those who aspire to move up in status. On the other hand, modern moving-up sentiment drives status consumption, particularly in big cities.

Table 9: Differences in the motives and effects of automobile consumption among consumers in China and India

	China	India
main aim of consumption	showing future status by moving-up (small and mid cities, rural)	showing present status (befitting own position) ↔ future status in large cities
status consumption driven by moving-up impetus	mid and small cities and affluent rural	large and mid cities
high-price expenditure driven by moving-up impetus	rural	large cities (negative in small and mid cities = sound expenditure)
high-price expenditure driven by the wish to show status	rural by male	small and mid cities, rural, by male
leader of consumption	female (urban), male (rural)	male (urban)
urban/rural disparity	small disparity	large disparity
occupation	all other than farming (exp. Individuals)	public sector
prominent moving-up effects (mobility or settlement)	prominent moving-up effects in migrants (inter-cities and rural-urban)	moving-up effects for urban locals. Present status effects for rural locals and inter-rural migrants

Source: Compiled by the authors.

6. Choice of Automobile Country Brand

Finally, we examine the estimated results of the country brand choice of automobiles (Tables 10 and 11). As we have seen, automobiles are perceived as status symbols at all levels in both China and India. However, the willingness to showcase status is not necessarily the most critical factor in determining whether individuals buy a car or how

much they are willing to pay. Instead, consumers express their status through brand choice.

Using the same model, we estimated the determinants of brand choice by asking, “Which country’s automobile brand do you prefer for the next car you buy?” Instead of presenting results for all social strata, we focus on the strata where attitudes related to status are significantly (at less than a 10% level) linked to the brand choice variable (relationships ①, ②, and ④). In addition, we include the income effect (⑨). As mentioned earlier, this allows us to compare the overall impact of the moving-up impetus and present status awareness on brand choice. We tested brands from home countries (China and India), Germany, Japan, and Korea.

(1) Automobile Brand Choice in China

In the Chinese market (Table 10), a distinct difference in psychological perception exists between Chinese and German brands. For those who choose Chinese brands, the relationship between status indication awareness and brand choice (①) is consistently negative across all samples. Individuals who consider automobiles as status symbols (or those who use cars to signal their status) tend to avoid Chinese cars. In other words, those who do not perceive cars as status symbols are more inclined to choose Chinese brands. This negative coefficient holds true across all strata, with the most pronounced effect observed among males, residents of small and medium-sized cities, and interurban and rural–urban migrants.

The impact of the moving-up impetus on Chinese brand choice is also consistently negative across most strata, except for rural Dongming and poor rural areas. Conversely, consumers who are satisfied with the status quo are likelier to choose Chinese brands. The relationship with income level is also negative, indicating that lower-income individuals opt for Chinese brands. Comparing the overall effects of the moving-up impetus and present position awareness, the influence of the moving-up impetus, though negative, is greater than that of present position awareness.

What is interesting about the Chinese brand is that only in the lowest strata, the poor Dongming rural villages, individuals with stronger aspirations to move up significantly tend to choose Chinese brands. This choice is not influenced by status indication awareness, meaning their preference for Chinese brands is not driven by a desire to signal their status. Instead, like Indians who chose the Maruti Suzuki brand, they chose Chinese brands due to necessity.

The purchase of German brands is also influenced by a moving-up impetus

rather than present position awareness. The overall impact of the moving-up impetus on German brand choice is substantial in general and various strata. In small cities, rural men, and other rural agriculture-related strata, status indication awareness significantly drives purchases, with German cars considered goods that symbolize future status. Conversely, for a broad spectrum of groups, present status awareness negatively affects the choice of German cars. This implies that those who perceive their present status as low are more inclined to elevate their position by purchasing German cars.

Japanese-brand automobiles significantly correlate with income level in the overall sample, indicating that those with higher incomes are likelier to purchase Japanese brands. However, the relationship with the moving-up impetus is not strong. In rural areas, especially among women, individuals who perceive their present status as high and those who are more conscious of displaying their status tend to choose Japanese cars. Japanese brands are considered luxury products that signify high status in these strata. Unlike German cars, Japanese brands do not fulfill the desire to move up among various consumers.¹⁹

¹⁹ However, it is highly likely that Japanese-brand vehicles are valued for their practical value, such as quality and cost performance. This is the reason for their high market share in China.

Table 10: Choice of Automobile Country Brands in China: Determinants

purchase intention	China Brand Car				German Brand Car				Japan Brand Car				Korea Brand Car				
	coefficient (standardized value) and significance probability		purchase effect (total)		coefficient (standardized value) and significance probability		purchase effect (total)		coefficient (standardized value) and significance probability		purchase effect (total)		coefficient (standardized value) and significance probability		purchase effect (total)		
	wish to show status → purchase ①	moving-up → purchase ②	present status → purchase ④	income → purchase e⑤	wish to show status → purchase ①	moving-up → purchase ②	present status → purchase ④	income → purchase e⑤	wish to show status → purchase ①	moving-up → purchase ②	present status → purchase ④	income → purchase ⑤	wish to show status → purchase ①	moving-up → purchase ②	present status → purchase ④	income → purchase ⑤	
total	-0.08	-0.09	-0.02	-0.07	0.05	0.11	-0.07	0.09	0.08	0.09	0.02	0.08	0.08	0.09	0.02	0.11	0.02
urban	-0.06	-0.12	-0.01	-0.05	0.16	0.01	0.03	0.00	0.14	0.57	0.18	0.08	0.14	0.57	0.18	0.08	0.08
suburban	-0.35	0.34	0.10	-0.02	0.20	0.00	0.06	0.56	0.05	0.28	0.05	0.08	0.05	0.28	0.05	0.08	0.30
rural	-0.08	-0.09	-0.02	-0.07	0.07	0.00	0.96	0.22	0.30	0.62	0.18	0.06	0.30	0.62	0.18	0.06	0.30
male	-0.46	0.08	0.72	0.37	0.12	0.06	-0.08	0.11	0.19	-0.06	0.17	-0.10	0.01	-0.06	0.17	-0.10	0.01
female	-0.14	-0.16	-0.01	-0.14	0.02	0.31	0.08	0.01	0.02	0.55	0.03	0.21	-0.03	0.02	0.55	0.03	0.21
urban	0.00	0.01	0.86	0.00	0.11	0.01	-0.13	0.06	0.14	0.05	0.78	0.13	0.14	0.05	0.78	0.13	0.13
rural	0.06	0.03	0.54	0.27	0.15	0.10	0.06	0.08	0.09	0.17	0.61	0.55	0.09	0.17	0.61	0.55	0.22
middle city	0.61	0.03	0.74	0.00	-0.02	0.17	-0.07	0.09	-0.02	0.04	0.04	0.29	0.02	0.04	0.04	0.29	0.07
primary edu	-0.12	-0.10	0.96	0.01	0.14	0.87	0.04	0.37	0.14	0.05	0.78	0.13	0.14	0.05	0.78	0.13	0.13
mid city (Wefang)	-0.32	0.09	-0.17	-0.04	0.08	0.38	-0.09	-0.04	0.09	0.22	0.04	0.05	-0.06	0.04	0.05	-0.06	0.14
small city	-0.16	-0.11	-0.06	-0.03	0.06	0.02	-0.07	0.11	0.02	0.04	0.14	0.01	0.02	0.04	0.14	0.01	0.02
Qingzhou	0.01	0.12	0.26	0.53	0.72	0.01	0.13	0.05	0.24	-0.04	0.14	0.01	0.02	-0.04	0.14	0.01	0.11
Qingzhou	0.55	-0.17	-0.02	-0.03	0.89	0.01	0.96	0.89	0.02	0.59	0.02	0.89	0.02	0.59	0.02	0.89	0.89
Dongming	-0.28	-0.07	-0.18	-0.11	0.00	0.10	-0.14	0.03	0.14	-0.08	0.14	-0.03	-0.04	-0.08	0.14	-0.03	-0.04
rural Qingzhou	0.05	-0.50	-0.03	-0.09	0.19	-0.01	-0.07	0.04	0.10	0.28	0.44	0.08	0.76	0.28	0.44	0.08	0.76
rural Dongming	0.59	0.35	0.68	0.26	0.00	0.87	0.15	0.43	0.22	0.04	0.05	-0.06	0.14	0.04	0.05	-0.06	0.14
urban local	0.04	0.35	0.11	-0.14	0.15	0.02	-0.04	0.16	0.08	0.68	0.95	0.52	0.07	0.14	0.07	0.08	0.16
mobile	0.63	0.33	0.21	0.12	0.08	0.86	0.50	0.01	0.07	0.08	0.18	0.40	0.47	0.08	0.18	0.40	0.40
converted	0.09	0.53	0.15	0.44	0.09	0.09	0.43	0.27	0.09	0.08	0.18	0.40	0.12	-0.17	-0.01	0.25	-0.11
inter-city	-0.14	-0.04	-0.23	-0.04	0.08	0.27	0.06	-0.04	0.30	0.18	0.94	0.62	0.32	0.18	0.94	0.62	0.62
mobile	0.23	0.75	0.63	0.67	0.15	0.27	0.01	-0.03	0.32	0.01	0.01	0.66	0.04	0.43	0.01	0.66	0.66
rural-urban	-0.26	0.10	0.00	0.06	0.22	0.01	0.93	0.73	0.11	0.27	0.01	-0.03	0.01	0.00	0.06	0.11	0.00
mobile	0.02	0.41	0.98	0.55	0.23	0.01	0.93	0.73	0.09	0.04	0.03	0.01	0.89	0.99	0.29	0.07	0.07
rural-urban	-0.23	-0.03	-0.05	-0.09	-0.14	0.16	-0.18	0.23	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.05	0.80	0.65	0.39	0.12	0.13	0.04	0.01	0.07	0.07	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
farming	-0.06	-0.09	-0.02	-0.09	0.07	0.07	-0.14	0.10	0.09	0.09	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
total	-0.17	0.04	0.18	0.01	0.26	0.40	0.03	0.09	0.22	-0.15	-0.21	-0.01	-0.08	-0.18	0.06	0.00	0.09
urban local	0.09	0.53	0.15	0.44	0.06	0.23	0.01	0.95	0.06	0.06	0.13	0.54	0.03	0.10	0.06	0.00	0.09
inter-city	-0.14	-0.04	-0.23	-0.04	0.15	0.21	0.09	0.01	0.15	0.21	0.09	0.01	0.31	0.11	-0.07	0.32	-0.02
mobile	0.23	0.75	0.63	0.67	0.15	0.27	0.01	-0.03	0.32	0.01	0.01	0.44	0.00	0.00	0.21	0.44	0.44
rural-urban	-0.26	0.10	0.00	0.06	0.22	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.02	0.41	0.98	0.55	0.23	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
rural-urban	-0.23	-0.03	-0.05	-0.09	-0.14	0.16	-0.18	0.23	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.05	0.80	0.65	0.39	0.12	0.13	0.04	0.01	0.07	0.07	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
farming	-0.06	-0.09	-0.02	-0.09	0.07	0.07	-0.14	0.10	0.09	0.09	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
total	-0.17	0.04	0.18	0.01	0.26	0.40	0.03	0.09	0.22	-0.15	-0.21	-0.01	-0.08	-0.18	0.06	0.00	0.09
urban local	0.09	0.53	0.15	0.44	0.06	0.23	0.01	0.95	0.06	0.06	0.13	0.54	0.03	0.10	0.06	0.00	0.09
inter-city	-0.14	-0.04	-0.23	-0.04	0.15	0.21	0.09	0.01	0.15	0.21	0.09	0.01	0.31	0.11	-0.07	0.32	-0.02
mobile	0.23	0.75	0.63	0.67	0.15	0.27	0.01	-0.03	0.32	0.01	0.01	0.44	0.00	0.00	0.21	0.44	0.44
rural-urban	-0.26	0.10	0.00	0.06	0.22	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.02	0.41	0.98	0.55	0.23	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
rural-urban	-0.23	-0.03	-0.05	-0.09	-0.14	0.16	-0.18	0.23	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.05	0.80	0.65	0.39	0.12	0.13	0.04	0.01	0.07	0.07	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
farming	-0.06	-0.09	-0.02	-0.09	0.07	0.07	-0.14	0.10	0.09	0.09	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
total	-0.17	0.04	0.18	0.01	0.26	0.40	0.03	0.09	0.22	-0.15	-0.21	-0.01	-0.08	-0.18	0.06	0.00	0.09
urban local	0.09	0.53	0.15	0.44	0.06	0.23	0.01	0.95	0.06	0.06	0.13	0.54	0.03	0.10	0.06	0.00	0.09
inter-city	-0.14	-0.04	-0.23	-0.04	0.15	0.21	0.09	0.01	0.15	0.21	0.09	0.01	0.31	0.11	-0.07	0.32	-0.02
mobile	0.23	0.75	0.63	0.67	0.15	0.27	0.01	-0.03	0.32	0.01	0.01	0.44	0.00	0.00	0.21	0.44	0.44
rural-urban	-0.26	0.10	0.00	0.06	0.22	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.02	0.41	0.98	0.55	0.23	0.01	0.93	0.73	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
rural-urban	-0.23	-0.03	-0.05	-0.09	-0.14	0.16	-0.18	0.23	0.09	-0.12	0.09	-0.12	0.11	-0.05	0.12	0.35	-0.05
mobile	0.05	0.80	0.65	0.39	0.12	0.13	0.04	0.01	0.07	0.07	-0.14	0.10	0.21	0.54	0.18	0.18	0.18
farming	-0.06	-0.09	-0.02	-0.09	0.07	0.07	-0.14	0.10	0.09	0.09	-0.14	0.10	0.21	0.54	0.18	0.18	0.18

Source: Compiled by the authors.

(2) Automobile Brand Choice in India

In India, Maruti Suzuki cars hold a position similar to German cars in China (Table 11). Status awareness, particularly among urban women, English speakers, and public sector workers choose to drive the Maruti Suzuki brand, signifying high status by these groups. Regarding the influence of status awareness, the moving-up impetus directly affects the willingness to purchase the brand across the entire sample. This is especially evident in most rural-related strata but also in medium-sized cities. Simultaneously, individuals at various levels who perceive their status as low also tend to choose this brand. This pattern is similar to the attitude of Chinese consumers toward German vehicles.

While it is widely discussed that Maruti Suzuki's high market share is attributed to its low cost and service system for low-income Indians (Uchida 2017), another crucial reason for its widespread popularity, viewed through the lens of psychological analysis of status consumption, is that the brand is a goal for upwardly mobile individuals across various strata in India. Similar to the perception of German brands in China, Maruti Suzuki is seen as a means of displaying the social status individuals aspire to achieve.

As discussed, Indians with a strong desire to move up the social ladder are more frugal in their consumption. Maruti Suzuki aligns well with the preferences of such individuals because it fits their consumption patterns. Unlike China, where expensive German cars are sought after, Indians find Maruti Suzuki to be a more suitable and aspirational choice.

As for Indian-brand cars other than Maruti Suzuki, their position is similar to that of Chinese cars in China. They are often chosen by consumers who perceive their status and income as low. Unlike Maruti Suzuki, the moving-up impetus has little impact on the purchase intention for these cars. However, while Chinese cars in China tend to be selected by consumers with low aspirations to move up, meaning individuals who are satisfied with their status, this is not the case for Indian cars in India, except for the large-city strata.

While Chinese cars in China are chosen by those with a low status indication awareness, this tendency is hardly observed for Indian cars in the Indian market. There is even a trend in the male sample strata where Indian cars are selected by those who want to display their higher status. However, across a wide range of strata, those who perceive their status to be low choose Indian brands. Unlike Chinese-brand cars in China, Indian-brand cars in India are chosen by people of lower status, perhaps with the

perception and confidence that Indian-brand cars are appropriate for them.

German-brand cars are chosen by those who perceive their status as high and by those with high incomes. However, there is no overall relationship with the moving-up impetus, and a negative relationship is observed for some strata. This suggests that those with low aspirations for upward mobility, and perhaps those who are already affluent, are choosing this option. It could be considered a luxury item for higher status individuals in the Indian hierarchy. In this respect, it is similar to the position of Japanese cars in rural China.

The positioning of Japanese-brand cars is the same as that of German cars, but they are generally chosen by those with high incomes and those who are status quo positive, i.e., those with a weak desire to move up. Those who perceive their current position as high do not choose Japanese cars, as is the case with German cars. Perhaps they are not regarded as luxury goods but are chosen by those who can afford them because of their product quality and other functions.

In India, Korean-brand cars are similar to Chinese vehicles in the Chinese market. A negative relationship exists between status indication awareness and the choice of Korean brands, especially in urban areas. This brand is preferred by people who do not view automobiles as status symbols and perceive their status as low.

Table 11: Country brand automobile choice in India

Multi-Suzuki Brand Car			Other Indian Brand Car			German Brand Car			purchase effect (total)				
purchase intention	coefficient (standardized value) and significance probability		purchase intention	coefficient (standardized value) and significance probability		purchase intention	coefficient (standardized value) and significance probability		purchase intention	coefficient (standardized value) and significance probability		purchase effect (total)	
	wish to show status → purchase ①	moving-up → purchase ②		present status → purchase ④	income → purchase ⑤		wish to show status → purchase ①	moving-up → purchase ②		present status → purchase ④	income → purchase ⑤		wish to show status → purchase ①
total	0.01	0.14	-0.03	-0.05	0.14	-0.03	-0.05	0.14	-0.03	-0.01	0.08	0.02	0.17
urban	0.11	0.03	-0.01	-0.03	0.07	-0.01	-0.03	0.07	-0.01	0.01	0.14	0.02	0.14
rural	-0.03	0.19	-0.02	-0.11	0.19	-0.01	-0.11	0.19	-0.01	0.02	0.03	-0.01	0.07
male	-0.08	0.16	-0.14	-0.02	0.14	-0.13	-0.02	0.14	-0.13	0.00	0.16	0.02	-0.03
rural	0.12	0.00	0.01	0.75	0.23	-0.07	0.75	0.23	-0.07	0.95	0.60	0.00	0.85
female	-0.03	0.24	-0.08	-0.08	0.23	-0.07	-0.08	0.23	-0.07	0.06	-0.12	0.16	-0.06
urban	0.11	0.09	0.09	-0.09	0.14	0.08	-0.09	0.14	0.08	0.50	0.19	0.07	0.44
rural	0.06	0.06	0.10	0.07	0.08	0.19	0.07	0.08	0.19	-0.03	0.07	0.18	0.13
higher edu	0.23	0.02	0.18	-0.11	0.08	0.19	-0.11	0.08	0.19	0.55	0.17	0.00	0.01
middle edu	0.01	0.79	0.16	0.27	0.14	0.01	0.27	0.14	0.01	-0.04	0.08	0.21	0.14
English user	-0.05	0.15	0.00	-0.13	0.14	0.01	-0.13	0.14	0.01	0.61	0.36	0.10	0.16
Tamil user	0.60	0.10	0.98	0.08	0.14	0.01	0.08	0.14	0.01	-0.01	0.05	0.11	0.10
primary edu	0.07	0.02	-0.12	0.02	0.05	-0.11	0.02	0.05	-0.11	0.91	0.64	0.06	0.16
middle edu	0.21	0.75	0.09	0.75	0.05	-0.11	0.09	0.75	0.05	0.00	0.08	0.12	0.08
English user	-0.02	0.34	-0.07	-0.02	0.34	-0.06	-0.02	0.34	-0.06	0.96	0.17	0.08	0.16
Tamil user	0.78	0.78	0.29	0.71	0.01	0.05	0.29	0.71	0.01	0.05	0.06	0.11	0.03
primary edu	0.12	-0.04	-0.29	0.11	0.01	-0.28	0.11	0.01	-0.28	0.51	0.10	0.18	0.68
middle edu	0.08	0.61	0.00	0.14	0.01	-0.28	0.00	0.14	0.01	-0.05	-0.20	0.27	-0.12
English user	0.00	0.20	0.01	-0.09	0.20	0.01	-0.09	0.20	0.01	0.41	0.01	0.07	0.07
Tamil user	1.00	0.78	0.87	0.02	0.01	-0.31	0.20	0.02	-0.31	-0.09	0.12	0.18	-0.08
primary edu	0.07	-0.01	-0.31	0.01	0.01	-0.31	0.01	0.01	-0.31	0.19	0.08	0.03	0.27
English user	0.39	0.87	0.01	0.08	0.01	-0.31	0.08	0.01	-0.31	0.04	0.06	0.11	0.03
Tamil user	0.07	0.33	0.14	-0.04	0.36	0.16	-0.04	0.36	0.16	0.41	0.68	0.15	-0.03
primary edu	0.47	0.00	0.16	0.60	0.24	-0.10	0.60	0.24	-0.10	0.04	0.13	0.29	0.03
English user	-0.11	0.22	-0.09	-0.09	0.24	-0.10	-0.09	0.24	-0.10	0.48	0.15	0.02	0.78
Tamil user	0.13	0.01	0.03	0.13	0.01	-0.46	0.13	0.01	-0.46	0.25	-0.22	-0.01	-0.05
primary edu	0.13	-0.11	-0.47	0.38	0.09	-0.46	0.38	0.09	-0.46	0.01	0.04	0.90	0.54
English user	0.17	0.42	0.06	0.05	0.05	-0.46	0.05	0.05	-0.46	-0.13	-0.18	0.23	-0.01
Tamil user	-0.12	0.17	0.00	-0.09	0.15	0.02	-0.09	0.15	0.02	0.09	0.04	0.04	0.85
primary edu	0.10	0.02	0.93	0.09	0.05	0.09	0.09	0.05	0.09	0.02	-0.06	0.09	0.19
English user	0.24	-0.04	0.12	-0.12	0.05	0.12	-0.12	0.05	0.12	0.85	0.49	0.31	0.01
Tamil user	0.06	0.76	0.42	0.37	0.13	0.12	0.37	0.12	0.12	-0.01	0.31	0.27	-0.03
primary edu	0.17	0.06	-0.15	0.07	0.13	-0.12	0.07	0.13	-0.12	0.98	0.08	0.14	0.86
Tamil user	0.02	0.42	0.06	0.27	0.22	-0.12	0.27	0.22	-0.12	-0.09	-0.10	0.09	0.10
primary edu	-0.03	0.22	0.14	-0.16	0.22	0.14	-0.16	0.22	0.14	-0.07	0.00	0.16	-0.01
English user	0.72	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.03	0.17	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
English user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
Tamil user	0.05	0.03	0.17	0.08	0.22	0.14	0.08	0.22	0.14	0.05	0.02	0.14	0.31
primary edu	0.05	0.03	0.17										

(Continued)

Japan Brand Car		coefficient (standardized value) and significance probability				purchase effect (total)	
purchase intention		wish to show status → purchase ①	moving-up → purchase ②	present status → purchase ④	income → purchase ⑨	moving-up	present status
	total	0.04	-0.09	-0.02	0.09	-0.07	-0.03
	suburbs	0.30	0.03	0.53	0.01	-0.07	-0.03
	rural	-0.13	0.04	0.21	0.09	-0.02	0.20
	male	0.26	0.71	0.09	0.38	-0.07	0.01
	female	0.17	-0.12	0.05	0.18	-0.07	0.01
	middle edu	0.01	0.07	0.18	***	-0.08	-0.04
	primary edu	0.05	-0.10	-0.04	0.13	-0.10	-0.02
	Tamil user	0.37	0.08	0.48	0.01	-0.10	-0.02
	Madurai	0.24	-0.18	0.03	0.10	-0.16	-0.05
	rural local	0.02	0.06	0.59	0.15	-0.03	-0.06
	inter-rural migration	0.14	-0.05	-0.05	0.13	-0.16	-0.05
	public sector	0.07	0.16	0.53	0.05	-0.16	-0.05
	total	-0.06	-0.16	-0.06	0.02	-0.13	-0.03
	suburbs	0.37	0.05	0.40	0.71	-0.39	0.00
	rural	0.05	-0.14	-0.02	0.09	-0.13	-0.03
	male	0.30	0.00	0.61	0.03	-0.16	-0.05
	female	-0.08	-0.35	0.02	0.17	-0.16	-0.05
	middle edu	0.43	***	0.86	0.02	-0.16	-0.05
	primary edu	0.19	0.03	-0.02	0.19	-0.01	-0.02
	Tamil user	0.01	0.73	0.55	0.00	-0.04	-0.02
	Madurai	0.22	-0.07	0.01	0.12	-0.04	-0.02
	rural local	0.01	0.32	0.75	0.03	-0.49	0.24
	inter-rural migration	-0.12	-0.45	0.24	0.05	-0.15	-0.08
	public sector	0.26	0.00	0.12	0.71	-0.15	-0.08
	total	-0.01	-0.15	-0.08	0.06	-0.15	-0.08
	suburbs	0.93	0.07	0.30	0.35	-0.15	-0.08

Source: by authors

(3) Summary: China–India Comparison

Overall, in the wide range of market strata in China, German cars are the vehicle of choice for those with aspirations of upward mobility and aiming to demonstrate their

future status. In India, Maruti Suzuki cars are positioned similarly as German brands in China. The demand for the large market shares of these brands in both countries is attributed to their brand power, perceived as projecting one's future and higher status among various consumers aspiring to rise in the hierarchy. This is nicely described by Toyota's catchphrase, "Someday, a Crown," which was once used in Japan in the 1980s. German brands and Maruti Suzuki have become milestone goals for consumers aspiring for upward mobility in China and India.

A major difference between China and India is that German (foreign) brands in China are relatively expensive, whereas Maruti Suzuki is relatively inexpensive in India. Explanations for this primarily focus on supply-side differences, such as policies fostering local industries and foreign corporate strategies in the two countries (Li 2006, Ishikawa 2014, Uchida 2017). However, this study, which emphasizes differences in the demand quality in the domestic market, suggests that in China, German brands are preferred by those highly motivated to move up. Chinese purchase these brands despite being expensive because they reflect their desired future position.

In contrast, in India, the same upward-oriented individuals are frugal consumers. Consequently, Maruti Suzuki has become the brand of choice for Indians rather than expensive foreign brands. The difference between the two countries may stem from variations in the psychology of status consumption, specifically, the choice between consumption aligned with one's future status and consumption aligned with one's present status — in various people in emerging economies who strive to ascend in social status.

In China, Chinese-brand cars tend to be chosen by those with low aspirations to move up, indicating that individuals are satisfied with the status quo and do not seek to signal their status through their automobiles. Chinese brands evidently have a lower reputation, with many people opting for them for their quality, functions, and affordability. In the highly competitive Chinese society, not everyone necessarily strives to climb the status ladder; many may be taking a step back from it.

The significant preference for Chinese brands by those with low upward aspirations should be interpreted as a positive value perceived by such individuals. This shift in the social atmosphere regarding lifestyle, similar to some recent anti-competition phenomena in large cities, may strengthen the demand for Chinese brands, rather than foreign brands, to gain the advantage.

At the same time, in the poorest rural areas, Chinese brands are preferred by those who seek upward mobility. Individuals highly motivated to move up purchase

Chinese brands because they cannot afford foreign-brand cars. This explains the demand for Maruti Suzuki in India. It appears that at the top and bottom of the deep Chinese market, opportunities create further growth potential for Chinese brands.

The above trend was little observed for Indian vehicles (other than Maruti Suzuki) in India. In India, the reputation of locally manufactured cars as status goods is lower than that of foreign brands in China. Instead, they are perceived by those who seek them (many of whom consider them as low status) as worthy of their present status. The brands are never embarrassing to a vast range of Indian commoners. This is probably the result of years of brand-building efforts by Indian brands (such as Tata, Mahindra, Force, etc.) in the Indian market. In India, the brands with low positional power (i.e., cheap enough without any positive value) were Korean brands.

Japanese brands are not highly valued in relation to status in most levels in India. Similarly, in China, they are mainly considered luxury products by rural women and a few other groups. They are considered based on values other than status, such as quality, function, and cost performance.

Conclusion: Implications for Understanding the Industrial Development Process

This study examined the impact of market hierarchy on the development process of local industries given consumers' status awareness, brand choice, and preference for domestic or foreign brands. In this section, we summarize the findings of this study and discuss the implications.

The influence of market hierarchy on brand choice entails two levels of questions: (1) how consumers' brand choice varies based on the market strata to which they belong and (2) how people's aspirations to move up from their present status affect brand choice.

Concerning (1), higher-strata consumers in China are more inclined to purchase German brands, whereas lower-strata consumers prefer Chinese brands. The lower-strata market is the foundation for supporting Chinese brands, whereas the higher-strata market supports the growth of German brands. Income level significantly influences the choice between these two brands; higher income consumers are more likely to choose German brands, and lower-income consumers are likelier to choose Chinese brands. Income disparity is likely the primary reason for distinct markets. Wealthier upper-strata

consumers opt for expensive foreign brands, whereas less affluent lower-strata consumers prefer more affordable Chinese brands.

In India, the variation in market share among brands across strata is less prominent, with no significant differences in trends between the top and bottom strata. Overall, there is no clear relationship between income level and willingness to purchase Maruti Suzuki, which captures half of the market share. Lower-income groups choose other brands of Indian cars, whereas higher income groups favor foreign brands. The lower market share of these brands may explain why the market share distribution is not as pyramid-shaped as that observed in China.

The differences in brand selection behaviors between urban and rural strata imply the depth of the Chinese domestic market. These variations present unique development opportunities for different brand groups, both domestic and foreign, highlighting the multifaceted nature of the Chinese market.

Regarding (2), the influence of status consumption on foreign and domestic brands differs between the two countries. In China, consumers with high aspirations to move up seek to purchase foreign (German) brands. In contrast, in India, such consumers seek to purchase domestic (Maruti Suzuki) brands. In China, status quo advocates (those showing low upward aspiration) prefer Chinese brands, especially males from large cities and rural strata.

Second, there is a distinction between China and India in the desire to express one's status through automobiles. In China, consumers expressing a desire for a better future status do so through car ownership. In India, however, consumers express their present status (their deserved self), particularly their financial wealth, through car ownership. Indian consumers aspiring for future upward mobility are more likely to choose a domestic brand that appropriately matches their status. In contrast, in China, consumers boldly express their future expectations by owning a foreign car, whereas in India, consumers choose cars that reflect their current status. In China, consumers with a positive view of the status quo, more prevalent in larger cities, create opportunities for domestic brands by demanding reasonably priced and well-functioning Chinese cars. In the poorest rural areas, a segment of the population is willing to buy Chinese-brand cars to move up the ladder and achieve a nicer status.

In India, urban and rural consumers aspiring to move up in status tend to be more frugal. In comparison to China, the aspiration for social mobility among the Indian population is less translated into the purchase of foreign brands. Affluent status-quo-affirming consumers in large cities lean toward German brands, whereas Japanese

brands are sought after in lower markets. However, unlike in China, auto status consumption is not as widely integrated with pursuing affluence among the mass of middle- and lower-strata commoners.

With these critical findings of this study in mind, we examine the differences in the development process of the automobile industry in China and India from a demand-side perspective.

The fundamental difference between the Chinese and Indian domestic markets may be rooted in variations in their developmental stages, specifically differences in income levels across urban classes and the extent of automobile integration into consumers' lives. Notably, the rapid rise in income within China's lower-strata market starkly contrasts the income stagnation observed in India's lower-strata market.

In addition, this study's analysis of status consumption highlights disparities in consumers' expectations of future status upgrading and their willingness to showcase it through consumption. In China's small cities and affluent rural areas, the common people have entered a stage where they willingly express their status through automobile ownership. Conversely, China's large cities are experiencing a phase of reduced activity in terms of vigorous automobile consumption.

In Shandong Province, small cities and affluent rural villages have emerged as the focal points of status mobility, seemingly linked to the sophistication of status consumption in automobiles at this level. The high level of status consumption has resulted in an increased preference for foreign brands, such as German, potentially facilitating the entry of various firms.

The existing pyramidal segregation between foreign and domestic brands, primarily driven by income factors in the past, may face challenges in the future due to the increasingly sophisticated and complex consumption demands observed in the real volume zone of the domestic market.

In India, there is less fluidity in people's status upgrading between different city strata than in China. This lack of fluidity reinforces the attitude of commensurability, making status consumption more moderate and restrained. Those aspiring to move up in status tend to be frugal, desiring a Maruti Suzuki, while individuals in lower-income strata, aiming for commensurability, opt for other Indian brands. Some higher status individuals prefer foreign brands like German to display their affluence. Prominent status consumption driven by the expectation of future status is observed mainly in large cities, whereas in rural areas, automobiles are not yet widely used as status symbols.

Industrial development in China is marked by decentralized competition among

many brands, whereas in India it is characterized by oligopolistic competition among a smaller number of brands. This difference suggests that the expectation of future status and the willingness to display them through social mobility-driven consumption are more pronounced in China than in India. China's demand-side diversity, grounded in vigorous and expansive expectations of social mobility and a willingness to manifest them through consumption, versus India's more restrained and fixed patterns may explain the differing industrial development trajectories.

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