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Social stratification and mobility among Chinese middle class households: An empirical investigation

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ABSTRACT

Middle class (MC) consumers' demand for a better quality of life continues to drive economic growth in emerging markets (EMs). Given their importance for the dynamically transforming economy in EMs, the present study examines the extent to which consumption patterns are associated with social stratification and mobility among China's MC consumers. Building on the extant literature that links material and culture consumption to social stratification, we construct a typology of MC households in contemporary China, identifying the factors by which these newly emerging MC households vary or are similar in their consumption behavior. We find that, of the three widely recognized stratifying dimensions (income, education, and occupation), educational attainment is the strongest indicator explaining the variance in culture consumption among the MC households, while occupation plays a relatively weak role in explaining their consumption patterns. Among the alternative pathways into the social class position of MC, our findings suggest that merely becoming wealthy is negatively related to culture consumption of these new MC households while becoming MC defined by educational attainment or belonging to the core middle class (whose status is achieved on all of the three stratifying dimensions) has a profound effect on both material and culture consumption. The findings support the conclusion that social stratification and mobility are of importance for China's MC consumers in shaping and maintaining their lifestyles and consumption patterns.

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Rapid rise of middle class (MC) consumers in emerging markets (EMs) represents a new and powerful foundation for the advancement of society (Dobbs et al., 2012; Sheth, 2011). It is noteworthy that middle class consumers are influential in shaping consumer demand as their influence can be felt pervasively in mass media and public policies. MC consumers in EMs exhibit a remarkable appetite for consumption. They are eager to seek symbolic membership associated with their own stratum and/or higher social status through acquisition of certain goods and brands (Cui & Song, 2009). With better access to previously restricted goods and exposure to the Western lifestyle, the new MC consumers in EMs also exhibit a fresh, new social identification, and they are in the midst of a deep socio-cultural transformation

(Kravets & Sandikci, 2014). Indeed, their attitudes, values, and expectations are in flux (Xin, 2013).

According to the 'Iceberg Model of Middle Class' (Cavusgil, Kardes, Cavusgil, & Deligonul, 2014), the middle class is most visible via its consumption behavior. Contained within a deeper level, however, is one's education and professional achievement. Although different groups within this emerging middle class "might appear amorphous and lack the cohesiveness required by the traditional definitions of class, they increasingly appear to shape their status around a new set of collective interests, especially in their modes of consumption and access to resources" (Tomba, 2004, p. 4).

Despite the importance of the middle class to economic development in EMs, there has been surprisingly scant research on their consumption behavior (Kravets & Sandikci, 2014; Üstüner & Holt, 2010). We advance this research by explicitly examining consumption behavior among middle class consumers in China—admittedly, the largest EM in the world. Specifically, we address two research questions. First, we investigate the extent to which

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consumption is associated with social stratification of China's emerging middle class. Research on the differences in consumption between/within classes consistently reveals three stratifying dimensions that distinguish their identity: income, education level, and occupation (e.g., Bourdieu, 1984; De Graaf, 1991). Since both *material* and *culture* consumption are linked to lifestyle choices and fulfill the need for class distinction, our first research question is thus focused on how these three stratifying indicators explain – independently, as well as jointly – the consumption of material and cultural goods among the emerging MC households in China. Second, by taking a dynamic view of social stratification and drawing on Hope's (1975) diamond additive model, we seek to explain how upward mobility among China's MC consumers may play a key role in shaping their consumption patterns. The landscape of the new and massive middle class in EMs shifts and changes rapidly over time with sweeping economic change and social transformation in these countries (Kravets & Sandikci, 2014; Üstüner & Holt, 2010). However, researchers have been less likely to include temporal aspects in their theory and research. Consequently, most of the past research focuses only on a static description of the consumption behavior of the new middle class, ignoring the changing profile of these newly emerging MC consumers and their consumption behavior. As an initial attempt to address this issue, we developed and tested a theoretical model of the consumption among the emerging MC consumers by tracking their evolution through different pathways into their current social status in the midst of a dramatic economic transition.

This study is intended to make two contributions to the relevant literature. First, instead of viewing MC consumers in EMs as a whole, we offer a MC typology to investigate how consumer consumption patterns may vary within China's middle class. Given that we still do not know much about MC consumers in EMs, additional theoretical and empirical investigations are merited to reveal the connection between social class/status position and consumption patterns that support certain lifestyles. Additionally, previous studies linking social class to consumption behavior tend to view social classes as discrete membership groups. As a result, much effort has focused on detecting the existence of significant differences in consumption behavior across classes. Exploring the diversity and dynamism of intra-class behavior has been largely neglected (Fisher, 1987). In response, this study focuses on intra-class differences in consumption by proposing and empirically testing a meaningful typology of MC consumers in EMs.

Second, this study contributes to the extant literature by integrating social mobility into the study on the consumption of the new MC consumers, an important issue for the rapidly evolving middle class population in EMs. It has been shown that both historical and social-structural factors play a major role in determining class-specific forms of consumption (DiMaggio & Useem, 1978). To the extent that China's emerging MC has been experiencing highly dynamic social circumstances and certain patterns of historical evolution, one would expect distinctive consumption characteristics to emerge. In this sense, integrating social mobility into our theoretical model enables us to take a dynamic view to gain an in-depth understanding of the differentiated consumption behavior among the new MC consumers in EMs.

In the remainder of this paper, we first review the extant work on the MC consumption behavior in the fields of sociology and marketing. We then consider the resources influencing culture and material consumption and advance specific hypotheses. Next we detail the research methodology, including a description of the data and research context. The main findings are presented, followed by conclusions and directions for future research.

1. Theoretical background

1.1. Social stratification and consumption

The relationship between social stratification and consumption has received extensive attention in the sociology and marketing literature for decades. In the field of marketing and consumer behavior, researchers frequently employ social stratification as a tool for market segmentation as it can help define the position of individuals within a stratified social system (Coleman, 1983; Martineau, 1958; Sivadas, 1997). More recently, consumer behavior researchers have linked social stratification to the possession of certain products (Rucker & Galinsky, 2008), attitudes toward global brands (Steenkamp & de Jong, 2010), purchase evaluation criteria (Williams, 2002), and consumption in an emerging economy (Kamakura & Mazzon, 2013).

In sociology, some researchers investigate the relationship between social strata and the consumption of material wealth (e.g., Sobel, 1981), whereas others place emphasis on the link between social class and material consumption as well as culture participation (e.g., Bourdieu, 1984; De Graaf, 1991; Kraaykamp & Nieuwebeerta, 2000; Sobel, 1983). While material possessions may serve as "status symbols" (Goffman, 1951), "cultural taste and consumption serve as effective means of the symbolic communication of status as an order distinct from that of 'mere' economic advantage" (Chan & Goldthorpe, 2007a, p. 1103). Particularly, Brooks (2010) points out that the members of the upper middle classes are avid consumers in both culture and material consumption. Similar consumption patterns apply to the new middle class as they actively involve diverse and contradictory consumption forms (Savage, Barlow, Dickens, & Fielding, 1992).

A key theme common to both literatures implies that lifestyle and consumption can serve as a convenient cue for class structuration (DiMaggio, 1994). In fact, it has been widely recognized that social stratification occurs not only within the production arena but also in consumption, and among people sharing a common lifestyle (Giddens, 1973). Visible lifestyle expressions act as "signs of group affiliation" (Bourdieu, 1984) and allow similar status groups to gain a sense of solidarity and distinguish one status group from another (DiMaggio, 1994). It is the demands of one's social position that helps define reference sets to which he/she will refer and decide his/her own lifestyle (Sobel, 1981).

Following Bourdieu (1984), researchers tend to view culture consumption and material consumption as two major forms of life styles. Based on the extant studies (e.g., Bourdieu, 1984; DiMaggio, 1987; Van Eijck, 1997), we define culture consumption as the consumption of cultural products and/or services, which entails the processing of cultural or aesthetic information. Material consumption refers to the consumption of material goods that are physically present and visible (DiMaggio, 1987). Material and culture consumption intertwine with each other while also maintaining substantial differences. On the one hand, it has been recognized that symbolic value is increasingly attached to material consumption (Van Eijck & Van Oosterhout, 2005). Consumers choose the products that suit their own personal taste and use the consumption of certain goods as an instrument for symbolic significance and self-expression (Baudrillard, 2002). In this sense, material consumption embodies both socio-economic background and cultural background, and it simultaneously creates new boundaries between the ever-changing taste groups (Katz-Gerro, 2003). On the other hand, financial resources are directly associated with material consumption, while symbolic abilities and tastes, values and aesthetic standards are more relevant for

culture consumption (Gans, 1974; Katz-Gerro, 2004). In the same vein, it thus has been emphasized that “differentiating indicators dependent mainly on financial means from others reflecting taste independently of one’s ability to spend money on cultural activities is important for separating culture consumption from material consumption” (Katz-Gerro, 2004, p. 13).

1.2. Defining the middle class

Social field represents a multifaceted space in which actors are located according to their capacity to gain access to and mobilize different types of resources (Bourdieu, 1991). Following this logic, researchers examine the issue of social stratification by looking at economic resources such as income and spending power (Cavusgil et al., 2014), cultural resources such as knowledge of high culture (DiMaggio & Useem, 1978) and educational attainment (Katz-Gerro, 2002), and political resources such as Communist Party membership (Bian, 2002).

A variety of approaches have been employed to define middle class consumers. Social scientists mainly operationalized the middle class in terms of education, income, socioeconomic status, and/or occupational prestige (Li & Zhang, 2008). Different class segments within the middle class can be discerned based on these three stratifying dimensions. Based on the aforementioned class stratification schemes, we employ both unidimensional and multidimensional approaches in this study to define China’s emerging middle class.

For the unidimensional approach, three kinds of middle classes can be defined as follows. “Middle class based on income” (MC-I) is identified based on whether the respondents’ annual household income falls in between the specified upper and lower threshold (Ravallion, 2010). “Middle class based on educational attainment” (MC-E) is defined against the criterion whether the respondents’ educational credentials exceed a certain level (Gilbert, 2010; Thompson & Hickey, 2012). “Middle class based on occupation” (MC-O) is identified according to the respondents’ position embedded in the occupational hierarchical system (Goldthorpe & Hope, 1974). We consider occupation an indispensable stratification dimension since “in modern societies occupation is one of the most salient characteristics to which status attaches” (Chan & Goldthorpe, 2004, p. 385). Moreover, it has been argued that “members of a particular class would be comparable in their sources and levels of income and other conditions of employment, in their degree of economic security and chances of economic advancement, and in their location within the system of authority and control” (Katz-Gerro, 1999, p. 633). It is noteworthy that such a classification to some extent results in overlapping MC segments. In fact, the middle class cannot be easily divided into income-, education- or occupation-defined class segments because they tend to combine both types of economic and cultural resources and demonstrate a distinct lifestyle (Kraaykamp, 2002). Although it is inevitable for them to overlap with each other, each segment tends to give prominence to one type of capital in the formation of their lifestyles.

Researchers have also argued for a multifaceted approach (Chan & Goldthorpe, 2007b). “Rather than relying on any precast combination of occupation and other social or economic characteristics, we suggest that, wherever possible, investigators should collect and use data on education and income, as well as on occupational standing” (Hauser & Warren, 1997, p. 184). Responding to this call, we define “core middle class” (core MC) as the social group that simultaneously meets all the criteria on income, education, and occupation qualifying as middle class (Li & Zhang, 2008). The specific operationalization of seven categories of middle class will further be elaborated in the methodology section.

2. Hypothesis development

2.1. Material and culture consumption among middle class segments

For many, income is a major economic asset which helps shape one’s directions in life and maintain class domination (Erickson, 1996). However, though income is an important predictor of material consumption, it is not quite as important in predicting culture consumption. Empirical evidence reveals that income has a strong direct effect on the possession of luxury goods, whereas it exerts no significant influence over culture consumption (De Graaf & De Graaf, 1988). A household with a relatively high income may be inclined to distinguish itself by an excessively materialistic lifestyle (e.g., enjoying many luxury goods) (De Graaf, 1991). Among the three major resources (income, education, and occupation), education is by far the most important predictor of the level of culture consumption. After controlling for education, one’s occupational position no longer has a direct significant impact on culture consumption (De Graaf & De Graaf, 1988). Education level influences the consumption of arts (DiMaggio & Useem, 1978), newspaper readership (Chan & Goldthorpe, 2007a), and highbrow culture consumption (Katz-Gerro, 2002). This is because one needs certain cognitive skills (for example, cultural capital) to be able to appreciate culture (Bourdieu, 1984). Attaining a formal education is important for acquiring such cognitive skills. Educational attainment can act as a proxy for the necessary information-processing capacity needed for culture consumption (Chan & Goldthorpe, 2007a). Educational credentials raise the new middle class to the status of a ‘cultural bourgeoisie’ with the specialized skills/expertise to shape institutions, establish official knowledge, set standards, define social space, and generate cultural distinctions (Bourdieu, 1984; Bourdieu, 1998).

Additionally, highly educated people tend to distinguish themselves through a high level of culture consumption. This is partly because members of the educated middle class who find it increasingly hard to distinguish themselves through material consumption may respond by participating in cultural activities (Sobel, 1983). Similarly, findings on the relationship between social stratification and arts consumption suggest that culturally affluent but economically modest families draw on cultural resources (including consumption of cultural goods) as an alternative strategy for maintaining and advancing their position in the class structure (DiMaggio & Useem, 1978).

Moreover, the research on status inconsistency provides a useful theoretical lens to explain the deviant behavior in both material and culture consumption. Status inconsistency often result in some kind of stress (Jackson, 1962), social isolation (Lanski, 1956), or some other negative psychological consequences. As a strategy to alleviate negative feelings experiencing in the situation of status inconsistency, families with a low education and a relatively high income (i.e., over-rewarded position) display an excessively high level of material consumption (De Graaf, 1991). Along the same logic, the middle class that lack cultural capital is likely to accumulate cultural capital through consuming cultural goods and activities as an alternative strategy for maintaining and advancing its position in the class structure. As such, income-defined MC consumers may tend to confirm their status by displaying greater culture consumption than occupation-defined MC consumers. In turn, while the better educated attaches the highest importance to culture consumption among the three MC segments (DiMaggio, 1987; DiMaggio & Useem, 1978), they have been found to become more likely to display high levels of material consumption to achieve a high social status due to their increased prosperity (Van Eijck & Van Oosterhout, 2005). In addition, the number of people who combine high material consumption with high culture consumption has increased over

time because material and culture consumption increasingly depend on a single source—schooling level (Brooks, 2010). We thus expect that education-defined MC consumers are likely to engage in more material consumption than occupation-defined ones.

Consistent with researchers who tend to integrate income, education, and occupation into the definition of middle class (Thompson & Hickey, 2012), we simultaneously take these three aspects into account when examining consumption of China's middle class consumers. We define 'core middle class' as the hybrid of income-, education-, and occupation-based middle class (Li & Zhang, 2008). Core middle class consumers are better positioned to mobilize many resources. Such consumers can afford to purchase and possess both material and cultural goods. We thus hypothesize:

H1_a. Income-defined middle class material consumption is greater compared to education-defined middle class material consumption.

H1_b. Education-defined middle class material consumption is greater compared to occupation-defined middle class material consumption.

H2_a. Education-defined middle class culture consumption is greater compared to income-defined middle class culture consumption.

H2_b. Income-defined middle class culture consumption is greater compared to occupation-defined middle class culture consumption.

H3. MC jointly defined by education, income, and occupation can be related to both material and culture consumption.

2.2. The effects of social mobility on consumption of China's emerging middle class

Social mobility is defined as "a change in income, political power, social relations (social distance or deference), skill or occupational prestige" (Miller, 1960, p. 4). The rise of the middle class households in China coincides with substantial changes in their income, education/skill, and other mobility indicators. We have described a static picture of the possible consumption variations among China's emerging middle class. Yet, a dynamic view of the actual process of change is warranted. It is of interest to examine how the dynamics of social mobility exert influence on various patterns of consumption within the Chinese MC consumers. Toward this end, this study explores how consumption patterns vary as China's emerging middle class consumers move from one social class position to another.

Social mobility focuses on the difference between one's previous social background – "origins", and current social achievement – "destinations." We first consider the social origin of the contemporary middle class in China. We contend that the majority of Chinese households shared a similar origin at the beginning—low income and low level of education. The justification is as follows. For an extended period in the post-1949 era, Mao's egalitarianism largely reduced socioeconomic inequalities and China's society was characterized by "destratification" (Parish, 1984). While inequality continued to exist to some extent in post-revolution China, Chinese society achieved greater equality and less stratification. China, therefore, became one of the most egalitarian societies among developing countries at the time, without sharp class divisions and inherited privileges (Whyte & Parish, 1985). For example, China's GINI coefficient was only 0.202 in 1978, which represents a relatively equal income distribution. At the beginning of the market reform era in 1978,

the per capita annual income was 343.4 *yuan* for urbanites with an Engel's coefficient of 57.5, and 133.6 *yuan* for rural residents with an Engel's coefficient of 67.7 (NBSC, 2012a). Regarding education, until 1982, individuals, on average, completed 5.2 years of schooling (NBSC, 2003) and merely 599 out of 100,000 persons had the opportunity to earn a college (or above) educational credential (NBSC, 2001).

An open, evolving class system has been advancing since China embarked on market reform in 1978 (Bian, 2002). Chinese consumers have subsequently been experiencing substantial improvement in income and education mobility. From 1978 to 2012, China's economy evolved from one of the poorest to the second largest in the world. As a result, rural residents' per-capita income has experienced an increase of 63.5 times while urbanites' per-capita annual income experienced an increase of 52.2 times (NBSC, 2012a). Meanwhile, the Engel coefficient had decreased by 36.87 percent for urbanites and 40.38 percent for rural residents. Undoubtedly, Chinese consumers are gaining wealth and possess greater spending power compared to earlier times. Income inequality grew considerably as China's economy has shifted from a central planning system to a market-oriented system (Hauser & Xie, 2005). It is noted that China's GINI coefficient reached 0.474 in 2012 (Orlik, 2012).

Giddens (1973) underscores that the middle class be defined by education, given that its market power is based principally upon educational qualifications. With the rise of the middle class over the past three decades, the education level of China's population advanced substantially. By 2010, the average schooling year climbed to 8.21 years, and 8,930 out of 100,000 persons had earned a college (or above) degree (NBSC, 2011). Moreover, education plays a critically important role in occupational attainment in modern China, and thus occupies a central place in the analysis of social mobility and stratification in the contemporary Chinese society. Members of the middle class largely depend upon education credentials in order to acquire or maintain their occupational position (Power, 2000). It has been found that the transition toward a market economy in urban China has led to higher income returns to human capital and thus greater income inequality (Cao & Nee, 2005).

Social mobility is rarely an even movement along the different dimensions (Miller, 1960). Particularly in China, shifting state policies in the reformation stage led to varying mechanisms of stratification (Zhou, Moen, & Tuma, 1998). Along this logic, we assume that there are several ideal pathways for Chinese consumers sharing with a low income—low education origin status to evolve into three different destinations in post-reform Chinese society. As an early attempt to address the research question under study, we will simplify the movement process as a linear, clear-cut mobility pathway. We further conceptualize the three mobility stages described next for Chinese emerging MC consumers and propose corresponding effects on their consumption patterns.

The initial stage pertains to the increase in income and wealth as reflected by Deng Xiaoping's advocacy of "Letting Some Get Rich First." The fast economic growth in China has led to significant improvement in consumers' average income and living standards. Some get rich as they benefit from market reform more than others. As a result, higher spending power may boost these newly rich households' material consumption. As considerable number of Chinese consumers become affluent, some realize that education is critical for upward mobility, and are thus willing to improve their own (as well as their children's) level of educational attainment. This is supported by statistics. Areas of China with well-educated individuals have witnessed an increase in the average years of school attended as well as a sharp decrease in the illiteracy rate over the past three decades (NBSC, 2011).

Moreover, it is noted that “from 1978 onward, and especially after 1990, the influence of the family’s financial conditions on individual educational attainment has increased significantly” (Li, 2003). Using longitudinal data from the China Health and Nutrition Survey carried out by the University of North Carolina and the Chinese Center for Disease Control and Prevention between 1989 and 2009, Li (2012) found that family income among the sample Chinese households indeed exerts positive effects on their children’s level of education after controlling for the endogeneity of family income and parents’ educational attainment. As such, we assume that being well-educated represents the second destination for Chinese consumers moving upward along the social ladder. Since education is widely accepted as a strong predictor of culture consumption, we expect that the movement from being less educated to being relatively more educated will lead to higher consumption of cultural goods and services among China’s emerging MC consumers.

In the third step, some individuals/households achieve an advantaged social standing by simultaneously being intellectually developed (high education level), economically powerful (high income), and having an admirable professional or managerial jobs (high occupational prestige). Under such circumstances, these individuals/households successfully evolve into qualified members of the core middle class, developing greater interest in, and easier affordability of material and culture consumption.

H4. In general, upward mobility across social strata will result in an increase in consumption by China’s emerging middle class consumers.

Specifically,

H5_a. As China’s emerging middle class consumers get richer, they will consume more material goods.

H5_b. As China’s emerging middle class consumers are better educated, they will consume more cultural good/services.

H5_c. As China’s emerging middle class consumers attain core middle class status, they will simultaneously consume more material and cultural goods.

3. Methodology

3.1. Data and sample

The data employed in our study originate from the **China Household Finance Survey** (CHFS) conducted in 2011 by a major university in southwest China. This survey inquired about households’ assets, income, consumption behavior, savings, and social and commercial insurance. The primary sampling units (PSU) include 2585 counties/cities (including county level cities and districts) from 25 provinces in China, among which the CHFS collected information from 5171 urban households living in 22 provinces in China. A stratified three-stage probability proportion to size (PPS) random sample design was employed to ensure sufficient national representativeness. According to their per-capita GDP, all cities/counties were classified into ten strata, from which eight cities/counties out of each stratum were selected using the PPS approach. The ratio for selected urban areas in Eastern, Central, and Western China is 57:25:18 (see Fig. 1 and Table 1a). For the analysis, we only included urban households, as the majority of the middle class is concentrated in urban areas within emerging markets (Cavusgil et al., 2014).

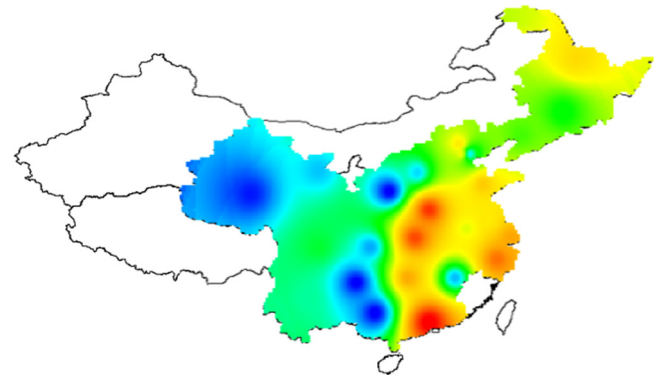


Fig. 1. Geographic coverage of the sample households.

3.2. Variables

3.2.1. Dependent variables

Material consumption and culture consumption are the dependent variables of interest. The measures for both variables are based on the extant literature, which is summarized in Appendix A. Regarding material consumption, we measure it by combining the respondents’ spending on both consumer durables (De Graaf, 1991) and non-durables (Van Eijck & Van Oosterhout, 2005). Specifically, based on the CHFS data, *material consumption* is indicated by the summed expenditure on food, self-consuming agriculture products, utilities and housing maintenance, domestic services, local transportation, communication, clothing, heating and fuel, and household durables.

Regarding the measure for culture consumption, we consider both high (e.g., calligraphy/art) and popular culture consumption (e.g., movies) for the following reasons. First, empirical evidence shows that middle-class members consciously “culture-switch” by deploying a variety of tastes selectively in different contexts (DiMaggio, 1987, p. 445) and new middle class is engaged in “a model of cultural participation that emphasized a crossing of genres” (Wynne & O’Connor, 1998, p. 858). Moreover, upwardly mobile individuals tend to display a somewhat more varied pattern of culture consumption than those who have not experienced mobility (Bensman & Vidich, 1995). In particular, this culturally omnivorous pattern is to be expected among the new middle class members who are often socially mobile persons (Van Eijck, 1999). Therefore, combining both high and popular culture consumption in our measurement of culture consumption is conducive to further our understanding of the emerging MC consumers’ culture consumption behavior in China. As such, *culture consumption* is measured by the summed expenditure on books (Alderson, Junisbai, & Heacock, 2007; De Graaf, 1991; DiMaggio & Useem, 1978; Van Eijck & Van Oosterhout, 2005; Wilensky, 1964), newspapers (Wilensky, 1964), movies (Alderson et al., 2007), education and training, calligraphy/art (Chan & Goldthorpe, 2007b), and travel (Katz-Gerro, 1999).

3.2.2. Independent variables

Income is defined as the annual household income and measured by summing up all members’ income within each family. *Educational attainment* is operationalized as the highest level of education attained among family members older than sixteen. In the CHFS’s original survey, *occupations* are classified into the following seven categories: (1) Managerial personnel for Party-State institutions, organizations, enterprises and other institutions; (2) Professional and technical personnel; (3) Clerical personnel; (4) Front-line personnel in retail and service industries; (5) Front-line personnel in the area of agriculture, forestry, animal husbandry and water conservancy; (6) Front-line personnel in the area of production, transportation equipment operation, etc.; and

Table 1a
Descriptive statistics of categorical variables.

	Frequency	%
Educational attainment		
Never attending school	79	1.54
Primary school	303	5.91
Junior high	1059	20.66
High school	907	17.69
Secondary/vocational school	642	12.52
College	869	16.95
Undergraduate degree	1103	21.51
Master degree	123	2.4
PhD degree	42	0.82
Occupation		
Managerial personnel for Party-State organizations, enterprises and other institutions	194	7.13
Professional and technical personnel	791	29.08
Clerical personnel	397	14.6
Commercial and service personnel	744	27.35
Agriculture, Forestry, animal husbandry and water conservancy	46	1.69
Production, transportation equipment operators and related personnel	538	19.78
Military	10	0.37
Chinese Communist Party membership (CCP)		
Non-CCP=0	3802	73.53
CCP=1	1369	26.47
Regional origin of each family		
Eastern area=1	2944	56.93
Central area=2	1293	25.00
Western area=3	934	18.06

Table 1b
Descriptive statistics and correlation matrix of continuous variables.

Continuous Variables	Mean	Std. Dev.	1	2	3	4	5
1. Material consumption	33,280.07	44,128.76	1.000				
2. Culture consumption	14,082.79	28,166.05	0.358*	1.000			
3. Household income	65,925	164,646.1	0.273*	0.236*	1.000		
4. Family size	3.227	1.380	0.100*	0.055*	0.037	1.000	
5. Urbanization level	0.599	0.154	0.146*	0.091*	0.123*	-0.110*	1.000

Note: N = 5171 households.
* p < 0.001.

(7) Military. Following the widely applied method for defining MC in terms of the occupational status (Goldthorpe & Hope, 1974; Li & Zhang, 2008; Mills, 2002), we operationalize the occupation-defined MC household based on the specific occupation held by the head of the household. For brevity, we explain this in detail in Section 4.

3.2.3. Control variables

Family size is operationalized as the total number of family members in each household. Chinese Communist Party (CCP) membership is coded as 1 if there is at least one communist party member in each family, and 0 otherwise. The data on urbanization level were obtained from the National Bureau of Statistics of China (NBSC, 2012b). In order to further control for the effect of regional differences, we include the regional origin of each family as a control variable. Region is coded as 1 if the family is registered as an urban household in the eastern area, 2 in the central area and 3 in the western area.

3.2.4. Diamond additive model

To analyze the hypothesized mobility effect, we employed Hope's (1975) diamond additive model (DA model), a widely employed approach in the extant literature for examining mobility across social strata (Hendrickx, De Graaf, Lammers, & Ultee, 1993). In the original DA model, the parameters in each column represent the effects of the "overall measure of general status" while those in

the row are equated with mobility effects (Hope, 1975). Given that there is a lack of information on one's initial status in our dataset, we treat all the sample households' origin as starting with a status of low income and low education level. As such, we need to choose between the effect of status change and the mobility effect when estimating parameters in the DA model. Based on the research question of interest, we focus on estimating row parameters, that is, the effects of social mobility among MC consumers on their consumption. The specification of the DA model is as follows:

$$Y_{ijk} = \delta_{.2} + \sum_{q+m=3}^{2T} \delta_{.(q+m)} Z_{.(q+m)} + \sum_{q-m \neq 0} \delta_{(q-m)} Z_{(q-m)} + \sum_s \beta_s x_{ijs} + v_{ijk}$$

where $\delta_{.2} = u_{11}$, $Z_{.(q+m)} = 1$ if $(q + m) = (i + j)$, and 0 otherwise; $Z_{(q-m)} = 1$ if $(q - m) = (i - j)$, and 0 otherwise; x_{ijs} denotes control variables; and v_{ijk} is an unobservable stochastic term.

4. Results

Descriptive statistics are presented in Tables 1a and 1b. In Table 1a, we report the frequency and percentage of all categorical variables employed in the study. The mean, standard deviation and correlation coefficients of continuous variables are presented in Table 1b.

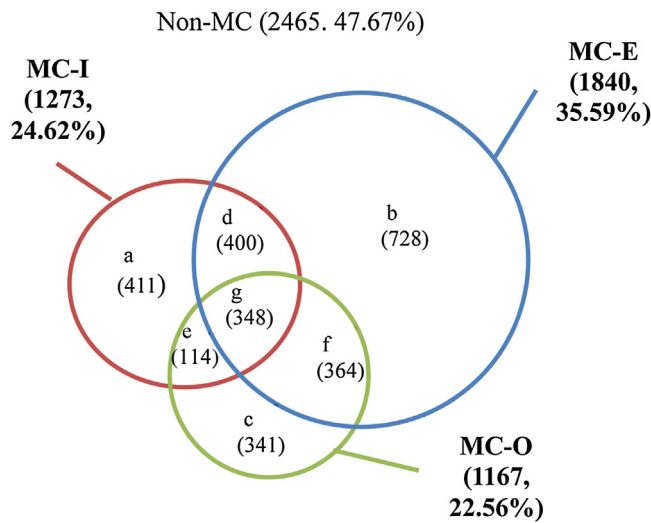


Fig. 2. Categorization of China's emerging middle class households ^a Note: N = 5171 households; (a) The summation of the percentages in the figure exceeds 100 percent because of the overlapping categories among the MC households. MC-I = MC based on income, MC-E = MC based on educational attainment, MC-O = MC based on occupation; Area a (Pure MC-I)—MC purely based on income without any overlap with MC based on education or occupation; Area b (Pure MC-E)—MC purely based on income without any overlap with MC based on income or occupation; Area c (Pure MC-O)—MC purely based on income without any overlap with MC based on income or educational attainment; Area d (MC-IE)—MC simultaneously based on income and occupation; Area e (MC-IO)—MC simultaneously based on income and educational attainment; Area f (MC-EO)—MC simultaneously based on educational attainment and occupation; Area g (MC-IEO)—Core MC simultaneously based on income, educational attainment, and occupation.

4.1. Categorization of China's emerging middle class households

Researchers continue to debate the exact thresholds regarding what defines the middle class population. Drawing on the well-established methods in the extant literature, we define middle class households next. The classification results are given below.

4.2. Middle class based on income (MC-I) and pure MC-I

The average household income in the original nation-wide sample is 53,291 *yuan*. Following the method of Li and Zhang (2008), we define the households whose annual income is below the average level (i.e., 53,000 *yuan*) as the lower income class. Households whose annual income falls between the average level and 2.5 times above the average level (i.e., 53,000–132,500 *yuan*) are defined as the MC based on income. Households whose annual income exceeds 132,500 *yuan* are defined as the high income class. As reported in Fig. 2 and Table 2, 24.6 percent of the sample households (i.e., 1,273 households) meet the criterion for middle class based on income (see Fig. 2), among which 411 households are pure MC-I because they satisfy the criterion for MC-I without any overlap with MC households based on educational attainment or occupation (see Area a in Fig. 2).

4.3. Middle class based on educational attainment (MC-E) and pure MC-E

Educational attainment is widely accepted as one of the main indicators for defining the middle-class status. We thus divide the sample into non-middle class and middle class based on education level. Empirical evidence reveals that the processes of educational stratification are most salient at higher educational levels (Zhou et al., 1998). The educational attainment of college level demarcates a clear boundary between the middle class and the

Table 2
The categorization of China's emerging middle class (MC) households.

Class category	Frequency	%
Non-MC	2465	47.67
Pure MC-I	411	7.95
Pure MC-E	728	14.08
Pure MC-O	341	6.59
MC-IE	400	7.74
MC-IO	114	2.20
MC-EO	364	7.04
MC-IEO	348	6.73
N	5171	100

Note: N = 5171 households; Pure MC-I = MC purely based on income; Pure MC-E = MC purely based on educational attainment; Pure MC-O = MC purely based on occupation; MC-IE = MC simultaneously based on income and educational attainment; MC-IO = MC simultaneously based on income and occupation; MC-EO = MC simultaneously based on educational attainment and occupation; MC-IEO = Core MC simultaneously based on income, educational attainment, and occupation.

lower class (Gilbert, 2010; Thompson & Hickey, 2012). Put differently, a typical MC-E family has at least one family member whose education status reaches or exceeds the college level. By this criterion, 35.6 percent of the sample families (i.e., 1840 households) are defined as MC-E (see Fig. 2). Among them, 728 households are defined as pure MC-E in that they only meet the requirement for MC-E, but not for MC based on income or occupation (see Area b in Fig. 2).

4.4. Middle class based on occupation (MC-O) and pure MC-O

Salaried professionals and managers are typically indicative of the new middle class (Mills, 2002). Following the prior studies on social stratification and mobility (Erikson & Goldthorpe, 1992; Katz-Gerro, 1999), we employ a neo-Weberian formulation of class to construct class categories by aggregating occupational categories into a set of class categories. Specifically, we identify occupation-defined MC households as those in which the occupation of the head of household needs to reflect managerial and/or professional skills, which differ from those of manual workers (Goldthorpe & Hope, 1974; Li & Zhang, 2008; Mills, 2002). These include managerial personnel of party-state organizations, enterprises and institutions, professional/technical personnel, or clerical personnel. As shown in Fig. 2 and Table 2, 22.6 percent of the sample families (i.e., 1167 households) fall into middle class based on occupation (see Fig. 2). Among the 1167 MC-O households, 341 households are “pure MC-O” because they only meet the criterion for MC based on occupation, but not for MC based on income or education (see Area c in Fig. 2).

4.5. MC-IE, MC-IO, MC-EO, and MC-IEO (core middle class)

Our initial three classifications – MC-I, MC-E and MC-O – yield four additional types of MC categories which are employed to detect the joint effects of MC on consumption. Following the method adopted by Li and Zhang (2008), we define core middle class (MC-IEO) as a household which simultaneously meets the criteria for MC-I, MC-E and MC-O. By this criterion, 6.7 percent of the sample households (i.e., 348 households) are defined as the core middle class (see Area g in Fig. 2). Similarly, a sample family is defined as MC-IE if it fulfills the requirement for MC based on both income and educational attainment (see Area d in Fig. 2), or MC-IO for MC based on both income and occupation (see Area e in Fig. 2), or MC-EO for MC based on both educational attainment and occupation (see Area f in Fig. 2).

Table 3a
Results of OLS regressions (DV = material consumption).

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
	β (t-value)	β (t-value)	β (t-value)	β (t-value)	β (t-value)
Control variables					
Household income	0.251 (18.70)***	0.143 (9.25)***	0.238 (17.77)***	0.246 (18.37)***	0.249 (18.45)***
Family size	0.098 (7.38)***	0.084 (6.40)***	0.093 (6.97)***	0.099 (7.46)***	0.094 (7.01)***
CCP membership ^a	0.050 (3.76)***	0.016 (1.17)	0.017 (1.20)	0.040 (2.94)***	0.030 (2.14)**
Central area ^b	-0.103 (-7.43)***	-0.076 (-5.56)***	-0.097 (-7.09)***	-0.102 (-7.36)***	-0.097 (-6.97)***
Western area ^b	-0.081 (-5.89)***	-0.061 (-4.49)***	-0.076 (-5.55)***	-0.082 (-5.93)***	-0.077 (-5.59)***
Individual effects of MC					
MC-I ^c		0.115 (8.32)***			
MC-E			0.113 (8.11)***		
MC-O				0.058 (4.33)***	
Pure MC-I					0.014 (0.99)
Pure MC-E					0.008 (0.58)
Pure MC-O					-0.021 (-1.55)
Joint effects of MC					
MC-IE					0.054 (3.86)***
MC-IO					0.006 (0.42)
MC-EO					0.002 (0.12)
MC-IEO					0.064 (4.59)***
Adjusted R ²	0.096	0.129	0.108	0.100	0.102
F	111.31	110.08	104.89	96.20	49.80

Note: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

^a CCP membership (0 = non-CCP, 1 = CCP).

^b The reference category is the eastern area of China.

^c After controlling for the high income group, and the reference category is the low-income group.

Table 3b
Results of OLS Regressions (DV = Culture consumption).

Variable	Model 1	Model 2	Model 3	Model 4	Model 5
	β (t-value)	β (t-value)	β (t-value)	β (t-value)	β (t-value)
Control variables					
Household income	0.219 (16.12)***	0.125 (7.90)***	0.203 (14.95)***	0.216 (15.87)***	0.223 (16.31)***
Family size	0.053 (3.96)***	0.042 (3.11)***	0.045 (3.39)***	0.054 (4.00)***	0.048 (3.53)***
CCP membership ^a	0.083 (6.14)***	0.054 (3.95)***	0.037 (2.67)***	0.076 (5.51)***	0.058 (4.14)***
Central area ^b	-0.045 (-3.19)***	-0.022 (-1.59)	-0.038 (-2.70)***	-0.044 (-3.13)***	-0.040 (-2.88)***
Western area ^b	-0.044 (-3.17)***	-0.027 (-1.97)**	-0.038 (-2.70)***	-0.045 (-3.20)***	-0.041 (-2.92)***
Individual effects of MC					
MC-I ^c		0.094 (6.65)***			
MC-E			0.155 (11.01)***		
MC-O				0.042 (3.06)***	
Pure MC-I					-0.006 (-0.46)
Pure MC-E					0.058 (4.05)***
Pure MC-O					-0.028 (-2.00)**
Joint effects of MC					
MC-IE					0.068(4.82)***
MC-IO					0.003 (0.23)
MC-EO					0.008 (0.54)
MC-IEO					0.066 (4.70)***
Adjusted R ²	0.067	0.091	0.088	0.068	0.077
F	75.072	74.996	84.202	64.219	36.724

Note: * $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$.

^a CCP membership (0 = non-CCP, 1 = CCP).

^b The reference category is the eastern area of China.

^c After controlling for the high income group, and the reference category is the low-income group.

4.6. The individual and joint effects of the middle class position on consumption

Ordinary Least Squares (OLS) regressions were conducted to test the hypotheses. The results of the analysis are reported in Tables 3a and 3b. To compare the coefficients across different regression models, we employed bootstrapping technology to detect whether there is any significant difference between the coefficients of interest (Efron & Tibshirani, 1994). Specifically, 500-times bootstrap replications allow us to generate a sampling distribution for each coefficient of interest in Model 2–4 of Tables 3a and 3b. With these sampling distributions of the coefficients, we then conducted *t*-test to detect whether there is

any significant difference between the coefficients related to H1_{a, b} and H2_{a, b}. The results from bootstrapping generally support H1_b, H2_a and H2_b, with H1_a as the only exception. As reported in Tables 3a, 3b and 4, the material consumption of the education-defined middle class is greater than that of the occupation-defined middle class, supporting the expectation of H1_b ($\beta_{education} = 0.115$; $p < 0.01$; $\beta_{occupation} = 0.058$, $p < 0.01$; $t = 77.616$, $p = 0.000$). In line with H2_a, income-defined middle class culture consumption is less than education-defined middle class culture consumption ($\beta_{income} = 0.094$, $p < 0.01$; $\beta_{education} = 0.155$, $p < 0.01$; $t = -74.351$, $p = 0.000$). Supporting H2_b, income-defined middle class culture consumption is greater than occupation-defined middle class culture consumption ($\beta_{income} = 0.094$, $p < 0.01$; $\beta_{occupation} = 0.042$,

Table 4
Results of bootstrapping: comparing the coefficients regarding H1_{a, b} and H2_{a, b}.

DV	Corresponding hypothesis ^a	Ho: mean(diff)=0 (no difference)	t-Value ^b	Ha: mean(diff) ≠ 0 (difference)	Ha: mean(diff) < 0 (difference)	Ha: mean(diff) > 0 (difference)
Material consumption	H1 _a : MC-I > MC-E (b1 > b2)	b1 – b2 = 0	–0.512	Pr(T > t) = 0.609	Pr(T < t) = 0.305	Pr(T > t) = 0.696
	H1 _b : MC-E > MC-O (b2 > b3)	b2 – b3 = 0	77.616	Pr(T > t) = 0.000	Pr(T < t) = 1.000	Pr(T > t) = 0.000***
Culture consumption	H2 _a : MC-E > MC-I (b5 > b4)	b4 – b5 = 0	–74.351	Pr(T > t) = 0.000	Pr(T < t) = 0.000***	Pr(T > t) = 1.000
	H2 _b : MC-I > MC-O (b4 > b6)	b4 – b6 = 0	64.007	Pr(T > t) = 0.000	Pr(T < t) = 1.000	Pr(T > t) = 0.000***

Note: *** $p < 0.01$.

^a b1: the coefficient of MC-I (income-defined MC) for material consumption; b2: the coefficient of MC-E (education-defined MC) for material consumption; b3: the coefficient of MC-O (occupation-defined MC) for material consumption; b4: the coefficient of MC-I for culture consumption; b5: the coefficient of MC-E for culture consumption; b6: the coefficient of MC-O for culture consumption.

^b d.f. = 499.

$p < 0.01$; $t = 64.007$, $p = 0.000$). However, income- and education-defined MC households do not significantly differ from each other in material consumption ($\beta_{education} = 0.115$; $p < 0.01$; $\beta_{income} = 0.113$; $p < 0.01$; $t = -0.512$, $p = 0.609$). Finally, the joint effect of the MC position on consumption (i.e., H3) receives support from the data (see Model 5 in Tables 3a and 3b). Specifically, the social position of MC-IE significantly affects both material ($\beta = 0.054$, $p < 0.01$) and culture consumption ($\beta = 0.068$, $p < 0.01$). Similarly, core middle class (MC-IEO) is positively related to both material consumption ($\beta = 0.064$, $p < 0.01$) and culture consumption ($\beta = 0.066$, $p < 0.01$).

4.7. The mobility effects on consumption of China's middle class households

Table 5 provides the results of diamond additive models to detect social mobility effects on consumption of China's emerging urban middle class households. In general, results indicate that being upwardly mobile plays an important role in enhancing consumption of middle class households (H4). Specifically, entry into the education-defined middle class has a significant impact on culture consumption ($\beta = 0.096$, $p < 0.01$), supporting H5_b. Being well-educated is also important for boosting middle class households' material consumption ($\beta = 0.043$, $p < 0.01$). H5_c is supported since entering the core middle class is significantly (and positively) related to both material consumption ($\beta = 0.051$, $p < 0.01$) and culture consumption ($\beta = 0.048$, $p < 0.01$). Although H5_a is not supported by our data, it is interesting to note that while entering the middle class based on income does not necessarily result in relatively more material consumption ($\beta = -0.015$, n.s.), it

is negatively related to culture consumption ($\beta = -0.039$, $p < 0.05$).

5. Conclusion

The present study demonstrates that class structure can to a great extent explain consumption patterns among China's middle class households. Specifically, after controlling for household income, family size, CCP membership and regional origins, the Chinese core MC and MC households defined by educational attainment are found to exhibit a relatively high level of both material and culture consumption. By contrast, occupation plays a relatively weak role in explaining the consumption pattern of the newly emerging MC households in contemporary China.

With respect to social mobility effects, we find that merely becoming wealthy (e.g., “暴发户bao fa hu”, a Chinese phrase which means “nouveau riche” or “explosively rich”) is negatively related to culture consumption. Attaining the status of middle class by gaining a certain level of education is of greater relevance as the upward mobility into MC positively impacts material and culture consumption. So do the core middle class households. Our findings suggest that, among the three dimensions, education is the single most powerful indicator relative to income and occupation in explaining both material and culture consumption of China's emerging middle class households.

Interestingly, our study uncovers that income is not necessarily the most powerful determinant of material consumption among China's emerging middle class households. The same conclusion also holds for occupational attainment, which provides empirical evidence for the insights and theoretical arguments by Weber (1978) and Veblen (1899). Specifically, Weber (1978, p. 306) notes that “money and an entrepreneurial position are not in themselves status qualifications, although they may lead to them.” Similarly, Veblen (1899) argues that inherited wealth or an elite occupation does not in itself result in a legitimate claim of a membership in a given class; rather, the adoption of an acceptable set of values and lifestyles associated with a social class helps connote membership in that class.

Indeed, education is viewed as a means of upward social mobility and sought by China's MC households to assert the middle class status (Xin, 2013). Advancing one's educational status to a large degree helps Chinese emerging middle class consumers shape similar values, which, in turn, significantly affects their lifestyles and consumption patterns. Core middle class consumers are more likely to distinguish themselves from other social groups by spending on both material and cultural goods, as members in this social segment have the advantage of capitalizing on all three critical resources (income, education credentials, and occupational position).

Our findings offer interesting insights for marketing professionals and social policy makers. One must look beyond income alone, which is related to purchasing power, in materializing the full potential of middle class consumers. Businesses operating in

Table 5
Results of diamond additive models.

	Model 1	Model 2
	DV = material consumption	DV = culture consumption
Household income	0.187 (10.16)***	0.161 (8.58)***
Family size	0.128 (8.92)**	0.060 (4.12)**
CCP membership ^a	–0.006 (–0.41)	0.043 (2.84)**
Urbanization level	0.082 (4.26)**	0.034 (1.71)
Central area ^b	–0.046 (–2.45)**	–0.008 (–0.40)
Western area ^b	–0.034 (–1.98)**	–0.014 (–0.80)
Mobility-stage 1 (merely getting richer)	–0.015 (–0.92)	–0.039 (–2.43)**
Mobility-stage 2 (getting better educated)	0.043 (2.98)**	0.096 (6.60)***
Mobility-stage 3 (becoming core MC)	0.051 (3.12)**	0.048 (2.91)**
Adj R ²	0.082	0.049
F	47.480	28.031

N = 4706 urban households due to the missing data.

Note: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

^a CCP membership (0 = non-CCP, 1 = CCP).

^b The reference category is the eastern area of China.

EMs may wish to focus on targeting consumers who fit into the core middle class category. Such consumers have a bounty of resources from which to prosper. Highly educated middle class consumers will also be of interest to firms operating in emerging markets, in particular for cultural goods/service providers. Finally, our findings have significant implications for social policies placing emphasis on alternative pathways into the middle class. Policy makers must realize that focusing on enhancing educational opportunities in EMs will be of significant importance. Experiencing the transition from society organized around production to society organized around consumption, the emerging middle class in EMs tends to objectify themselves and their values through their consumption acts. Are they heading toward a situation in which heightened emphasis will be placed on material acquisition while being combined with cultural poverty, a negative consequence of materialism that needs to be avoided and addressed well? There is no doubt that the driving forces shaping the consumption behavior of these emerging MC consumers has significant social consequences, among which the emphasis of social policies on the educational pathway into the middle class can be conducive to shaping social members' pursuit of a more balanced and healthy lifestyle through consumption.

6. Limitations and directions for future research

This study is subject to several limitations which provide opportunities for future research. First, the analysis of the mobility effect rests on an arbitrary assumption of China's emerging MC consumers' origins and destinations. The data set employed does not fully capture changes in one's original social background. Future research would benefit from finding a way to measure both origins and destinations of China's emerging middle class population. Second, in measuring material consumption, we do not consider the boundaries among luxury goods, consumer durables, and daily-use goods. Similarly, our measure of culture consumption does not differentiate between high-brow and popular culture goods/services. However, it is highly possible that high culture consumption or possession of luxury goods may be utilized by China's emerging middle class consumers to boast and maintain their social position. As such, refinement in the analysis along these lines may provide greater insight into the relationship between social stratification and consumption among the new middle class consumers in emerging economies.

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Appendix A. Definitions and representative measures of culture and material consumption.

Definition of culture consumption

"Culture consumption" refers to the consumption of cultural products and/or services, which entails the processing of cultural or aesthetic information (Bourdieu, 1984; DiMaggio, 1987; Van Eijck, 1997)

Representative measures of culture consumption

Whether and how often the respondents visit concerts, theatrical performances, and museums or art exhibitions

De Graaf and
De Graaf (1988)

Appendix A (Continued)

The number of books respondents possess and their frequency of attending cultural performance	De Graaf (1991)
Visiting museums, attending opera, ballet, classical concerts, plays or cabaret	Van Eijck (1997)
Attend classical music or opera performance, live ballet or dance performance, live performance of a non-musical stage play, or live performance of popular music like rock, country, or rap; visit art museum or gallery, read novels, short stories, poems, or plays, and see a movie in a theatre	Alderson et al. (2007)
Leisure activities (including camping, hiking, and canoeing) and musical preferences	Katz-Gerro (1999)
The consumption of high arts (including fine art, opera, ballet, modern dance, theater, and classical music), and the consumption of cultural forms not considered high art (books, movies, and popular music)	DiMaggio and Useem (1978)
List respondents' favorite TV shows, periodicals and newspapers read regularly, and all books they could name which they had read in the last two months	Wilensky (1964)
Visiting museums, attending revues/shows, attending plays/concerts, reading literature as a leisure activity, and the number of books read during the month preceding the survey	Van Eijck and Van Oosterhout (2005)
The consumption in the three different cultural domains of (1) music, (2) theatre, dance and cinema, and (3) the visual arts	Chan and Goldthorpe (2007b)
<i>Definition of material consumption</i>	
"Material Consumption" refers to the consumption of material goods that are physically present and visible (DiMaggio, 1987), which is not necessarily related to symbolic abilities and tastes, values and aesthetic standards (Gans, 1974; Katz-Gerro, 2004)	
<i>Representative measures of material consumption</i>	
Using a list of material goods that people did or did not possess to measure material consumption, such as a car, car radio, caravan, TV, cassette player, slide projector, freezer, dryer, electric grill, etc	Van Eijck and Van Oosterhout (2005).
Possessions of consumer durables, such as color TV, car, automatic washing machine, phone, freezer, stereo equipment, photography equipment, etc	De Graaf (1991)

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