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Virtuality, Virtual Consumption, and the China Market

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VIRTUALITY, VIRTUAL CONSUMPTION, AND THE CHINA MARKET

BY

MAN ZHANG

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ABSTRACT

With technological advance, virtuality and virtual consumption have been evolving to become increasingly important in marketing landscapes worldwide. Theoretical and methodological approaches for study of virtuality and consumption, however, have not kept pace. In terms of theoretical approach, the existing literature has been primarily focused on virtual consumption in virtuality as a place of “de-localization” and “de-realization”. In terms of methodological approach, there have been various conflicting opinions concerning different methodological procedures to be followed. Moreover, in terms of empirical study, there is little existing literature dealing with virtuality and virtual consumption in context other than western. Given the fact that China is now the largest virtual goods market in the world and has unique sociocultural characteristics, studies on virtuality and virtual consumption in the context of China’s market are particularly needed.

To fill these research gaps, this dissertation aims to begin a process of theoretical and methodological renewal, and then to apply such renewed approaches to the study of virtuality and virtual consumption in context of China’s market.

Starting with introduction of major extant theories of virtuality and discussion of such theoretical perspectives in the context of studies of virtual consumption, chapter two of this dissertation presents a broader and integrated conceptual framework for analysis of virtual consumption, which is based on both perspectives of “virtuality as place”, and “virtuality as practice/process”. Additionally, chapter two also identifies the research questions that have not been addressed in prior studies and will be addressed in this dissertation.

Chapter three examines the qualitative methods to be applied in study of virtuality and virtual consumption, with special focus on the methodological challenge and adaptation of ethnography, and demonstrates the benefits of using digital ethnography to take advantage of the opportunities offered by Web 2.0 and Web 3.0, and address the methodological challenges.

Applying the theoretical and methodological approach discussed in previous chapters, chapter 4 first generates a historical narrative of rapidly changed and persistently unchanged aspects of reality in China, as a larger place, that suits virtuality and virtual consumption. Then, the chapter explores how the Chinese post-1990 generation consumers, as the largest segment of virtual goods market in China, navigate between the virtuality and reality and mediates between the old and the new. The main finding is that through self-control, compromise, and negotiation in the process of virtual consumption, the Chinese post-1990 generation consumers strike a balance between their virtual world experience and their offline daily life, and develop a coherent perception of self.

Collectively, this dissertation has advanced the state of knowledge of virtuality and virtual consumption in general, and in China's market context in particular.

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CHAPTER 1

INTRODUCTION

1.1 Chapter Abstract

This chapter provides background information on virtual consumption in the global marketplace and discusses the problems surrounding the research on virtual consumption and virtual markets. Thereafter, it specifies the motivation and objectives of this dissertation research about virtual consumption in China, the research questions in focus, and the expected contributions of this dissertation to the marketing and consumer research literature.

1.2 The Rise of Virtual Consumption

With the evolution of the Internet, online consumption has also evolved. The following subsections trace this evolution, starting from early and simple e-commerce and ending with the forms of consumption that are the focus of this dissertation: virtual ways of consuming.

1.2.1 Evolution of online consumption

The rapid migration of technology across geographic and socioeconomic boundaries is a defining element of the times we live in (Masten and Plowman 2003; Dholakia 2012, p.7). Especially the Internet “heralds the onset of a third industrial revolution, one based in technological advances in software, hardware and telecommunications” (Smith 2001). As of December 2014, there were over 3 billion Internet users worldwide (Internetworldstats 2015). These digital technological advances

are changing consumers' lives (Dholakia 2012, p. 23) and transforming marketing practices (Berman 2012; Dholakia and Dholakia 2011, p. 52).

The evolution of Internet from the past Web 1.0 to Web 2.0, and the shift to ongoing and future Web 3.0, has been shaping the online consumption spaces in the sense that these technological developments keep reshaping the way consumers communicate with marketers, the way they interact with other consumers, and the way in which consumers become aware of, consider, buy, and consume products. Table 1.1 summarizes the key aspects of the Web 1.0 to Web 3.0 evolution.

Table 1.1: Evolution of Web and Online Consumption

<i>Dimension</i>	<i>Web1.0 (1995-2003)</i>	<i>Web2.0 (2004-2010)</i>	<i>Web3.0 (2011-2020)</i>
Number of Users	45 million global users (1996)	Over 2 billion global users (2010)	Nearly 3.1 billion global users (2014)
Digitization of Consumption	Wave 1: Online shopping	Wave 2: Participative shopping Wave 3: Virtual consumption	Wave 3: Virtual consumption; Social consumption
Web Content and Communication	Owning content and one-way communication; 2-dimensional content	Sharing content and two-way/multiple-way communication; 2-dimensional and 3-dimensional content	The semantic web; Increasingly 3-dimensional content
Access Method and Device	Desktop	Laptop and mobile devices	Mobile devices; Also – on-demand on any screen

Source: Author's adaptations from multiple sources

Lehdonvirta (2009) argues that such changes can be expressed as the stages of digitization of consumption. The first wave entailed a spatial change in consumption:

from offline to online. Online shopping allowed traditional goods and services to be purchased over the Internet and delivered by mail or courier (or electronically, in case of digital goods). The paradigmatic examples of the online shopping wave are the early stages of Amazon.com and Dell.com, and various brick-and-mortar producers and marketers going online, and opening online stores. While this wave has some enduring long-term successes, there were also spectacular failures such as Pets.com and Webvan during the so-called “dotcom crash” during this first wave (Pandya and Dholakia 2005; Dholakia and Turcan 2014, p. 2).

Termed as the “participatory wave” by Lehdonvirta (2009), the second wave of consumption comprised a range of practices – in consumption as well as in production – that were set in motion by the spread of social media and social networking technologies (see also Aral et al. 2013; Kaplan and Haenlein 2011). This wave entailed both information goods as well as new ways of consuming material goods. The paradigmatic examples of the participatory wave are YouTube in USA (Lehdonvirta 2009), and its Chinese equivalent, YouKu, in China.

The third wave was the change in the consumption of *types* of products, from the acquisition and use of conventional material goods (or digital versions of formerly material goods such as VHS tapes or CDs for music) to “immaterial” virtual goods. The paradigmatic examples are virtual weaponry in online games such as *World of Warcraft*, tractors on *Farmville 2* on Facebook, and accessories (virtual clothing, virtual gift items) in social networking platforms such as Tencent’s *QQ*.

1.2.2 Evidence from the World Wide Virtual Economy

In their 2015 review of virtual economies and virtual goods in the gaming context, Knowles, Castronova, and Ross (2015) note that the “incredible graphics and sharply written stories of virtual worlds are impressive, but we believe that the most important development in games over the past ten years has been... the emergence of complex virtual economies” (p. 237). Indeed, virtual consumption has increased, worldwide, from \$2.1 billion in 2007 (Reisinger 2010) to \$14.8 billion in 2012 (TechNavio 2013) – a jump of 705%, and was projected to increase at an annual growth rate of 12.5% to 2016 (TechNavio 2013). By 2014, the virtual goods economy had crossed \$21 billion and Juniper research projected it to cross \$40 billion by 2019 (Chayka 2014). The multiplier effect of virtual consumption on the overall virtual economy is dramatic. For example, in the early stages, partly propelled by virtual consumption of games like *Farmville* from Zynga, the market valuation of Facebook reached about \$230 billion by April, 2015 (Reuters 2015). Similarly, in China, because of the rapid growth of virtual goods on China’s instant messaging platform *QQ*, the valuation of the parent company Tencent reached about \$206 billion by April 2015 (Reuters 2015).

Virtual consumption complements previously more recognized two waves of digitization: online shopping/marketing and online advertising business models (Hoffman and Novak 2005), and has great impacts on local markets and consumers, as virtual consumption provides new consumption choices (i.e., virtual goods) and new revenue models (e.g., ‘freemium’ business model, among others) to both developed and developing countries. Table 1.2 illustrates such patterns, and the sharp rises in China’s revenue streams are especially noteworthy.

Table 1.2: Online Economy and Virtual Goods

<i>Online Revenue Type</i>	<i>Year</i>	<i>Estimated Revenue (billions of USD)</i>	
		<i>China</i>	<i>USA</i>
B2C E-commerce	2010	15.9	445.2
	2014	382.4	456.0
Online Advertising	2010	5.4	26.0
	2014	22.1	49.5
Virtual Goods	2010	5.0	1.6
	2014	7.4	6.0

Sources: Author's research based on multiple sources

While real world markets were feeling the pinch of economic downturn during 2007-2010, the virtual world was still on the rise, and its pioneering companies were reaping the rewards. Indeed, in their 2015 review of virtual goods and economies in gaming worlds, Knowles, Castronova, and Ross (2015) foresee growing interactions of virtual and real economies (p. 237):

Player to player trade is now a common feature in an ever-growing number of multiplayer videogames. This means that there are literally thousands of different virtual economies, of varying sizes and complexity, found in games across the world. These economies make for fascinating objects of study, both in their own right and for the insights they give us into how real-world economies function... The value of virtual economies is being stated in the billions... Thus, their stability may soon begin to matter for the stability of the real economy.

While the size of the virtual economy in relation to the overall economy is still small, the virtual economy items are growing so fast and becoming so sophisticated “that

they're now being lauded as a yardstick for economic insight in the real world" (DailyRecord 2015). Overall, the success of companies that achieve virtual goods monetization could contribute to sustainable economic expansion and value for all players in global virtual goods ecosystems. Table 1.3 lists some major companies selling virtual goods.

Table 1.3: Selected Major Companies Selling Virtual Goods

<i>Parent Company</i>	<i>Country</i>	<i>Platform/ Type</i>	<i>Example of Virtual goods</i>	<i>2014 Revenue Estimate (billions of USD)</i>	<i>2014 Market Capitalization Estimate (billions of USD)</i>
Zynga	USA	<i>Farmville 2/ Social gaming world</i>	Virtual tractors	0.69	3.52
Tencent	China	<i>QQ/ Social virtual world</i>	Virtual Fashion and accessories	12.90	160.00
Sulake (acquired by Elisa in 2013)	Finland	<i>Habbo Hotel/ Social virtual world</i>	Virtual furniture	1.80 (for Elisa)	6.20 (for Elisa)
Activision Blizzard	USA	<i>World of Warcraft/ MMORPG</i>	Virtual machinegun	4.80	12.60

Sources: Author's research based on multiple sources

While virtual consumption is booming in many parts of the world, the distribution of virtual consumption and virtual economies across the countries is highly asymmetrical. Consumers in the Asia-Pacific region play a dominating role in virtual goods

consumption, accounting for around 70% of virtual goods business; while consumers in the U.S. and Europe, Middle East and Africa account for only 30% of virtual goods business. The trend continues, even though the Asia-Pacific share was gradually projected to decrease to about 61 percent by 2014 (InStat 2010). Especially, the fast rate of growth of virtual consumption in some developing countries (especially China) has made such countries the leading players in the emerging global virtual goods market. For instance, the market for virtual goods in China had reached \$5 billion by 2009, five times larger than that in the United States (Boykoff 2010). By 2012, China had the world's largest market for virtual goods (Hawkins 2012). This growth has continued and by 2014 the revenue of the virtual goods was estimated to be \$7.4 billions (statista 2012). Indeed, as Chayka (2014) notes, the emergent virtual economy is dominantly non-western and primarily Asian in character:

For all of its social-network start-ups, North America falls far behind other areas of the world in mobile-gaming [virtual economy] revenues. Asia is home to the vast majority of mobile gaming payments, with \$10 billion in 2014, over four times as much volume as North America... This [virtual] economy of the future will be as digital as possible, increasingly non-Western, and contained within easily accessible smartphone ecosystems. Its merchants will rigorously mete out content over time to keep customers engaged and the money flowing. While we might not be paying for digital-only groceries instead of actual produce any time soon, all economies will soon be, to some extent, virtual.

1.3 Research Motivations and Objectives

While the rapidly expanding virtual economies and the virtual consumption cultures are thriving worldwide in general, and in China in particular, there are considerable research gaps in the virtual consumption literature. First and foremost, there is little existing literature on virtual consumption that spans and links both virtual worlds and real life or RL, and considers consumers' dual presences in both virtuality and RL. (except recent works by Dholakia and Reyes 2013, Belk 2013, and Seo 2013). Existing studies about virtual consumption have mostly examined virtual consumption from the perspective of "virtuality" as place of "de-localization and de-realization," and this type of "place oriented" research (Dholakia and Reyes 2013) – either documenting the characteristics and attributes of the new place (other than real) and their correlation with virtual consumption, or examining the new place as a new culture (different from real) on its own – lends support to the experimentation and construction of multiple new virtual identities in virtual settings (Turkle 1995; Slater 2002).

Second, the available studies on virtual consumption (e.g., Castronova 2002; Martin 2008) are mainly based in developed countries, especially in USA. Very few studies on virtual consumption focuses on regions outside the USA (Belk 2013), and the focus on China is even less. Research results drawn primarily from USA and the West may not be generalizable to developing countries like China that have different cultural-economic-political contexts (Belk 2013). Given the important roles China is playing in the emerging global virtual economy and possible distinct virtual consumption patterns in China, studies on virtual consumption in the context of China are urgently needed.

This dissertation research deals with the connections between virtual worlds and the real world as much as, or even more than, the disconnections. As suggested by Belk (2013) “there are additional linkages between online and offline worlds that need to be examined” (p. 493). As such, in this dissertation study, while acknowledging and documenting the disjunctive nature of two places – virtual worlds and everyday (real) life in China – the research departs from the previous studies that focused the discussion of virtual consumption in the context of virtuality as place of “de-localization and de-realization”, and develops the perspective of virtuality as practice (from a consumer perspective) and as a process (from a firm or marketer perspective) of “re-localization and re-realization”. This dissertation research examines: (1) (from the consumers’ perspective) how the Chinese post-1990 generation consumers, as digital natives, living in the largest market segment of virtual goods, navigate and cross the boundaries between various conflicting discourses embedded in two places – online virtual worlds and offline world – through consumption practices that entail virtual goods; and (2) (from the firm’s perspective) how to best engage consumers in virtual consumption in China based on such understanding. Specifically, this dissertation research will examine five research questions that have not been addressed in prior literature:

1. What is the current status of research on virtuality and virtual consumption, in terms of theoretical and methodological developments?
2. What aspects of China’s virtuality and reality resonate well with or hinder virtual consumption in China’s market?

3. How the Chinese post-1990 generation consumers navigate and negotiate the boundaries between virtuality and offline RL, and engineer their own experience of virtual consumption?
4. How do the consumption practices relate to and reconcile the different identities that the Chinese post-1990 generation consumers have in virtuality and their offline RL, and how do they construct a coherent self?
5. What are the implications of the preceding questions for marketing strategies and actions?

1.4 Expected Contributions

With existing literature on virtual consumption as a practice (from consumer perspective) and as a process (from firm perspective) very limited, and available studies on virtual consumption in China, the largest virtual goods market, even more limited, the studies in this dissertation research are expected to make three categories of contributions to the research on virtuality and virtual consumption in general, and in China's market context in particular. The categories are theoretical contributions, a subsidiary and minor methodological contribution, and applied contributions that have managerial implications.

First, this dissertation research proposes, and develops to some extent, an integrated conceptual frame – the 3Ps view of virtual consumption – that combines previous theoretical perspective of “virtuality as place” and “virtuality as practice” offered by Slater (2002), and “virtuality as process” suggested by Dholakia and Reyes (2013).

Second, this dissertation research reviews and evaluates the various existing ethnography methods used in study of virtuality and virtual consumption, and demonstrates the benefits of using digital ethnography to study virtuality and consumption in digital age. While this is not the main thrust of the dissertation, the comparison of net-based ethnographic methods and identifying digital ethnography as most suitable for studying virtual settings is a minor and subsidiary contribution, something that could be of greater value in further studies on virtual consumption.

Finally, this dissertation applies renewed theoretical and methodological approaches to provide a more contextual and informed understanding of virtuality and virtual consumption in China's market, the largest virtual goods market in the world, and the Chinese post-1990 generation consumers, the largest market segment for virtual goods in China. From the perspective of virtuality as place, this dissertation research examines the unique economic, political/legal, and sociocultural context that conditions (help or hinder) the growth of virtual consumption in China's market. From the perspective of virtuality as practice/process, this dissertation research investigates virtual consumption "practice" – boundary crossing and boundary reconstructing and maintaining – by which the Chinese post-1990 generation consumers engineer and integrate their virtual consumption experiences into their daily life and construct a coherent self, and provides the implications for firms attempting to better design the marketing "process" to manage virtual worlds and consumers inhabiting these worlds.

Taken collectively, these three categories of contributions in this dissertation help advance the state of knowledge on virtuality and virtual consumption.

1.5 Organization of the Study

Following this chapter, Chapter 2 provides the overview of theory and research of virtuality and virtual consumption, and develops a theoretical framing for analysis of virtual forms of consumption in this dissertation research.

Chapter 3 presents the qualitative methods used in this dissertation research, with focus on the discussion of the methodological challenges of online ethnography, the most popular research method for the study of virtuality, and its adaptation for this dissertation.

Chapter 4 presents the main findings from this research, organized into these main sections: (a) Research findings from virtuality as place perspective, focusing on virtuality and reality in China, including the disjuncture and convergence between these “two places” that illustrates virtual consumption; (b) Findings from virtuality as practice perspective, examining how consumers make sense of the virtual goods and use the consumption of virtual goods to manage their online and offline relationships with others and construct coherent self-concepts; including some specific results of study in China using qualitative data collection methods that entailed digital ethnography and in-depth interviews. (c) Discussion of the implications for the firms – how firms can optimize their marketing mixes based on a better understanding of virtuality, creating value for both consumers and marketers.

Chapter 5 integrates the results of the various parts of the study and provides integrative theoretical discussion and conclusions, including a summary of the contributions made by the study, and provides ideas for further work.

CHAPTER 2

VIRTUALITY AND VIRTUAL CONSUMPTION - A CONCEPTUAL FRAMING

2.1 Chapter Abstract

As virtual worlds and virtual consumption have evolved, so have the schools of thought on virtuality. The chapter starts with the introduction of major extant theories of virtuality, followed by discussion of such theoretical perspectives in the context of studies of virtual consumption, identity, and social relationships. The review indicates that different perspectives of virtuality represent differing logics of virtuality and different aspects of existing and emerging virtual consumption and markets, most prior literature on virtuality and virtual consumption has focused on the perspective of virtuality as place. More recently, researchers have examined virtuality and virtual consumption from the perspective of virtuality as practice/process. Rarely, however, have both perspectives been considered concurrently. The last section of this chapter proposes a conceptual frame that combines both – the perspective of virtuality as place and the perspective of virtuality as practice/process – for study of virtual consumption. This last section identifies the research questions in the investigation of virtual consumption that haven't been addressed in prior literature and will be addressed in this dissertation research.

2.2 Introduction

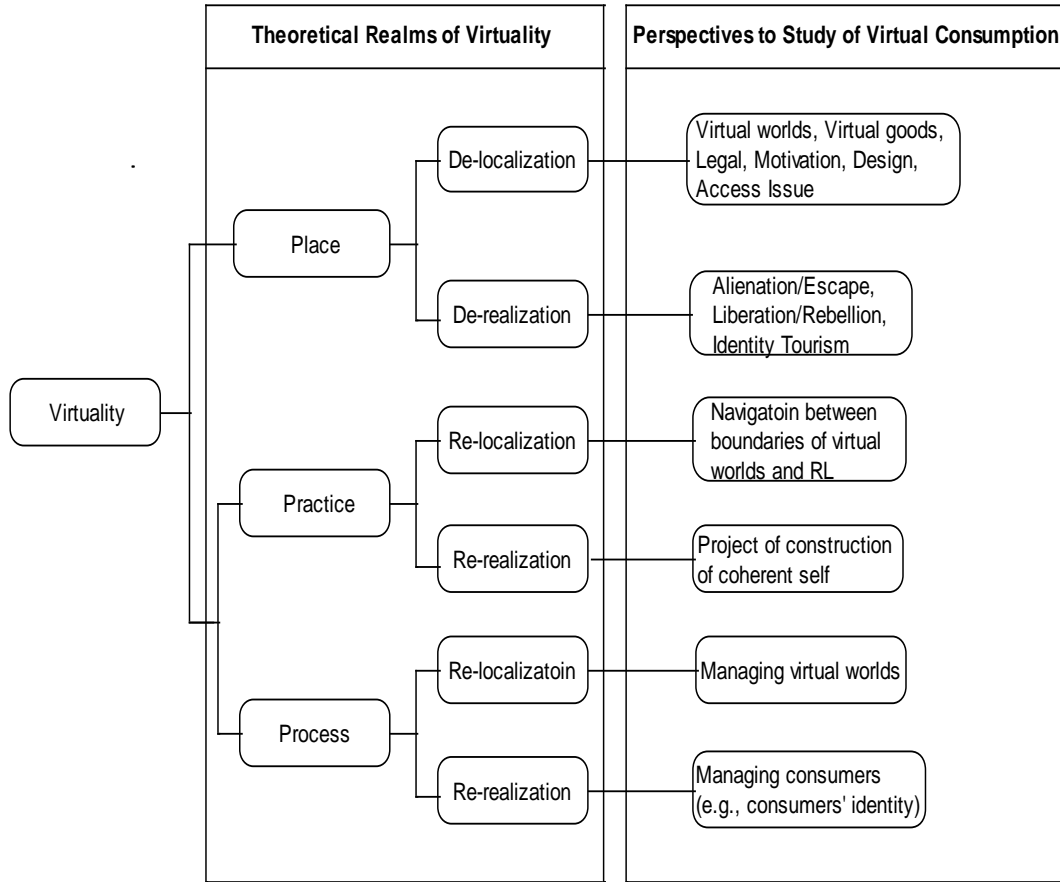
Consumption is changing. When consumption occurs in virtuality, does it move into theoretical realms that are new and different? Debate rages on different views of

virtuality, on varying working definitions of virtual consumption, and on varied thoughts on the role of virtual consumption in building identities and social relationships – these views will be explored later in the chapter. Understanding virtual consumption requires an understanding of virtuality and its relation to social reality so that we can deal with consumption practices taking place in virtual worlds but conditioned by social contexts. Growth in virtual consumption and online virtual worlds results from and sustains changes in consumption practices. These effects are becoming massive and they necessitate a comprehensive review of the theories of virtuality and virtual consumption, which has not been done before.

Although it is still too early to predict the full consequences of virtuality and its possible impacts on consumption – the field is still evolving because of technological advancement as well as technology-linked changes in cultures – this chapter begins a process of theoretical renewal by summarizing and classifying prior theorizing of virtuality, pointing out the theoretical challenges facing marketing researchers today, identifying the research questions that have not been addressed by prior literature, and developing an analytical model for studying virtual consumption.

Recognizing that the available theoretical sources for exploring virtuality and virtual consumption are large, this chapter first broadly classifies the different view of virtuality into two general theoretical realms: one views virtuality mostly as place; the other views virtuality as practice and process. Then, within each main category, several sub-categories of different perspectives to the study of virtual consumption are explored and contrasted. Figure 2.1 provides an overall schematic of the theoretical landscape that informs this dissertation.

Figure 2.1: Overall Schematic of Theoretical Positions



Source: Author's conceptualization

2.3 Virtuality as Place of De-Localization and De-Realization

2.3.1 The Concept of Virtuality as Place

Place, as an important metaphor in social sciences, has been used extensively in studying modernity, post-modernity, and the information society – and its role in shaping new reality (Gustafson 2001).

Drawing upon the work of McLuhan (1962) on changes in communication media and Goffman (1956) on social interactions in multi-stage (place) of daily life, Meyrowitz (1985), in his book *No sense of place*, discussed the drastic impact of mass media (i.e., television) on the “sense of place” of individuals. In his study, “place” referred to both

(1) the physical location, and (2) the reality of social position, hierarchy and identity. Place, in both senses, has constantly changed with technological advancements. In particular, electronic media have separated the social context and physical place of consumers. Individuals have lost their sense of “place” – in terms of location and context of socialization, hierarchy, and identity – and consequently new types of social behaviors and identities have emerged (as examples, more career-oriented women and more family-oriented men).

More recently and relevant to this dissertation research is the discussion of virtuality as “place” by Dholakia and Reyes (2013), in which they view virtual “places” as the online marketplaces and consumptionscapes including online multiplayer video games, avatar-based social platforms, social networking sites, online discussion forums, among others; places that consumers inhabit in virtual ways (Dholakia and Reyes 2013, p. 1584). Such a metaphor of place (e.g., rooms and hallways in *Habbo Hotel*) provides a consistent and familiar base for the users in the virtual worlds and also for the designers of virtual worlds (Gu and Maher 2014).

Expanding on such extant literature, this dissertation research extends the metaphor of “place” further; by studying virtuality and virtual consumption first as a “simulational place of de-localization”, and second as a “social place of de-realization.”

2.3.2 Virtuality as Simulational Place of De-Localization

This school of thought considers virtuality as places of de-localization – “the outcome of highly technologized forms of representation” (Dholakia and Reyes 2013, P. 1582; see also Eco 1973/1990; Murray 1997; Rheingold 1992; Stone 1991, 1996; Tomas 1996). The concept of virtuality, from this perspective, is not very new. Before

digitization of virtuality, there was virtual. In early text-based forms, virtuality has existed since antiquity – for example, Homer’s *Odyssey* – but in the form of literary “created worlds” (Shippey 1983). Most modern observers credit the encompassing ‘Middle-Earth’ conceptualization in *The Hobbit*, published by Tolkien in 1937, as a watershed event in the careful crafting of literary virtual worlds as place/space. In an interviews about his book on Tolkien, *The Road to Middle-Earth*, Tom Shippey (1983) noted that Tolkien “opened up a new imaginative space... the world of dwarves and trolls and elves and wizards (and so on) with a map, with a consistent history and geography, which feels as if it is infinitely extendable.”

From the mid-20th century, the digital technological advances – the emergence of computer and Internet, etc. – have been so dramatic that the role of technology has overshadowed the literary-artistic fantasy and made the contemporary virtuality increasingly interactive, immersive, engaging, even addictive (Dholakia, Reyes, and Zhang 2013). Friedman (1999) observes that “[e]scaping the prison-house of language which seems so inadequate for holding together the disparate strands that construct postmodern subjectivity, computer simulations provide a radically new quasi-narrative form through which to communicate structures of interconnection”. Consequently, as Shields states, in his *The Virtual* (2003), “computer-mediated communication reintroduces virtuality as important presences ... in the form of digital simulations for play and by which future trends and actualities are anticipated and prepared for” (Shields 2003, p. 44).

Since the digitization of virtuality, the key virtual settings have evolved from “video place” (a term coined by Myron Krueger in 1970s), cyberspace (coined by

William Gibson in 1980s), and followed by Massively Multiplayer Online Role Playing Games (MMORPG) and later the social virtual worlds (Jung and Pawlowski 2014). The most important attribute of these virtual settings is a spatial metaphor (Slater 2002) – a space where users can create iconic symbolic representations (e.g., avatars) to play, walk around, explore a bit/a lot, and socialize with others, etc. The real physical location of the user becomes less irrelevant.

Virtuality as place of delocalization is an ambiguous experience at best to users as well as to early researchers of virtuality. On the one hand, unlike the abstract literary vision of virtuality, virtuality is constructed and experienced in the form of digital representations through such as rooms, places, sites, worlds, and accessible through browsers and portals. For instance, *Habbo Hotel* consists of rooms and hallways, *World of Warcraft* servers contain seas and continents, while *Eve Online* carries a small galaxy of stars.

On the other hand, there is an emphasis on the complexity of such cybernetic places of delocalization – “A graphic representation of data abstracted from the banks of every computer in the human system. Unthinkable complexity.” (Gibson 1984, p. 51). Similarly, Slater (2002) describes virtuality as “a space of representation that can be related to ‘as if’ it were real, and therefore effects a separation from, or even replacement of, the ‘really real’. It therefore contrasts with several terms that might characterize the offline world; ‘real’, ‘actual’ and ‘material’ being the central ones (Shields 2000). The extreme point of virtuality, which exercised much of the early literature, is the idea of ‘virtual reality’: a space of representations in which all one’s senses are exposed to coordinated representations such that the experience is completely immersive.” (p.534).

And, virtual reality is regarded primarily as technology (Heim 1998). Such description of complexity of the virtuality as place of delocalization is consistent with Baudrillard's ultimate level of simulation exemplified by Disneyland. To Baudrillard (1981/1988, p. 172):

Disneyland is presented as imaginary in order to make us believe that the rest is real, when in fact all of Los Angeles and the America surrounding it are no longer real, but of the order of the hyperreal and of simulation. It is no longer a question of a false representation of reality (ideology), but of concealing the fact that the real is no longer real, and thus of saving the reality principle.

As such, these places of representation and communication that exist across increasingly complex and fluid networking matrices cannot be easily mapped clearly on offline space; and at the same time, such virtual places themselves can and must be mapped (Slater 2002).

In summary, the “virtuality as place of de-localization” perspective emphasizes the role of digital technology in creating and developing the virtual world, via representation, as a *place* with its own characteristics that are different than reality, with the intent to immerse the users; and this perspective is theatrically concerned about the distinction between the “virtual” versus “real”.

2.3.3 Virtuality, Simulation, De-Localization: Perspectives on Virtual Consumption

From this theoretical perspective, the virtual consumption studies seem to have evolved from initial focus on defining and categorizing the virtual worlds and virtual goods, enabling legal uses of virtual world and virtual goods (e.g., legal status of virtual

goods, taxation of virtual goods sales, etc.; which is related to whether virtual consumption can be considered as “consumption”, see for example Fairfield 2005), to examining the motivations of virtual consumption (e.g., utility and attributes of the virtual goods and their relationship with virtual consumption, etc.; which is related to the questions why consumers spend “real” money on “virtual” goods, Castronova 2002), and designs of virtual goods and virtual worlds and business model based on different access to “place” mode (e.g., questions related to how to create a virtual environment that is immersive for the users, see for example Lombard and Ditton 1997). Some representative studies are discussed in the following narrative.

2.3.3.1 Virtual worlds

There are different definitions of virtual worlds in study of virtual consumption. Most researchers (e.g., Bartle 2003; Jakobsson 2006), however, agree that virtual worlds can be understood as computer programs that constitute an environment where users can interact with each other. The most important attribute of a virtual world is a spatial metaphor – users interact with each other in a system of symbolic forms (Flichy 2007; Froy 2003; Hansen and Hansen 2006; Venkatesh 1999) through their avatars which are graphical representations of themselves, and physically independent of the body (Kang and Yang 2006).

There are at least two types of virtual worlds: online gaming worlds and social virtual worlds. Online gaming worlds – such as *World of Warcraft*, *EverQuest*, and other MMORPGs – have predefined themes (always) and plots (sometimes) that guide users’ performances. Developed from MMORPG, social virtual worlds can “feel” like an animated computer game. What characterizes the social virtual world is that the users

create their own experiences without predefined themes and plots. As such, social virtual worlds are awash with the ideas of community, social interaction, the meeting of the minds, and virtual consumption.

Based on the types of appeals to different users, social virtual worlds can be further classified into three subtypes:

(1) Social virtual worlds that focus on enabling conversation among users and are often comparable to 2D/3D chatrooms. Examples include *IMVU* in USA and Tencent *QQ* in China.

(2) Casual social gaming virtual worlds, which focus on users playing smaller, casual games within the virtual world. Examples include *Happy Farm* on Tencent (China), *Farmville 2* on Facebook (USA), and *Habbo Hotel* (Finland). The themes in such games are not elaborate as they are in a major game such as *World of Warcraft*.

(3) Virtual worlds for content creation, which enable users to create their own content. *Second Life*, a virtual world established by Linden Lab, is an example of such a virtual world.

2.3.3.2 Virtual goods

In studies of virtual consumption, there are a lot of terms for virtual goods such as virtual property (Fairfield 2005), virtual assets (Mennecke et al. 2007), and virtual items (Guo and Barnes 2007). Most agree, however, that what characterizes virtual goods and separates them from other goods/services are: 1) unlike tangible products, virtual goods are intangible and do not need to be shipped; 2) unlike information goods (such as online music, software and DVD), virtual goods are rivalrous, not permitting sharing – one person's use of a virtual good excludes others from using it; 3) unlike services, virtual

goods are not perishable and can be owned and resold (Lehdonvirta 2009). Table 2.1 shows a summarized comparative profile of virtual goods discussed in prior literature.

Table 2.1: Comparison of Physical Goods, Services, Information Goods and Virtual Goods

<i>Types of Goods</i>	<i>Characteristics</i>		
	<i>Tangibility</i>	<i>Sharability</i>	<i>Perishability</i>
Physical Goods	Yes	Yes	Yes
Services	No	No	Yes
Information Goods	No	Yes	No
Virtual Goods	No	No	No

Source: Author’s summarization of literature on these formats

Based on such differences, for the purpose of this dissertation, this dissertation research conceptualizes virtual goods in this research as non-physical objects that are purchased and exchanged on the Internet represented by pictures, animations or three-dimensional objects inside online platforms, communities and games.

According to Sundelin (2009), virtual goods can be classified into three groups, based on the purposes the virtual goods serve. The first group of virtual goods consists of functional virtual goods. Functional virtual goods are usually used in online games. Virtual goods of this group can be used to provide convenience or game play options for the player, such as advance in the game, time saving, and lower risk. The second group of virtual goods represents decorative virtual goods. Similar to branded physical goods, decorative virtual goods are used to express individual personalities, gain status, impress others, and to give a sense of belonging. Virtual goods of this group can be virtual pets or furniture or virtual clothes, shoes, jewelry or other accessories to dress up an avatar in a virtual social world or in an online game. The third group of virtual goods is composed of virtual gifts. Virtual goods of this group can be either functional or decorative goods.

Users in virtual worlds either purchase virtual goods with real money and/or virtual currency, or earn the virtual goods through actions taken in Virtual worlds (Salomon and Soudoplatoff 2010). Figure 2.2 shows the main types of virtual goods.

Figure 2.2: Main Types of Virtual Goods



Functional virtual goods
Mafia Wars (USA)



Functional virtual goods
Farmville (USA)



Decorative virtual goods
Tencent *QQ* (China)

2.3.3.3 Enabling legal uses of virtual worlds and virtual goods

Traditionally, “consumption” was defined as the process where real/tangible properties are being produced, exchanged, and then consumed, until they disappear or fade and lose their value (Wilk 2004). In the present virtual consumption phenomenon, however, nothing is consumed in the sense of something tangible (Castells 2000; Tapscott and Williams 2006; Anderson 2006) that is devoured or disappears, which raises the question as to whether virtual goods should be regarded as real property in the legal sense (Grimmelmann 2004; Lastowka and Hunter 2004), and whether virtual consumption can be considered as consumption and get legal protection.

Fairfield (2005) offers the most conclusive explanation that virtual goods are real world property. First is rivalrousness, which lets the owner exclude other people from using the owned objects, indicating that owners of virtual goods have exclusive control

over their property. Second is persistence, which protects the investment by ensuring that it lasts. Third is interconnectivity, which lets the owner and other consumers experience or interact with the objects, indicating that virtual goods can serve as the medium to interconnect consumers' interactions. As such, virtual property should be treated as real-world property, and notions of property rights and taxation can be extended to virtual property.

Balkin (2008) argues that the law can support the adoption of open standards and common platforms for virtual consumptions and protect the interests of virtual world users. Similarly, the law can certainly encourage the flourishing of virtual consumption in general (Lin 2004).

2.3.3.4 Motivators of virtual consumption

Castronova (2002) examines economic agents and processes in virtual consumption. Using the data he collected from *EverQuest*, he calculates the exchange rate of game currency against US dollar and the value of virtual goods generated during an average hour of game. Castronova concludes that virtual consumption is in line with models of microeconomic theory that apply to real world consumption. Other researchers (e.g., Huhh 2008) also use microeconomics theory of supply and demand to explain the growth of virtual consumption.

Others try to explain consumers' motivation of virtual consumption through the attributes of the virtual goods. Based on the technology acceptance model (Davis 1989), Guo and Barnes (2007) identify the "individual determinants" for virtual consumption as "performance expectancy", "performance enjoyment", and "desire to enhance character competence" in games.

Oh and Ryu (2007) classify virtual goods as ‘functional’ or ‘ornamental.’ A ‘functional’ virtual good is bought to increase an avatar’s ability to compete while an ‘ornamental’ virtual good is bought for decorative purposes.

In his study of virtual consumption in *Habbo Hotel* (a virtual social world), Lehdonvirta (2009) develops a scheme composed of ten attributes (functionality, performance, visual appearance and sounds, background fiction, provenance, customizability, cultural references, licenses, price, and rarity) and investigates these attributes’ influence on purchase decisions. Lehdonvirta (2009) finds that virtual consumption is related to collecting, decorating, and self-expression. Collecting involves the collection of rare, expensive or otherwise notable items, while decorating involves the use of virtual items for self-expression and aesthetic purposes.

2.3.3.5 Designs of virtual goods and virtual worlds

Many researchers (Lombard and Ditton 1997; Reyes and Adams 2010; Riva, Davide and Ijsesteijn 2003) advocate for maintaining the distinction between real and virtual to achieve the aesthetics of virtuality, in terms of quality of interactivity, presence, and immersion in both MMORPG games (e.g., *World of Warcraft*) and social virtual worlds (e.g., *Second Life* and *Habbo Hotel*).

Among the different virtual worlds, Cagnina and Poian (2009) develop a radar map to identify different design emphases. They suggest that for MMORPG, the design emphasis should be on the achievement, and the sociality for social virtual worlds.

With emphasis on achievement in MMORPG, it is important to maximize the technological possibilities of improved computer memory to create environments that are not only more persistent but also more dynamic, focusing on the value of unique re-plays,

which not only make the games feel more like ‘worlds’ – because every player’s game takes unique turns thanks to the complex programming of affordances typical of simulations – but also enhance the value proposition for consumers (Dholakia, Reyes, and Zhang 2013).

With emphasis on sociality in social virtual worlds, the user-generated content focuses on social interactions that happen in an environment that resembles a giant contemporary Western indoor space (Lehdonvirta, Wilska and Johnson 2009), filled with “different kinds of ongoing events, competitions, quests and other happenings, most of them created by the users themselves” (Sulake Labs 2012).

2.3.3.6 Business models to engage users in virtuality: access to the “place”

The first generation of virtual worlds such as *Habitat and Compuserve* CB Chat Simulator was ‘free to play’ through dial-up internet access – metered by the hour – was expensive. Clearly, the purpose of offering these free games and online chat service was to incentivize the purchase of internet access, and time spent in-world was essentially purchased by the hour.

The next generation of MMORPGs, such as *EverQuest* and *World of Warcraft*, would also monetize in-world time, though differently – via monthly subscription fees paid to the game company itself. Unlike time-based models, or monthly subscription models, in which access to the virtual worlds as a “place/space” is provided for a fixed number of pre-paid hours, virtual goods sales model (also called free-to-play model or freemium model) allows users to enter the place for free, and generates revenue for online operator via the sale of virtual goods in the virtual worlds to engage the users (Nojima 2007). Two notable examples here include *Habbo Hotel* and *Second Life*.

Likewise, according to Niko Report (2010), Chinese gamers are less willing to pay-to-play or subscribe monthly to MMORPG games, but willing to pay extra for virtual goods such as weaponry that helps them advance in the game and improve play experience. Recognizing this trend, Shanda, a leading MMORPG company in China, and other companies, offer free access to games and make money by selling virtual weapons and other accessories (Eyring, Johnson, and Nair 2011).

2.4 Virtuality as Social Place of De-Realization

Let us turn the discussion to another major theme: de-realization. This school of thought considers virtuality as places of de-realization – “places that are obviously to some extent removed from, or in suspension with, everyday reality” (Dholakia and Reyes 2013, p. 1584; see also Slater 2002). With this metaphor, the distinction between virtual versus real is no longer simply a technological one as asserted by “virtuality as simulational place of de-localization” perspective. Rather, such distinction, from virtuality as social place of de-realization perspective, takes on social and cultural dimensions, and offers the ground for “a realization of an intellectual trajectory of on poststructuralism, postmodernism and (post)feminism” (Slater 2002, p. 537). Baudrillard (1981) posits that the world now is constructed through simulacra and simulations, a world of self-referential signs in a simulated environment where realities constantly are constructed and consumed. Virtuality connects with such hyperreality in a way that consumers construct their own realities in virtuality (Firat, Dholakia, and Venkatesh 1995; Venkatesh 1999). Kozinets (2010) states that “online communities form or manifest cultures, the learned beliefs, values and customs that serve to order, guide and direct the behavior of a particular society or group” (p. 12).

The social and cultural dimensions of virtuality as place is characterized by two related ideas. The first is disembedding – virtuality frees people not only from their geographic locations, but also the social principle of linearity, hierarchy, and control in RL (Giddens 1990). Such a notion of “disembedding” gave rise to the claim that the new media can sustain communities that are largely or entirely virtual (Slater 2002), and are governable by users inhabiting these virtual communities with the principles of openness, non-linearity and free communication and interaction (Bucher 2004). For example, Huizinga (1955) theorized games as taking place within a “magic circle”. When participants enter this circle – wherein certain actions take on new meanings in the setting of a game (e.g., chess board, football field) – different rules apply compared to outside the ‘magic circle’. Play, thus, amounts to a type of virtual reality, even in physical face-to-face settings. Participation in such activities is existentially crucial for *homo ludens*, or “man the player” (Huizinga 1955). The best summary of such “disembedding” comes from ‘Declaration of the Independence of Cyberspace’ by Barlow (1996), in which he states that “cyberspace does not lie within your borders (of reality)... It is an act of nature and it grows itself through our collective actions”. For him, virtuality is a global social space, independent from RL – ending not only the concept of geography, but also history and politics in RL (Mosco 2004), and entering a world that “consists of transactions, relationships, and thought itself” (Barlow 1996).

As such, this school of thought has theorized virtuality as new social place which constitutes a “strange counter-cultural world” (Slater 2002), where net libertarianism involves a claim to total freedom such as freedom of speech and freedom of interaction, and association, and opposition of offline regulation such as censorship.

The second idea is disembodiment – people’s online identity is separated from their physical presence, allowing people to engage in communication and interaction anonymously (Slater 2002). Poster (1998) suggests that virtuality, as social space of de-realization, creates its own universe that is very different and separate from the real, and “by directly tinkering with reality and constituting a simulational culture, a simulational practice is set in place which alters forever the conditions under which the identity of the self is formed” (p. 262). Such idea has been extensively researched in academic accounts of virtual experiences (e.g., Cooper, Dibbell, and Spaight 2007), with focus on the discussion of the authenticity of identity versus the performance. First, users can – and in most cases, in virtual worlds, are required to – perform any identity of their choice via a new bodily form (e.g., avatar), which might not be possible or conceivable in reality that is constrained by social and bodily physics. Second, users can take on multiple virtual identities simultaneously. For example, users can have different avatars in different virtual worlds such as *World of Warcraft*, *Second Life* and *Habbo Hotel*. This “aggregate” self is not consistent with the “single” self, conceptualized by Belk (1988), and lends the theoretical support to postmodern view of fluid and multiple personalities (e.g., Firat and Venkatesh 1995). Third, because the presence of online self is through performance, the users can liberate from the authenticity of identity – their identities in RL (Slater 2002).

In summary, both of these characteristics of virtuality as social place of de-realization – disembedding and disembodiment – emphasize the virtual world as a separate space that has its own culture and “removed from everyday reality,” or in other

words, there is disjuncture between the online and offline reality, suggesting a departure of the users from the “real reality” to “virtual reality.”

2.4.1 Virtuality, Sociality, De-Realization: Perspectives on Virtual consumption

This perspective views virtuality as a new type of social space in its own right (Slater 2002). New forms of sociality and identity that are generated within this new types of social spaces or places, across MMORPG and online avatar-based social platforms. This theoretical approach, with common themes of “disembedding” and “disembodiment”, proposes that virtual worlds be understood as sites of alienation/escapism, as well as liberation/rebellion, a theme that is discussed next.

2.4.1.1 Virtual world as a place of alienation/escapism

In virtual worlds, several factors – the obvious lack of correspondence to offline contexts or even creation of online cues opposite to what happens in offline RL (e.g., killing and shooting are the overarching themes of many games) and exotic identities (e.g., roles set by the online game rules) – have created a distinctive virtual sociality that may help foster relationships quickly (Bargh, McKenna and Fitzsimons 2002), but also allows escaping from conventional daily life. This has raised concerns that there are no meaningful interactions in such relationships, and such interactions even distract from building offline relationships that could help to fill the needs for sociality and companionship (Wellman et al. 1996).

For example, Duchenaault et al. (2006) found that *World of Warcraft* players do not play with one another as much as they play around one another. The social world of this online environment is focused primarily on in-game achievements, not role-playing

or chatting with friends; yet this does not mean it is asocial, only a different kind of sociality that responds to the design of the world as a game.

Denegri-Knott and Molesworth (2010) found that the failure of the material marketplace to sustain pleasurable cycles of desire may encourage consumers to turn to virtual worlds that stimulate new desires and new forms of actualization of day dream and fantasy, such as an experiment and trip to other worlds, and ownership of digital virtual luxury goods. In a sense, virtual consumption becomes an arena for escape from the material world of unmet desires.

Apart from alienation/escape, virtual worlds have been also studied as places of liberation/rebellion, to which we turn next.

2.4.1.2 Virtual world as a place of liberation/rebellion

Unlike the real world where there are things the users do not like or agree with, users in some virtual worlds have the power to create a comfort zone and a carefree environment where things fit users' criteria. As the result of such liberation, "the more ecstatic the promises of new, possible (virtual) worlds, the more problematic the concept of the (real) world becomes" (Nunes 1995, p. 314).

Virtual worlds enable people to develop and express their self-identities with greater freedom. For example, users on Facebook can remove an identity heckler by "unfriending", or, users in virtual games can delete each other and treat each other like inanimate objects – just as they are able vanquish an enemy on a video screen with a touch of a button (Turkle 2011). As such, users in virtual worlds can express the identities that they perhaps would have been hesitant to express in RL.

Barber's (2007) study shows that for online gamers in post-socialist China, communist creed that represses play in the name of self-sacrifice and hard work has been replaced with the new consumption orientation that encourages playfulness and an obsession with youthful spontaneity and rebellion.

2.4.1.3 Virtual identity crafting and consumption

The economic idea of maximizing utility as asserted by virtuality as simulational place of delocalization is somewhat dated. Digitally savvy consumers increasingly participate in symbolic shopping, especially in the era of digitized virtuality, and make purchase decisions increasingly based upon their identity or identity they wish to project or communicate to others. Most research – from “virtuality as social place of de-realization perspective” – has therefore been conducted on virtual identities and virtual consumption in construction of identities, in virtual settings (e.g., Denegri-Knott and Molesworth 2010).

Expanding on the idea of “disembodiment”, researchers have studied identity within virtual settings, with the focus on the change of gender and/or race when going virtual. Generally, as Ostwald (2001) and Nakamura (2002) show, in online virtual social worlds such as 2D online chat rooms (*QQ chat*) or 3D virtual social environments (e.g., *Second Life* and *HiPiHi*), consumers have the option to detach themselves from their real identities of their offline lived reality and the opportunity to take on various range of virtual identities of their choice. Indeed, such consumers go on “identity tours” (Nakamura 2000), and end up with an “aggregated self” by experimenting and constructing their new digital selves via the avatars (Belk 2013). Essentially, the term of

‘identity tourism’ resonates with some of the ideas of Firat et al. (1995) about the fluidity of postmodern identity.

In terms of the role of virtual consumption in construction of identity in virtual settings, previous studies have been focused on how virtual consumption facilitates the realization of fluidity and multiplicity of identity. For example, in Kelly’s study of social media (2011), the ability to choose one’s appearance/identity and purchase the particular clothes and services to “spruce up” one’s avatar and virtual identity is one of the most appealing advantages of virtual worlds over the real world (Lastowka and Hunter 2004).

Likewise, Denegri-Knott and Molesworth (2010, p. 125) argue that: “if the use of commodities for the construction of identity stems from a loss of traditional sources, then the use of digital virtual experiences accepts and encourages transient and fragmented selves rather than providing something more concrete. This seems like a good way to ensure that individuals continue to buy into the simulations that allow a fleeting sense of identity.”

2.5 Discussion of Perspective of Virtuality as Place

As discussed above, this school of thought – virtuality as place – attempts to explore the correlation between the general characteristics of the new place (virtual world) and virtual consumption, independent of the larger place, the RL network and social settings, in which they are embedded. This perspective assumes that the virtual worlds that consumers inhabit, by themselves and within their own ‘magic circle’, generate utilities desired by consumers or foster a new type of culture within that circle (e.g., alienation/escapism, rebellion/liberation); and thus, virtual consumption flows naturally and effortlessly, without reference to the prevailing “social conditions” (e.g.,

political economy of access, material and symbolic power) (Slater 2002). Further, consumers' role in virtual consumption can vary, they may or may not engage in virtual consumption, depending on their skills and economic and cultural capitals – “they may not choose to do or to value [virtuality], and which they need to accomplish through highly reflexive skills in using the communicative potentials of the various Internet media” (Slater 2002, p. 593). Such a perspective of “virtuality as place” has both advantages and challenges in the study of virtual consumption.

The first advantage is that this perspective of “virtuality as place” suggests the distinction from RL and lends support to the boundary between virtual and RL. This gives rise to “the ‘ludic’ quality eloquently described by Stone...” (Wynn and Katz 1997, p. 305), and “state of suspension between these conditions” (Robbins 1996, p. 92). Both of these are parts of the myth of virtual culture (Dholakia, Reyes, and Zhang 2013; Dholakia and Reyes 2013) that this dissertation research aims to address. Particularly, in the Chinese context – where the me-culture (elaborated in Chapter 4) is prevalent in the virtual world and the larger social context (offline RL) where the we-culture still prevails – the relationship between virtuality and reality has serious implications for personal and collective lives (Robbins 1996, p. 92). Taking this perspective of “virtuality as place”, Chapter 4 will examine the reality and virtuality in China – a unique context that suits virtual worlds and virtual consumption.

The second advantage (outside of the scope of this dissertation research), as Slater (2002, p. 542) suggests, is that place-oriented research is useful as it “focuses attention on the media-specific and is a way of unearthing the radical potentials of the new technology”.

For example, some researchers, while recognizing that technological development is essentially part of the social domain, thus agreeing with Slater, but argue that technology's impact might be greater than anticipated. Lin (2004) argues that virtual consumption could be "Second Life" of the earth, as "when we acquire, collect, or give digital objects as gifts, we are not using up valuable resources as we would with analog objects" (Belk 2013).

Varisco (2007) further notes that if human beings become cyborgs in the future, then humans will be more like the machines that enable cyberspace rather than be part of the online culture: "the illusion of material existence".

On the other hand, there are some definite theoretical challenges to the perspective of "virtuality as place". Five challenges can be identified:

(1) First is the challenge of technological determinism and the viewpoint of consumption based on the utility of the products. With technological determinism, one is likely to ignore: (a) the virtual world as a possible site for construction of multiple identities; (b) the cultural meanings the consumers may attach to virtual goods. Indeed, the virtual/intangible nature of the virtual goods, as a kind of experiential goods, suggests that virtual consumption is prone to subjective interpretations, which can be heavily influenced by consumers' cultural background and social context; and (c) other environmental factors that may condition virtual consumption. For instance, "different IT skills and the kinds of material and symbolic power" (Slater 2002, p. 542) required to engaged in virtuality and consequently virtual consumption.

(2) The second challenge is related to the relationship between virtual worlds and RL. In recent years the voices challenging the division between cyberspace and RL have

grown in intensity. Unlike virtual worlds, at its early stage, as a generally separate place in which multiple identities can be constructed through one's own imagination, without the direct influence of cultural assumptions and social stereotypes (Greenhill 2000), the digitization of virtuality, along with broadband and mobile internet, has in recent years changed the meaning of virtuality a lot. Miller and Slater (2000, p. 5) suggest that "we need to treat Internet media as continuous with and embedded in other social spaces". Chandra (2003) states that "if the social construction of what technology is and how it is bounded off from the social, are prior ontological events, then the so-called individual projections about technology must be artifacts of that social construction, not of the subsequently defined element labeled 'technology'" (p. 31). Varisco (2007) similarly argues that "cyberculture as an imagined space escapes the philosophical stalemate in the representation of reality problem, because it is obviously a recognizable byproduct of technology, and distinctly a superorganic mode of relating to the imagined selves of other people."

As such, while there is the distinction between virtuality and RL and thus the boundary between them, as discussed as one of the advantages, much of the literature and research into the boundary between the two places, unfortunately, has focused on the screen – a disconnection between virtuality and RL. For example, the virtual world as a site of "alienation/escapism" or "rebellion/liberation" overstates the departure from the RL to virtual world and virtuality as a separate site for consumers to inhabit, and cannot account for the fact that many consumers use consumption practices to navigate between virtual worlds and RL, and construct coherent self and gain social membership in RL.

(3) The third challenge is related to distinctions within the virtual worlds.

Virtuality as place is (a) either considered and studied as a unified cultural phenomenon, as opposed to the fact that distinctions exist between the virtual worlds (e.g., MMORPG, avatar based social platforms, social networking sites; online discussion forum, etc.) and different types of virtual goods (functional virtual goods, decorative virtual goods, and virtual gifts) that might be used in different ways and in different combinations, and as such there are possibly different cultural meanings attached to them by consumers, or (b) studied partially with one type of virtual world only. For example, in recent years, the *Second Life* or *Habbo Hotel* have been the research focus for many researchers.

(4) The fourth challenge regarding fragmentation of identities is related to the second challenge – the division between virtuality and RL. Admittedly, postmodern conceptions of identity as ludic and multiple (e.g., Denegri-Knott and Molesworth 2013) have been further fueled by virtuality that allows consumers engage in “identity tourism”, but it should be duly noted that these are countered by the environments and social contexts in which virtuality exists. While “the self is decentered, dispersed, and multiplied in continuous instability,” (Poster 1990 p. 6.), there are diverse demands that need to be negotiated (Turkle 1995), and confrontations among aggregate selves when facing a potential consumption choice (Ahuvia 2005; Bahl and Milne 2010).

(5) The fifth challenge is related to the role that marketing plays in virtuality. Although consumptionscapes could be shaped to some extent by the singular logic of profit and growth, in their earlier stages, the creators of virtual consumptionscapes – games as well as metaverses – are driven more by forms of ludic logic than by money. Rather than profit-seeking accountants and finance specialists, creative designers – often

impelled by motives of being innovative and unique – drive the early phases of development of games and metaverses. Dholakia and Reyes (2013) argue that virtual worlds are more than “representations”, “a bias toward issues of representation, or of virtual places, such as that epitomized by Baudrillard’s early work, leads away from the core of the marketing concept,” and “for marketing, the crux of the matter begins with the industrialization of virtuality and the social implications of a (real) world saturated with less-than-real products, experiences, and spaces for consumption” (p. 1581). Such a shift into a ‘markets’ phase, from technological space and consumptionscapes, brings strong commercial compulsions in the design, promotion, and management of virtual worlds (Cagnina and Poian 2009).

2.6 Virtuality as Practice/Process of Re-Localization and Re-Realization

2.6.1 The Concept of Virtuality as Practice/Process

The limitations of the virtuality as place approaches to virtual consumption and marketing has become increasingly apparent to marketing scholars and led to realization that understanding virtuality cannot be achieved by just place-reoriented research. It is important to bring in and cross-breed the conceptual approaches from the social sciences and from applied fields like marketing and business strategy.

In recent years, in contrast to the conceptualization of virtuality as place, some research has been focused on developing a new perspective to study of virtuality that emphasizes understanding of virtuality as *practice* from the consumer’s perspective (Slater 2002; Miller and Slater 2000), and *process* from the firm’s perspective (Dholakia and Reyes 2013).

2.6.2 *Virtuality as Practice of Re-Localization and Re-Realization*

Largely from a consumer perspective, Miller and Slater (2000) and Hine (2000) conceptualizes virtuality as a matter of social practice – “in this approach, virtuality is not a premise... on the contrary, it is a social accomplishment – something that participants may or may not choose to do or to value, and which they need to accomplish through highly reflexive skills in using the communicative potentials of the various Internet media” (Slater 2002, p. 539). This view of virtuality as practice has its root in ‘social construction of technology’ theory (Hughes and Pinch 1987) and ‘dual capacity of communication’ model (Sitkin et al. 1992; Orlikowski 2000). Social construction of technology theory (SCOT) holds that (1) human action shapes technology, rather than technology determines human action; and (2) how technology is used should be studied in the social context where the technology is embedded. Orlikowski (2000) argues that “while users can and do use technologies as they were designed, they also can and do circumvent inscribed ways of using the technologies” (Orlikowski 2000, p. 407). From SCOT point of view, the use of media, in general, is influenced by both senders’ and receivers’ attitudes and behaviors, their knowledge and expertise of the medium, and normative contingencies (e.g., cultural norms). In a similar vein, ‘dual capacity model of communication’ further argues that the characteristics of task perceived by the users also influence the choice of medium.

2.6.2.1 *Virtuality as practice of re-localization: navigation between virtual worlds and RL*

This school of thought considers virtuality as practice of re-localization – navigation between online and RL boundaries. Miller and Slater (2000, p. 5) suggest that “we need to treat Internet media as continuous with and embedded in other social spaces”. Through this theoretical lens, this perspective focuses the discussion less on the

characteristics of the media, and more on how Internet media need to be interpreted and used in an offline social world, and how consumers navigate between their online lives and RL.

The logic behind this shift in research focus is described by Slater (2002, p. 545) as “it is fairly pointless to look abstractly for correlations between the variables of media ‘characteristics’ and communicative practices when participants are busily redefining both across times and places.” With the relationship between virtuality and RL social practices becomes “an issue for participants or users and that they may come up with quite different responses to it” (Slater 2002, p. 539). As such, “virtuality is clearly not a feature of the media but one social practice of media use amongst many others” (Slater 2002, p. 544).

Slater (2002, p. 534) further points out that “past media (e.g., TV) have seemed to constitute new forms and spaces of sociality, they have (however) quickly been absorbed into everyday practices as utilities.” This dissertation research will investigate whether there is any difference in the case of virtuality as Internet media and how consumers integrate their virtual experiences in general and virtual consumption experiences in particular into their daily lives. To that end, we draw on Robbins (1996) study in which he argues that (p.92):

[t]hrough the development of new technologies, we are, indeed, more and more open to experiences of de-realization and de-localization. But we continue to have physical and localized existences. We must consider our state of suspension.

For most part, prior studies, from perspective of “virtuality as practice”, have discussed the suspension between social and technological boundary, real and virtual boundary, and how consumers navigate across these. For example, in a study of social/technological boundary, while recognizing that “we would have to bear in mind the inherently dynamic, volatile, contested, unstable, and multiplicitous nature of place” (van Loon 2002, p. 93), Hine (2002) argues that “Internet media are potentially diverse but locally stabilized”(Hine 2000, p. 12). Such practice involves “monitoring what other people are doing online as well as on the place of these technologies in one’s offline life. Through this, the technology is stabilized by users themselves” (Hine 2000, p. 12).

In study of real/virtual boundary, Turkle (1995) describes two types of relations between online and offline experiences: (a) immersive experiences with deep seriousness, and (b) playful uses of virtual spaces with less seriousness. And, identification with online life would be compromised if participants confused online experimentation with RL (Turkle 1995). To Turkle, the distinction the consumers can/need to make between virtuality and RL is essential to their mental health (Turkle 1995), or they may suffer from “dissociative identity order” (Ross 1999).

2.6.2.2 Virtuality as practice of re-realization: the project of construction of coherent self

This school of thought considers virtuality as practice of re-realization – a project by which consumers construct a coherent self, a practice of necessity and social survival.

In virtual worlds where virtual goods are diversified and may serve different purposes, early studies, from the perspective of virtuality as place, have focused on the loose identities and confrontations among aggregate selves when facing a potential consumption choice (Ahuvia 2005; Bahl and Milne 2010). In contrast, from ‘virtuality as

practice of re-realization' perspective, Varisco (2007) argues that unlike the “being in the world” is necessary for human being to exist in this society, interacting online is still a choice to be made – “none is actually born online; death in cyberspace is simply going offline”. The human being just can act on what they say or hear via web, but what ultimately matters is when human beings do in the real social world where they are situated in the different social categories.

Indeed, in today's modern societies, the self is no longer defined by family name or social class, it is 'constructed' – a lifelong project that needs to be worked on (Giddens 1991). The selves that are constructed are the responsibility of the individuals who work out their identity issues largely in social life (Taylor 1989), and increasingly – for a rapidly growing number of individuals – a substantial portion of that social life is conducted in virtual settings. Such “identity projects” aim at securing a reasonably strong and coherent self as a basis for social relations (Knights and Willmott 1989). Especially, as in virtual worlds “wherein every action and transaction generates information about itself” (Andrejevic 2007, p. 2), it is crucial for consumers to actively reconstruct their identities while inhabiting there; and at the same time, consider the social context of RL as well. In this dissertation research, it is crucial to ask for the role of virtual consumption practice in stabilizing identities and constructing coherent selves.

2.6.3 Virtuality as Process of Re-Localization and Re-Realization

Largely from a firm's perspective, Dholakia and Reyes (2013) suggest that virtuality should also be understood as the process, or “the means by which virtualization is realized.” (p. 1580). This section classifies the process perspective discussed by Dholakia and Reyes (2013) further into two groups: (1) the processes of “re-localization”

– managing the virtual worlds by means of transmediation connecting the virtual world with other media (Grace and Troisi 2012); (2) as the processes of “re-realization”, managing the consumers by the means of documenting consumers (e.g., Web tracking, polling, surveillance, etc.) and priming consumers (Sawchucuk 1994; Dholakia and Reyes 2013).

2.6.3.1 Virtuality as process of re-localization: managing the virtual worlds

This school of thought considers virtuality as process of re-localization – the marketing efforts by firms to connect the virtual worlds with other media and RL. From this perspective, past studies (Grace and Troisi 2012; Dholakia and Reyes 2013 and 2015) have focused on transmediation.

Dholakia and Reyes (2015) define transmediation as “the processes, methods, and technologies of carrying a storyline or narrative across multiple devices, screens, and media; attempting all the time to enhance and enrich the ways of engaging and interacting with the narrative.” (p. 2). The most common application of transmediation strategy is to extend the narratives of virtual worlds to other media to increase the access points to a central product/places and engage consumers across the virtual worlds and other media (Dholakia and Reyes 2013). The best example in the context of virtual worlds is Halo, which started as video game but then expanded to other media such as film, novels, and comics – a broader marketing context for virtual places (Dholakia and Reyes 2013).

Unlike the perspective of virtuality as place that emphasizes the technical domain in general, and unique characteristics of virtual worlds as Internet media in particular, transmediation is “culturally and not technologically driven” and focuses on managing “trans-market, trans-industry, and trans-national.” (Dholakia and Reyes 2015, p. 12). As

such “the transmediation is essentially a marketing strategy designed to overcome the limits inherent in contemporary processes of virtualization” that only focus on storytelling in most times (Dholakia and Reyes 2013, p. 1589).

2.6.3.2 Virtuality as process of re-realization: managing the consumers

This school of thought considers virtuality as process of re-realization – marketing efforts by firms to manage consumers, including their identities. Such processes are central to marketing, especially, “documenting and priming consumers are essential for populating and exploiting consumptionscapes, virtual or otherwise.” (Dholakia and Reyes 2013, p. 1584). The idea that companies try to manage consumers is not a new insight. It remains, however, a critical one. In particular, when one considers that virtual worlds provide opportunities for consumers to go on identity tours (Nakamura 2000), consumers’ identities become flexible and changeable, and are no longer associated with their gender, racial group, and/or physical origins. Furthermore, virtual consumption facilitates the realization of fluidity and multiplicity of the identity (Denegri-Knott and Molesworth 2010) as consumers purchase virtual goods to “spruce up” one’s avatar (Lastowka and Hunter 2004). All of these combined have created fertile ground from which a great number of threats can grow. For example, as a result of the allegations raised by Channel 4 (UK) that explicit sex chats were common on *Habbo Hotel*, at the time when *Habbo Hotel* was the world’s largest social virtual world aimed at teenagers, two of the *Habbo Hotel*’s biggest investors withdrew their investments (Bowater 2012).

In contrast to net libertarianism, it seems clear that the companies are moving in the opposite direction to document and prime consumers to take a particular path through

information networks (Dholakia and Reyes 2013). As part of such efforts, Facebook and other social networks, as well as some social game platforms, require the users to establish their unity with rights and responsibility, and encourage people to use their real identities when playing. Even the virtual gaming worlds have started to try a singular model of identity and to induce a greater sense of real presence of self in virtual worlds. For example, Activision Blizzard has provided options that allow players to use their real identities in a game (The Economist 2010). Similarly, EA Sports has developed an identity system where gamers can build a status around their single identity (Takahashi 2013). Such moves not only enable companies to have more control over the virtual worlds but also help companies gather more detailed and accurate information about consumers' activities and habits, based on which they can undertake more targeted marketing efforts.

2.6.4 Virtuality as Practice/Process and Virtual Consumption

Dholakia and Reyes (2013) as well as Miller and Slater (2000) point to process and efforts toward assimilation of virtual worlds into the consumers' daily lives. The relationship with social others in online and offline settings are interwoven and entangled (Miller and Slater 2000). In previous studies, the meaning of the involvement in virtuality has been much discussed by treating virtuality, in its own right, as a separate place (e.g., online community, digital self in digital world, etc.). The involvement in the virtual, in relation to other realities, while it is not "socially new" to consumers, is still "relatively unexplored" in previous literature (Slater 2002). So, in this dissertation research, it is worth asking how consumers integrate the various media, including the virtual worlds, into their existing social practices and identities, rather than disembedding from local

context (Miller and Slater 2000), and what role virtual consumption plays in such a process.

2.7 Summary and Conclusions – A Conceptual Frame and Revisiting Research Questions

The purposes of this chapter are twofold. First, the chapter reviewed the extant theories and developed an integrative – albeit a preliminary one at this stage – conceptual framework. Second, it identified the research questions in the investigation of virtual consumption that have not been addressed in extant work, and will be addressed in this dissertation research.

This chapter first reviewed and evaluated the merits and limitations of two perspectives toward virtuality – virtuality as “place of de-localization and de-realization” (the de-perspective) and virtuality as “practice/process of re-localization and re-realization” (the re-perspective), in the context of studies of virtual consumption. The review and discussions revealed that perspective of virtuality as “place of de-localization and de-realization” emphasizes the correlation between the general characteristics of virtuality (e.g., representation and simulation) and virtual consumption, independent of influences from the larger place – RL. It assumes that virtuality itself creates new forms of utilities desired by consumers as well as its own culture (of virtual existence) that induces virtual consumption. On the one hand, at the early stage of virtuality and virtual consumption studies, the de-perspective allows the researchers to conceptualize the virtual goods and virtual worlds, probes the motivations of consumers, and helps in the (product/platform) designs and business models of the firms operating in this space. On the other hand, however, the de-perspective *overstates* the disconnection between

virtuality and RL, *oversimplifies* consumer's experience of virtuality (e.g., escape to virtuality, rebellion/liberation in virtuality) and virtual consumption (e.g., meanings and role of virtual consumption in the "magic circle" of virtual worlds as help with realization of fragmented selves), and *downplays* the importance of marketing as representation and simulation.

In contrast to the somewhat older de-perspective of virtuality, the more recent perspective of virtuality as "practice/process of re-localization and re-realization" emphasizes the *connection* between virtuality and RL and virtuality as *embedded* in RL. Specifically, from the consumer perspective, virtuality is a matter of social practice that requires reflexive skills to connect their experience in virtuality with the RL (e.g., consumers navigate and negotiate between boundaries of virtuality and RL, while attempting to construct a coherent self), which is in line with the social construction of technology theory (Hughes and Pinch 1987). From the firm perspective, virtuality is the process of managing the virtual worlds (e.g., transmediation that connects virtual worlds with other media and RL) and consumers (e.g., connect the performance of identities in virtuality with real identity in RL) to provide broader marketing context, more control over the forms of virtuality, and more targeted marketing effort towards consumers. Such a perspective (the re-perspective) opens new space for investigation of virtuality and virtual consumption.

Drawing on the review and evaluation of existing and emerging perspectives on virtuality, this chapter extended and integrated these two perspectives (the de- and the re-) to develop a 3P view of virtual consumption conceptual frame (see figure 2.3), which consists of three underlying components: (1) the first P covers two *places* – reality and

virtuality, with reality as a larger *place* that – under certain conditions (China) – suits virtuality and promotes or hinders the growth of virtuality and virtual consumption, (2) the second P is for virtual consumption *practices* by which consumers manage to navigate and negotiate the boundaries of virtual world and RL, and (3) the third P refers to the marketing *process* that develop around those places and practices.

Figure 2. 3: Virtual Consumption: The Three P's View



Source: Author's conceptualization

Such a conceptual frame provides a broader theoretical lens – shifting the focus of study of virtual consumption in three ways: 1) from ‘virtuality only’ to both virtuality and RL that condition virtual consumption; 2) from consumers’ presence only in the “magic circle” of virtuality (e.g., Lombard and Ditton 1997) to consumers’ dual presence and dual roles in both virtuality and RL (e.g., navigation and negotiation between virtuality and RL); 3) from marketing’s limited role of “representation” in virtuality (Dholakia and Reyes 2013) to marketing’s broader role of managing the virtual worlds and consumers in broader context of both virtuality and RL (for example, in some cases, accommodating

consumers' busy schedule in RL by designing simple games, transmediation, gamification, augmented reality or AR approaches, etc.)

As such, each aspect of this theatrical framework raises unique and important issues that have not been addressed before and will be studied to analyze the dynamics of virtual consumption in China. The perspective of virtuality as “place of de-localization and de-realization” provides a pertinent angle from which to document the “suspension” between “virtual” reality and real “reality” of China. Identifying these suspensions is important for analyzing the adoption of or resistance to new purchase choices of virtual goods. The perspective of virtuality as “practice of re-localization and re-realization” by consumers is useful for examining how consumers navigate between virtuality and RL, and how they attempt to overcome these “suspensions”. Indeed, through various ways of self-control, compromise and negotiation, consumers (especially the Chinese youth studied in this dissertation) do seem to make progress in the construction of coherent selves. The perspective of “virtuality as process of re-localization and re-realization” allows for the broader scope of discussion on strategies and actions taken by the firms, based on the understanding of such “places” and “practice”. Table 2.2 provides a succinct summary of the key research objectives this dissertation aims to achieve and the questions that this dissertation explores to some extent.

Table 2.2: Main Research Objectives and Questions

<i>Research Objectives</i>	<i>Research Questions</i>
Establish theoretical framework for studying virtual consumption	1. What are the current status of research on virtuality and virtual consumption, in terms of theoretical and methodological developments?
From perspective of “virtuality as place”, investigate the unique China’s market context for virtual	2. What aspects of China’s virtuality and reality resonate well with or hinder the virtual consumption in China’s market?

<i>Research Objectives</i>	<i>Research Questions</i>
consumption	
From perspective of “virtuality as practice” (consumer perspective), investigate consumption practices taking place in virtual worlds but conditioned by RL social contexts, in China’s market.	<p>3. How the Chinese post-1990 generation consumers navigate and negotiate the boundaries between virtuality and offline RL, and engineer their own experience of virtual consumption?</p> <p>4. How do the consumption practices relate to and reconcile the different identities that the Chinese post-1990 generation consumers have in virtuality and their offline real lives, and how do they construct a coherent self?</p>
From perspective of “virtuality as process” (firm perspective), study marketing strategy that firms need to develop around those places and practices.	<p>5. What are the implications of the preceding questions for marketing strategies and actions?</p>

Source: Author’s conceptualization

The next chapter reviews the qualitative research approaches that are available to explore virtuality and virtual consumption – in general and specifically in the Chinese context that is the focus of this dissertation.

CHAPTER 3

METHODOLOGICAL CHALLENGES AND ADAPTATIONS

3.1 Chapter Abstract

With special focus on the discussion of the methodological challenge and adaptation of ethnography for virtual consumption studies, this chapter examines the qualitative methods to be applied in this dissertation research and offers some guidance for future virtual consumption research. The chapter starts with a brief review of the existing literatures on online ethnography and examination of the challenges and opportunities to evolve ethnographic approaches, followed by the discussion of application of digital ethnography for the specific purposes of this dissertation. Then, two supplemental qualitative methods – interviews and historical analysis – are detailed, in terms of methodological procedures and concerns. This chapter represents a research arrangement that features methodological triangulation (i.e., “three legs of qualitative stool” suggested by Hall 1999), data triangulation (i.e., combination of text data and digital data such as audio/videos), and theoretical triangulation (i.e., combination of both theoretical perspectives of virtuality as place and process) in study of virtual consumption in the context of China.

3.2 Introduction: Qualitative Methods and Methodological Triangulation

One of the important challenges for virtual consumption researchers is to apply the right research method to the problem under investigation. In choice of the methodology, a trade-off is always made between ensuring “generalizability” by using

quantitative methods such as experiments and questionnaire surveys; and seeking “thickness in description” by using qualitative methods such as ethnographic consumer research (Mason 1988). While quantitative methods are more effective in verification of theories by examining big pool of samples to generalize, qualitative methods should be used for research that requires exploration of new phenomena and theory discovery (Darke 1995; McKeganey 1995). In this dissertation, qualitative approaches help address research questions about the “why” and “how” of virtual consumption, and to explore the everyday practices related to virtual consumption. Such explorations are beyond the quantitative methodological domain.

Virtual consumption is a relatively new marketing phenomenon, and the focus of this dissertation study is on investigating why and how consumers engage in virtual consumption, and the consumption practices that sustain the virtual consumption patterns. Therefore, qualitative methods are the appropriate methodological means to explore complex and chaotic RL situations and to understand desires, identity, and practice actions that together create the deeper meanings of virtual consumption.

Different qualitative methods have their own unique strengths and weaknesses (Hall and Rist 1999). Systematic selection of context and situation, and use-specific methodology is more likely to meet the objectives of research than adhering to a particular methodology (Razzaque 1998). Employing multiple qualitative methods gives researcher many advantages; creating methodological triangulation (Patton 1980) that combines the strengths of the methods and compensates for mutual weaknesses so as to increase the “intellectual and methodological power” of qualitative research (Hall and

Rist 1999). Methodological triangulation enables the researcher to visualize and explain the phenomena of interest in more complete ways (Campbell and Fiske 1959).

Bearing that in mind, this study uses the variation of “three legs of qualitative stool” (Hall and List 1999): (1) digital ethnography and (2) interviews for the study of virtual consumption at consumer level; and (3) historical method for the study of political/economic and sociocultural environment in China to explain the political-cultural reality that seems particularly well-suited to the growth of virtual worlds and consumption. The following sections present and discuss each method, with the major focus on ethnography.

3.3 Ethnography

The dominant qualitative research approach to virtuality has been ethnography, or participant observation, largely due to the fact that “both academics and non-academics who were themselves learning the new media by exploring them and therefore could not detach their analysis from the participation that generate it” (Slater 2002, p. 541). A number of online research methods (e.g., “netnography” developed by Kozinets 1997; “virtual ethnography” from Hine 2000; and “digital ethnography” from Masten and Plowman 2003) have adapted ethnography to the study of the communities and cultures created through computer-mediated social interactions. Online ethnography in recent years has made contributions to the development of the marketing and consumer behavior disciplines (e.g., Kozinets 2002, Nelson and Otnes 2005, Muñiz and Schau 2005).

The ethnographic research landscape, however, has changed dramatically after the rapid growth of virtual worlds. Particularly, online ethnography has been under pressure from conflicting opinions concerning its fundamental theoretical assumptions – whether

the online consumption space, communities, cultures are exotic and fundamentally different than everyday communication, and consequently some distinctive methodological procedures should be followed; or not. Numerous ethnographic approaches for the elaboration of the online life and culture have emerged (Boellstorff 2008), based on different theoretical assumptions. As Salter (2002, p. 543) argues, “the lines are drawn between the online and offline as much by methodology as by theory” (i.e., virtuality as place vs. virtuality as process perspective, as discussed in Chapter 2). A review of the existing online ethnographic methods is therefore necessary and desirable at this stage of dissertation study – not only as a way to inform this dissertation study in methodological terms, but to provide potential guidelines for future virtual consumption research as well. The following review presents and discusses three main methods of online ethnography. This is by no means exhaustive in terms of this methodological domain, but does represent major alternative online ethnographic approaches.

3.3.1 Existing Online Ethnographic Methods: A Review

3.3.1.1 Netnography

“Method specifically designed to study cultures and communities online.” – Kozinets (1997)

Introduced by Kozinets in 1997, netnography designates an interpretative method devised specifically to investigate the consumer cultures and communities present on the internet. Kozinets suggests that conventional ethnographic fieldwork can be meaningfully applied to computer-mediated interactions. The fieldwork includes direct copy from the computer-mediated communications of online community members and observations of the community and its members, interactions and meanings (Kozinets 2010). The data

collected is mainly textual such as downloaded files of newsgroup postings, transcripts of MUD (multi-user dungeons) or IRC (Internet relay chat) sessions, and e-mail exchanges. As Kozinets (1998) suggests, netnography investigates the specific instances in which community is formed through computer-mediated communications.

Based on conventional ethnographic procedures, Kozinets (2002) recommends five methodological stages and procedures for netnographic studies that include: (1) formulation of research questions and identification and gaining entree to appropriate online communities and cultures, (2) data collection that consists of the researcher's field notes and the artifacts of the culture or community, (3) data analysis with focus on the cultural contextualizing of online data and classification, coding analysis and contextualization of communicative acts, (4) ensuring research ethics by which netnography uses cultural information that is not given specifically to the researchers, and (5) research representation with focus on member checks to solicit other researchers' opinions.

3.3.1.2 Virtual Ethnography

“It is the ethnography of, in and through the virtual.” – Hine (2000)

Hine (2000) called her study a “virtual ethnography,” with the virtual indicating that it is a different kind of ethnography in that it is partial (because the accounts can be based on strategic relevance to particular research questions rather than faithful representations of objective realities) and inauthentic (because it takes place online).

Virtual ethnography extends the notions of field and ethnographic observation from the exclusive study of co-present and face to face interactions, to a focus on

mediated and distributed ones (Hine 2000). Instead of going to a particular physical field site, virtual ethnography focuses more on online field connections. Although virtual ethnography is conducted using a predominance of (if not exclusively) online data, proponents of virtual ethnography argue that this does not undermine the quality and depth of the “thick description” generated. Hine (2000) suggests that researchers need to be mobile both virtually and physically so as to be fully engaged in the ethnography of mediated interaction. In contrast to conventional ethnography that emphasizes long term immersion in the culture being studied, virtual ethnography is a process of intermittent engagement rather than long term immersion (Hine 2000); thus, it allows the researchers to perform a comparative ethnography of more than one site at the same time. Since the early virtual ethnography studies (e.g., ethnography of *WolfMOO* by Rosenber 1992) were of text-based virtual worlds, the data were mostly texts. Boellstorff (2008) notes that there is an emerging set of virtual ethnographies that are graphically based (e.g., *Second Life*).

Hine does not give prescriptive and exhaustive set of rules on how to do virtual ethnography (Hine 2000). Later, Hair and Clark (2003) identify a procedure for conducting virtual ethnography, in the sense proposed by Hine, which includes: (1) identifying proactive communities, negotiating access, (2) interacting with participants, (3) conducting electronic depth interviews, (4) data interpretation, and (5) returning results and analysis to the community.

3.3.1.3 Digital Ethnography

“Using the digital and wireless communication revolutions as platforms for rethinking ethnographic principles, methodologies, and analysis.” – Masten and Plowman (2003)

In 2003, Masten and Plowman characterized digital ethnography as “next wave in understanding the consumer experience,” as “digital ethno enables participants to convey the real-time richness of their own lives and environments.” The proponents of digital ethnography argue that with the Web 2.0 increasingly permeating people’s daily lives and people increasingly accessing Web and engaging online communities on the go, the term netnography fails to capture the essence of consumer consumption environment that features ubiquitous digital devices (Irons 2010). In the era of Web 2.0, much of online ethnographic methods including netnography and virtual ethnography are not inherently or natively digital; instead they are generally text-based physical world field techniques *transplanted* onto the internet (Masten and Plowman 2003). Besides the conventional participant observation and passive observation, digital ethnography focuses on participant self-reporting. As Masten and Plowman (2003) suggest, putting the power of observation in the participants’ own hands benefits the ethnographic research in two ways. One benefit is that of allowing participants to convey the real-time richness of their own lives and environments. Second, rather than simply acting as the source of data, participants get involved in the research process and share their insights on the topic being studied. Compared with mostly text-based data collected by netnography and virtual ethnography, the details of participants’ experience – in the form of words, images, or audio/video files – are collected by digital ethnography. The various types of

data enable the researchers to conduct deeper and richer analyses (Masten and Plowman 2003). Table 3.1 summarizes the characteristics of these online ethnographic methods.

Table 3.1: Comparison of Online Ethnographic Methods

<i>Dimension</i>	<i>Netnography</i>	<i>Virtual Ethnography</i>	<i>Digital Ethnography</i>
Online and Offline Connection	Community formed through computer-mediated communications	Online world is partial and inauthentic	Consumer life includes both online and offline parts
Fieldwork	Direct copy and observations from online community members	Focuses more on online field connections and 'intermittent immersion' by researcher	Focus on participant self-reporting
Types of Data	Online, text based data	Online, text-based and graphic data	Online/offline, multimedia data

Source: Author's classification based on literature review

3.3.1.4 Discussion and implications: online/offline connection & data Triangulation

The evolution of virtual worlds, as online consumption spaces, offers the opportunities to advance the online ethnographic methodology in several aspects such as the removal of spatial and temporal boundaries, lower cost of data collection as data is often stored in online repositories, and easier access to online communications. The challenges of studying virtual consumption, however, have not disappeared and new developments in virtuality study have raised important questions for conducting and developing online ethnographic methodologies. Ethnography has evolved from early theoretical claim that online life could be investigated as an integral culture or social order in its own right to later use of the method to contextualize online within offline life of consumers (Slater 2002). Some online ethnographic methods appear not to catch up with such theoretical developments. For example, netnography and virtual ethnography appear to have narrow focus on online interactions, and cannot capture the full and rich

detail of consumer experience beyond the virtual worlds (these, of course, do not refute the merits of these online ethnographic methods for purely online contexts, as later discussed, in relation to some of the research questions). Data collections by netnography and virtual ethnography are limited to text based data, which also is problematic when people are increasingly getting into the graphic based virtual worlds and ubiquitous computing environments of Web 2.0.

The application of any type of online ethnography should be exercised with caution because, in the contemporary contexts – with the blurring boundaries between the social and the technique, the real and the virtual world – the assumption of “pure-form ethnography” is arguable at best. The methodologies employed, as Sunderland and Denny (2007) point out, “are not ‘ethnographic’ per se, but...are made so by the intellectual framing of the task” (p. 52). It is crucial for researchers to understand the relationship between research questions at hand and methods; and to choose the ethnographic or other approaches accordingly (Sunderland and Denny 2003).

To select appropriate online ethnographic methods and collect the data (online, offline, or both) needed, Boellstorff (2010) classifies research questions regarding virtuality into three groups: (1) interface between virtual world and actual world, (2) interface between virtual words and another virtual world, and (3) single virtual world. Accordingly, researchers need to focus on combined online/offline context and both online and offline data for research question type 1, and on online contexts and related data for research question types 2 and 3.

Indeed, online ethnographic methodology needs to evolve from a text based perspective to digital perspective – with whatever sensory and mediated form the digital

content takes. Researchers can ask people to take pictures, record audio, tag a GPS coordinate, and generate rich, though often unwieldy, data. Such data triangulation can help increase the conformability of the findings and deepen our understanding related to diffusion and adoption phenomena. Gathering data from different sources can provide cross-data validity checks (Hall and Rist 1999; Patton 1990). In addition to usual data sources, description of social settings in which behaviors occur (Stimson 1986) may increase the confirmability of research.

3.3.1.5 Ethnographic method selection for the dissertation: use of digital ethnography

Since this dissertation research is focused on studying how the users integrate virtual consumption in existing ways of lives and use virtual consumption practices to navigate and maintain the cultural boundaries in online virtual worlds and RL, among the methods reviewed, digital ethnography would be the most appropriate method. Digital ethnography would enable both online and offline information to be collected and investigated. Application of digital ethnographic method would help us understand motives of virtual consumption in virtual worlds in construction of coherent self, and analyze the dynamic uses of shared and individual meanings of virtual consumption, and interactions across the several meanings.

Besides the observations conducted by the researcher, the participants of this dissertation study were instructed to keep journal records of virtual consumption choices they made as informed by the discussion of the procedure of participants' self-reporting, including but not limited to recording what type of virtual goods they purchased, what type of virtual worlds they engaged with, how they accessed the virtual worlds (e.g., through the smartphone, laptop, desktop, or Internet café, etc.), the feelings associated

with consuming various types of virtual goods in particular virtual world environments, and the feedback and reactions from the social others in RL. In addition, the participants were encouraged to report anything that the researcher did not anticipate, but that the participants identified and considered as relevant to the study and wanted to report. The journals recorded by participants were not only used to inform the researcher before the interviews with participants, and as a way to explore their overall experience with virtual worlds and virtual consumption, but also used as probes during the interviews later on to help participants to better remember their choice of virtual goods in different virtual worlds and the particular experiences associated with those. In addition, the participants were strongly encouraged to submit the journal record in digital formats, such as pictures and audio/videos.

It should be noted, however, that there is the methodological issue related to verification of data collected via observation and self-reporting, due to the fact that participants may not tell the truth about various aspects of their identity (Slater 2002). Especially in the context of virtual worlds, the “identity tourism” has little, often none, of negative consequence for participants. Slater (2002, p. 542) suggests “the researcher has to make judgements and rules on the basis of situation-specific knowledge and thinking.” For example, the judgement can be made on whether there might be some points for participants in lying about their gender online, and “whether the falsity of that claim has some bearings” (Slater 2002).

3.4 Interviews

In this dissertation research, interviews and (digital) ethnography were combined and complemented each other as Kozinets (2010) suggested. The strength of the

interviews is to allow for researchers to study virtual consumption from deeply subjective, immersed, emic perspectives (McCracken 1998).

Fifteen participants in this dissertation research, seven females and eight males, were college students from Zhejiang University of Media and Communications, with age ranges from 17 to 21 at the time of interviews. The participants were selected through purposive sampling (in this particular study, based on their knowledge of and involvement with the virtual worlds and virtual consumption), with the evolving research interests during the research process dictating the choice of participants. Except two participants are nonusers, the rest of thirteen participants were long term users of virtual worlds for at least five years, which fits the sought user profile of post-90s digital natives – the generation with experience of Web2.0 and Web3.0. They were also actively engaged in virtual consumption (because of recency, the years of virtual consumption are normally less than that of engaging in virtual worlds), and regularly blogged about virtual world's activities and virtual consumption experience and practices. As such, these participants were in a good position to keep the journal as required by digital ethnography in the early stage of the research process, and were able to respond to interviews questions in details in later stage of research.

In addition to knowledge of and involvement with the virtual worlds and virtual consumption, variety and contrast were additional selection criteria. Contrasts in this study focused on different views of virtual consumption experience in various virtual worlds. Specifically, there were seven long term users of both social virtual worlds such as *QQ* and online gaming worlds (SVGU for short), four long term users of social virtual world (SVU for short), two long term users of online gaming worlds (GWU for short)

and two non-user participants (NUV for short). All participants granted their informed consent in compliance with IRB regulations. See table 3.2 for profile of research participants.

Table 3.2: Profile of Research Participants

<i>Name (Disguised)</i>	<i>Age at Time of Interviews</i>	<i>Gender</i>	<i>Category</i>	<i>Time Spent Using the Virtual Worlds</i>	<i>Access to Virtual Worlds</i>
Wang	18	Female	SVGU	Several times per week	Smartphone, Internet café
Qin	20	Male	SVGU	Several times per week	Internet café
Liang	17	Male	SVGU	Several times per week	Desktop, Internet café
Zhao	19	Female	SVGU	Daily	Laptop, Internet café
Xie	20	Female	SVGU	Daily	Smartphone, Internet café
Wu	21	Female	SVGU	Several times per week	Laptop, Smartphone
Tan	20	Male	SVGU	Daily	Desktop, Smartphone, Internet café
Zheng	19	Female	SVU	Several times per week	Laptop, Smartphone
Ding	21	Female	SVU	Several times per week	Internet café
Hou	21	Male	SVU	Daily	Desktop, Smartphone
Huang	19	Male	SVU	Daily	Desktop, Smartphone
Liu	19	Male	GWU	Daily	Laptop, Smartphone, Internet café
Li	20	Male	GWU	Several times per week	Internet café
Ma	20	Male	NUV	N/A	N/A
Ren	21	Female	NUV	N/A	N/A

Note: SVGU=users of both social virtual worlds and online gaming worlds, SVU= users of social virtual worlds, GWU= users of online gaming worlds, NUV=non-user participants

The NUV, SVU, and GWU compare and contrast with SVGU to provide different views of the virtual worlds and virtual consumption experience, which is helpful in addressing the research questions. The size of this sample pool is methodologically appropriate for the goal of qualitative research including this dissertation research, that is, “to capture complexity and to search out patterns of interrelationship between categories ...that offer explanations that take us ‘back stage’ in the culture in question to let us glimpse assumptions and categories that are otherwise hidden from view” (McCracken 1988, p.4).

The semi-structured interviews lasted from twenty minutes to one hour. The interviews questions were mostly focused on their general virtual world and virtual consumption experience, but a flexible format was allowed for questions to be added or altered as new topics of interest that may emerge during the interviews process.

The interviews were later transcribed verbatim from audiotapes and translated from Chinese to English. Verbatim texts were interpreted based on three important principles: emic approach (affording primacy to the meanings held by the participant), autonomy of the text (the transcript standing on its own, as a document that is interpretable and analyzable), and bracketing (theoretical notions to be held in abeyance, in the first round of interpretation) (Spiggle 1994). Interpretative analysis entails a comparative process between researcher notes and transcripts (Glaser and Strauss 1967), and allowing common patterns to emerge and be identified (Spiggle 1994). The steps in such a process include categorization, abstraction, comparison, dimensionalization, and iteration. Conceptual categories, patterns and typologies that emerge during this process then are developed into themes that unpack the transformed ‘afferent’ (afferent refers to

the sensory intake part of the experience) experience and ‘efferent’ (efferent refers to that which is emitted from the receiver as a result of the stimulus) responses, and dimensions underlying similarities and differences among the responses.

The main methodological issue with this interviews approach, in the context of study of virtual consumption particularly, is related to the theoretical concern that – presuming the media characteristics of virtual worlds and goods – may lead researchers to ask leading questions such as “the nature of online relationships and identities” (Slater 2002). Rather, Slater (2002) suggests that the question should be framed as “what do people do online”, which is an open-ended question and “leaves open the possibility that the relationship between online and offline social processes is an issue for participants or users and that they may come up with quite different responses to it. Hence, concepts like ‘virtuality’ can be treated as (one possible) result of people’s practices” (Slater 2002, p. 539).

3.5 Historical Analysis

One goal of this dissertation is to examine virtual consumption at national level, investigating unique environmental factors in China, the on-the-ground social-political-cultural reality that appears to suit rather well the virtual worlds and virtual consumption in China.

Rather than simply creating the account of “remembrance of the past”, the historical method has the ability to produce scientific and useful knowledge (Golder 1992), and is particularly useful in study of virtual consumption for two reasons. First, Slater (2002) argues that the study of the dynamics of virtuality is incomplete without an in-depth analysis of the reality such as “political economy of access”, “material and

symbolic power”, and “social conditions that structure the communication and sociality that go on there (in virtual worlds)”. Historical method can bring in the historical facts (facts about the changes in economic/political, sociocultural environmental factors in China, in this dissertation study) that adequately explain the phenomenon (virtual consumption, in this study) under investigation, and help create an “explanatory narrative” (Danto 1985; Smith and Lux 1993).

Second, and more importantly, historical analysis has the ability to explain variance in anomalous cases (Smith & Lux 1993; Watkins 1959). The study of virtual consumption, in context of China, has to deal with the paradoxical nature of market there. For example, there is asymmetric relationship between the consumption power (low) and virtual consumption, which violates the general consumption pattern suggested by Keynes (1936).

The historical part of the research in this dissertation followed Mason, Mckenney, and Copeland’s (1997) seven step process of historical analysis:

(1) Asking questions about past events and answering them with selected facts arranged in the form of an explanatory paradigm (Fischer 1970). The general question addressed in this dissertation research include what economic/political, sociocultural changes have occurred in China since it opened to the outside world; what type of disjuncture between online and offline life in China has motivated or prevented Chinese consumers to de-localize and de-realize from the RL and head to virtual worlds.

(2) The second step is specifying the domain and the units of analysis. In this dissertation research, the environment (e.g., political/economic, social/cultural factors) of Hang Zhou region constitutes the unit of analysis.

(3) The third step entails collection of evidence from multiple sources. In this dissertation research, data – mostly qualitative and descriptive with some related numbers – were collected from multiple sources such as regional, national, and international newspapers, magazines, trade and academic journals, unpublished data from various organizations, and internet.

(4) The fourth step is critique of the evidence. Such critique follows the criteria suggested by Gottschalk (1969) with regard to time elapsed between events and reporting, range of knowledge and expertise of the person reporting the events, and corroboration from other multiple sources. In case of contradictory evidence from multiple secondary published sources, the data analysis should give credence to the original data sources as far as possible (Malhotra, Peterson, and Kleiser 1998).

(5) The fifth step is determining the pattern. In this step, the two kinds of factors that Smith and Lux (1993) suggest – discontinuous factors which are things that change and continuous factors which refer to things that stay the same – are examined.

(6) The sixth step is telling the story. In this step, the continuous and discontinuous factors identified are synthesized to develop the historical narrative that can explain the phenomenon under investigation.

(7) The seventh and last step is writing the script. In this step, the implications of such historical narrative for the research questions are discussed.

Such a study of virtual consumption at national level, using historical method, is useful in further dealing with research questions regarding virtual consumption at consumer level.

The methodological concerns for the historical method center on the lack of generalizability and confirmability, due to the fact that the explanatory narrative constructed based on the historical method can only apply to that particular period of time in history under study (Hobsbawm 1997, p. 42).

3.6 Summary and Conclusions

Collectively, the proposed methodological triangulation (combination of digital ethnography, interviews, and historic analysis), data triangulation (combination of text data and digital data such as audio/videos), as well as theory triangulation discussed in Chapter 2 (combination of both theoretical perspectives of virtuality as place and practice /process) in this dissertation research represent a reasonable research arrangement that compensates for the biases and limitations inherent in the methods and theoretical perspectives with the strengths of other approaches, and helps gain an in-depth understanding of the practices and roles of virtual consumption in the context of Chinese culture.

CHAPTER 4

REALITY, VIRTUALITY, AND VIRTUAL CONSUMPTION IN CHINA

4.1 Chapter Abstract

Drawing upon the integrated conceptual frame developed in the previous chapters, chapter 4 investigates how the Chinese post-1990 generation consumers (China's "digital natives", those born in 1990 or later) – the largest among the global market segments for virtual goods – navigate and negotiate the boundaries between the RL and virtuality, and choose among consumption options to resolve the conflicts between multiple identities to emphasize the desirable aspects of the self, and gain social status and membership in desired groups. The chapter commences with building a historical narrative of the social contexts in China that condition virtuality and virtual consumption. Then, data collected from digital ethnography and long interviews are analyzed and interpreted. The chapter rounds out with the discussion of the implication for the marketing process of managing the virtual worlds and consumers.

The chapter provides insights into the boundary crossing between, and navigation across, online and offline settings by the Chinese post-1990 generation consumers and into the ways in which discourses of virtual world experience and everyday life are interwoven. The chapter also explores the sociocultural clashes, and forms of reconciliation, between the traditional older Chinese culture and the new virtual world subcultures, and seeks to understand how the Chinese post-1990 generation mediates between the old and the new. Through self-control, compromise, and negotiation in the

process of virtual consumption, the Chinese post-1990 generation consumers strike a balance between their virtual world experiences and their offline daily lives, and develop coherent perceptions of self. The study complements previous research on virtuality and consumption, and deepens the understanding of social and cultural dimensions of virtual consumption in the context of the vast Chinese market, and has direct managerial implications for firms engaging with the virtual economy.

4.2 Introduction

Previous research on virtuality and virtual consumption in China has well documented the young Chinese consumers' steady distancing from RL and embracement of virtuality. According to Herold (2012), the Chinese consumers view the virtual worlds as "wholly separate from their offline existence and identity," and "online China itself constitutes an independent space for entertainment, political, social, etc., discourse" (p.9). Virtuality is the place where Chinese consumers "can rebel against authority... and where they can escape their often stressful and boring lives". Likewise, Wang and Mainwaring (2009) noted that online gaming encourages playfulness, youthful spontaneity and rebellion. Previous studies (e.g., Sima and Pugsley 2012; Duan and Dholakia 2015) have also noted how China's youth use blogs and microblogs in their self-presentation and identity construction that revolves around individualism and consumerism, ideas that are opposite of the Chinese traditional values and beliefs of collectivism and frugality.

While such studies with a focus on total disengagement from the RL (for some) and getting lost in virtuality (for many) has raised societal concerns such as lack of meaningful interaction in relationships, and even distraction from building offline relationships that could help with the isolation and ennui of online settings (Wellman et

al. 2010), such studies have not provided a comprehensive view of virtuality and virtual consumption in China. This dissertation study redresses this lack and focuses on virtuality as a place of de-localization and de-realization, looking into a “broadened, encompassing RL” as a bigger place, a place with as well as sometimes without electronic devices, with a role in mediating the online and offline consumer behaviors. Because of this broader view, this study is able to address the important research questions such as how consumers reconcile the different goals set for online virtual world and RL, negotiate the cultural conditions, and what role virtual goods and consumption play in the construction of self.

Taking a perspective of virtuality as a practice of re-localization and re-realization, this dissertation research, argues that “it is fairly pointless to look abstractly for correlations between the variables of media characteristic (e.g., culture on its own right) and communicative practices when participants are busily redefining both across times and places” (Slater 2002, p. 545). The virtual world as a site of “alienation/escapism” or “rebellion/liberation” may overstate the Chinese post-1990 generation’s departure from the RL to virtual world and virtuality as a separate site for consumers to inhabit, and cannot account for the fact that the majority of Chinese post-1990 generation consumers are found to be pragmatic when they go online (Liu 2009). For many in the Chinese post-1990 generation, being pragmatic entails a demanding process and practice of making sense of the relationship between RL and virtuality where “the self is decentered, dispersed, and multiplied in continuous instability” (Poster 1990, p. 6.). Being pragmatic also entails compromise, negotiation, and coping with the conflicting ideologies, identities, interpersonal demands, and construction of coherent

concepts of self, when navigating between RL and virtuality. To explore the research questions that have not been addressed before, in this dissertation research, we will take a different theoretical lens, with focus on 1) reality as a bigger (more encompassing) place that conditions virtuality, and affects Chinese consumers' lives in numerous and significant ways, including their virtual consumption patterns, and 2) virtuality as a "social accomplishment" (Slater 2002), actively sought and achieved by the Chinese post-1990 generation consumer, through online and offline practices.

Following the next introductory section on virtual goods market and consumption in China, the discussion in this chapter proceeds to the historical analysis of rapidly changing and, at the same time, persistently unchanged aspects of the Chinese environment (i.e., economic, political/legal, sociocultural) since its economic reforms of 1979.

4.3 Growth of Virtual Goods Market and Consumption in China

Chinese consumers were first exposed to digitized virtuality when video arcades and video game consoles were introduced to the Chinese market in the 1980s. Later, MMORPG got their foothold in China around 2000 and soon exploded in China's market. In just two years, from 2002 to 2004, the MMORPG market in China tripled from \$149 million to \$517 million (Ren and Yang 2004). The year of 2004 is the turning point in the development of virtual goods market in China. Before 2004, the business model was primarily focused on the pay-to-play or monthly subscriptions to MMORPGs (e.g., MMORPG game - *King of Kings*) (NDC China 2009). In 2004, when the MMORPG *The Great Merchants* was released to the market with free game access, many companies, such as ShanDa Games, followed suit and turned to the 'freemium' (free

initially, then pay for advanced levels) business model with virtual goods transactions (NDC China 2009). In 2007, the MMORPG market in China reached \$1.3 billion with over 70% of games released with free access (NDC China 2009), and in 2014, it reached \$9.7 billion (Wei 2014). It is estimated that 5 to 10 percent of gamers in China pay for virtual goods. These paying gamers, however, tend to be high-spenders and their devotion to the games helps support the other 90 percent of gamers that play for free (Kwang 2011).

China's virtual goods market in online chatting (such as the *QQ* messaging platform) is even bigger, dwarfing the virtual goods market in MMORPG. Tencent, China's largest Internet service portal launched in 1998, offers diverse internet services such as QZone and Pengyou social networks, Weixin mobile chat (also called WeChat), its own Weibo microblog service, online games and more. For Tencent, the majority of its massive virtual goods revenue comes from popular the *QQ* instant messaging service that unites everything together (Su 2010). Tencent claims that it has 752 million active users, more than half of China's population (and about the size of the combined total population of USA and EU). Most of the *QQ* users are using the free basic service such as text chat, voice chat, and video chat. Over 30 million *QQ* users, however, pay to get enhanced services such as changing *QQ* avatars (from the default versions that are offered free) or buying clothes for their avatars, as well as through exchange of virtual gifts.

From 2007 onwards, the success of the avatar Ailin Graef, a female and Chinese-born "first millionaire in virtual world" (in the game currency) in *Second Life* inspired Chinese firms to begin to develop Chinese-versions of 3D virtual worlds. Among the

Chinese versions of virtual worlds, the most famous ones are *HiPiHi*, *Novoking*, and *Uworld*. By 2009, however, all of these virtual worlds were on the verge of going out of business. *HiPiHi* only had 48,000 registered users, *Novoking* had 10,000 registered users, and *Uworld* had only 1000 registered users (Zhang et al., 2010). Chen (2009) found that 3D virtual worlds, such as *HiPiHi* and *Second Life*, are platforms for user-generated content, which requires creativity and skills of design and even programming. Thus, unlike regular online games that are fun-based, 3D virtual worlds have high threshold for users and only attract hardcore players, and most casual users soon lose interest.

With the emergence of casual games on social networking sites (e.g., *Happy Farm* on Kaixin) and more advanced mobile phones that can access these games, a new virtual goods market has been created in recent years, but the revenues generated from the social games have been modest (Boykoff 2010). On the other hand, free social games on social networking sites that feature 2D interface, easy access and play that appeal to Chinese consumers, have seen a rise in popularity among Chinese consumers. In one industry report, 88 percent of those surveyed said they played social network-based games (Niko Report 2010). For instance, *Happy Farm* (a *Farmville* imitator) became, for a while, China's most popular social game, with 23 million daily usages (Su 2010).

By 2012, China had the world's largest virtual goods market, with revenue of \$10 billion per year (Hawkins 2012). Although a variety of different groups of Chinese consumers of virtual goods can be identified, the latest available data show that Chinese consumers with ages between 18 and 25 (who of course belong to the post-1990

generation) represent the largest segment of the market, consuming 73.6% of virtual goods (CNNI 2010). These young consumers are the generation termed as post-1990 generation (born after 1990). Numbering 140 million, accounting for 11.7% of the total population (China Internet Watch 2015), this is the first generation that has grown up with the internet and virtual worlds (CNNI 2010), a generation of ‘digital natives’. Those born between 1990 and 2000 represent the most active *QQ* user group, accounting for 39% of total users, followed by 1980-1990-born and post-2000-born cohorts (China Internet Watch 2015). This cohort also represents the most active users of smartphones – more than three hours a day – checking their device about four times an hour (Moshinsky 2015). They share some common characteristics: young, only-child and highly educated.

4.4 Reality as a Larger Place that Suits Virtuality and Virtual Consumption in China

During the time that China became the largest virtual goods market in the world and the Chinese post-1990 generation consumers became the largest virtual goods market segment in China, the Chinese society has been in a transformative period. The characteristics of this period include the post-1980 one-child policy, rapid socioeconomic changes, and ‘the victory of materialism’ (Rosen 2004). Chinese traditional cultural ideology faced the challenges arising from the increasingly visible Western consumption culture, with its emphasis on freedom of choice, especially in consumption (Friedman and Friedman 1980), which in turn influenced the Chinese post-1990 generation consumers’ online and offline consumer behaviors.

4.4.1 Changes in China's Economic Landscape and Continuous Economic Uncertainty

Following the economic reforms initiated in 1979, China has steadily shifted from a planned economy to a market economy, and emerged as a major global economic power, with economic growth averaging nearly 10% through 2014 (Morrison 2015). Based on Purchasing Price Parity (PPP), China is now the largest economy in the world (Morrison 2015).

With a massive rise in disposable personal income over the years, from 343 yuan in 1978 to 28,844 yuan in 2014 (Trading Economy 2015), a growing portion of discretionary household income has been spent on leisure services, and the priority has shifted from the products of utilitarian nature to product of hedonic nature (Fan 2000), especially for the younger generation (Chu and Ju 1993). These younger generation of Chinese consumers are traveling the world, drinking Starbucks coffee, using Estee Lauder cosmetics, and engaging with virtuality in multiple ways. The theory of cluster consumption states that consumption does not change marginally or linearly; instead it takes a discontinuous form, requiring leaps to new consumption clusters (deVries 2008; Dholakia 2012). In case of virtual consumption, consumers have a choice to purchase the virtual goods on a laptop or desktop computer, or on a smartphone or tablet, allowing virtual consumption anytime, anywhere. China has more smartphone users than US, Brazil, and Indonesia combined, over 816 million total in 2015, which included over 170 million on its 4G network and 223 million on 3G (Perez 2015). This trend is expected to continue – 4G smartphone connections in China would reach one billion by 2020 (Perez 2015).

The Chinese government has also recognized the importance of meeting the consumer demands of Chinese consumers, encouraging both local and foreign companies to participate in the efforts (Dholakia et al. 2013). With the development of Internet and online banking in China, new kinds of payment methods have emerged to help users to get around constraints such as lack of credit cards, the most popular payment in advanced countries. For instance, Alipay is the leading online payment company in China with over 350 million registered users (Rao 2015). Alipay allows consumers to make payment online via their bank account, prepaid cards, or even make mobile and telephone payments, without having to use credit cards.

The dramatic effects of the economic reforms are also evident in the emergence of advertising and influx of multinational companies to China. Radio commercials appeared in China for the first time in January 1979, and in March of the same year, the first TV commercials appeared (Anderson 1984). KFC entered the Chinese market in 1987 (Cho 2009). China's entry in WTO in 2001 was another mark of economic growth and globalization of China's economic landscape. The large Chinese market has attracted a steady stream of foreign investments and foreign firms are expected to reshape the competitive space (Chan, Cui and Zhou 2009; Fang and Yen 2006; Leung and Chan 2006). Exposure to international products and services, the cultural influences brought by the multinational companies, and advertisements on radio and TV have introduced the modern lifestyle to the Chinese consumers. For example, Lin (2001) noted the subtle changes in cultural values and advertising strategies visible in Chinese commercials which emphasize youth/ modernity appeals and reflect westernization.

On the other hand, however, there have been continuous economic uncertainties over the years since the economic reforms of 1979. These include overdependence on exports as the economic driver, serious housing bubble problems (Barth, Lea, and Li 2012), an inefficient banking system that “lacks the ability to ration and allocate credit according to market principles” (Morrison 2012), aging and ‘graying population’ problem that resulted from the one-child policy of 1980, lack of an adequate pension system, and the sharply rising costs of health care (Morrison 2012). The International Monetary Fund (IMF) projects that China’s real GDP growth will slow to 6.8% in 2015 and to 6.3% in 2016 (Morrison 2015). Therefore, the precautionary motive for saving and being frugal has been strong among Chinese consumers. For example, the high cost of buying consoles and games (e.g., Lenovo CT510 priced at \$600 when it was launched in 2004) is what made online gaming a really appealing option to Chinese consumers (Becker 2004). The possibility is real that the wide range of economic uncertainties may jeopardize consumption spending in general (Rajagopal and Castaño 2015), which may include spending on virtual consumption.

4.4.2 Changes in Political Policies and Legislation

Chinese consumers’ lives have been tremendously changed by policy reforms from late 1970s to 2010s. During this period, China has transformed politically from the legacy of Mao and imperialistic heritage (Lieberthal 1995) to what some researchers (e.g., Odgden 1995) describe as both the largest communist country and the fastest growing capitalist country that seeks “continuity with, as well as a departure from, the socialist legacy and cultural tradition of the past, and integration with, as well as resistance to, global capitalism” (Yu 2009, p 6).

Before the reform in 1979, most Chinese consumers were assigned to a *danwei*, or work unit. In socialist China, the *danwei*, created on the concept of space of collectivism and egalitarianism, was “simultaneously the spatial building block, the locus of daily life, and the mainspring of social identity in the Chinese socialist city” (Hill 2005), which not only provided its members with income, but also was “omnipotent in distributing every consumer product” (Yang 2005), including social goods such as housing, medical care, and day care and schooling, and consequently, provided to its members identity and “ability to participate in wider society” (Bray 2005). The economic reform, especially the rise of private economy in China, since 1979, has considerably diminished the *danwei*’s role in the construction of Chinese consumers’ identity – as person who is a member of a work unit or a production cell – and offered the opportunity to the Chinese consumers, as individual agents in society, to create their own identities (Bray 2005).

Family dynamics in China have been also changing along with the one-child policy and related legislations introduced between 1978 and 1980. The Chinese post-1990 generation consumers are the second generation of one-child offspring, after the post-1980 cohort. A general decline in family size has been accompanied by changes in family life cycle, which explains consumption behaviors because it combines life-style, income and expenditures (Dholakia 2012). On the one hand, the one-child policy enhanced the consumption power of the only child, as “little emperor/empress” in the family, with the parents and grandparents concentrating their financial resources on the one child (Woronov 2002). On the other hand, it posed a serious social problem characterized as the “4-2-1 phenomenon”, where the ‘only’ children, when they grew up and started working, had to provide the financial support for two parents and four

grandparents. Even with high savings rates, it seemed that the younger generation were not able to afford such a burden (Economist 2012). Indeed, to reinforce the sense of filial obligation among the youth, even legislation was passed to support traditional filial values (Ikels 2006).

When Internet was first introduced to China in 1994 (Warschauer 2004), it was viewed by Chinese government as both a development opportunity and a challenge to the political order of socialist China (Ferdinand 2000; Longanecker 2009). The ambivalent attitude towards the Internet media in particular, and technology related products in general, has been reflected in Chinese government's tremendous efforts in promoting the ICT development, while stringently controlling the Internet media. On the one hand, China's Internet infrastructure has been quickly expanding, with a penetration rate of over 44.1% in 2013 (CNNIC 2013). The Chinese government has invested heavily in a fiber optic network that will significantly expand the reach of wired broadband in the next few years. This investment is expected to increase the country's average broadband speed to 20 megabytes per second by the end of 2015 (Rapoza 2013). On the other hand, the Chinese government has maintained and even strengthened its strict controls on the Internet media and related products and services, based on its political ideologies. In terms of social platforms, the Chinese post-1990 generation consumers had no access to certain popular social media sites (e.g., Facebook and Twitter) that contain politically sensitive information and have consequently been blocked by the government. This has created a form of digital divide between China and the rest of the world, despite the physical existence of ICT infrastructure ready for use (Lu 2001). In terms of gaming virtual worlds, arcade game rooms declined in popularity after 2000, mainly because of

government crackdown on gambling and illegal activities in the game rooms (Cao and Downing 2008). Likewise, while Wii, PS3 and Xbox 360 consoles are mostly assembled in China, video game consoles have been banned by Chinese government since 2000 (Ashcraft 2010), based on a number of concerns ranging from “violating the constitution” to “threatening national security” and “damaging the nation’s glory” (Nyhart 2012).

4.4.3 Conflicting Sociocultural Realities

4.4.3.1 Rise of individualization and hedonism

The ongoing modernization and globalization processes have had dramatic impacts on Chinese consumers’ cultural and value systems (Xiao and Kim 2009). Unlike the previous generations that lived in poverty and were defined by collectivist ideology and *danwei*, the Chinese post-1990 generation consumers, born into China’s economic reform era and with increased consumption power, has been exploring and embracing a rising individualization trend and tends to hold materialistic and hedonistic values (Dou et al. 2006; Gu and Huang 2009) with focus on material desires and new lifestyles (Zhang and Harwood 2004).

In online virtual worlds, either virtual social worlds or gaming virtual worlds, the lack of traditional Chinese social order and cultural constrains (e.g., hierarchy) has facilitated the rise of individualization – the “me” culture – that allows consumers to experiment and play with their new identities and build new types of consumer groups. For online gamers in post-socialist China, communist creed that represses play in the name of self-sacrifice and hard work has been replaced with the new consumption orientation that encourages playfulness and an obsession with youthful spontaneity and

rebellion as also seen in Western society's theme parks and shopping malls (Barber 2007). For online chatters in post-socialist China, the engagement with virtuality has become a means of creating new identities and new horizontal ties of friendship and sociability that are partially immune from the controlling mechanisms of the Chinese state (Dirlik and Zhang 2000).

4.4.3.2 Continuous constraints on individualization and hedonism

Culture refers to shared and enduring set of values, beliefs, and attitudes in a nation, region, or organization (Hofstede 2001). Despite the changing economic and political circumstances, the older and established Chinese traditional sociocultural system nonetheless has an enduring influence on cultural conceptions of individuals. Even when confronted with the increased pressures of individualism and personal freedom (Yang and Neal 2006), the bedrock of Chinese culture would not change overnight, as "it takes time to construct the symbols and institutionalize them via processes of dissemination and socialization until they become dominant parts of the culture that is shared by at least the majority of society's members" (Schwarzer and Frensch 2012, p. 378). The Chinese society, as a whole, has not developed culturally to provide the individualization processes with the social support such trends require (Belk 2014). Rather, "there is an extensive negotiation among citizens, social structures and institutions on the one hand, and the logic of capital on the other" (Chu et al. 2012, p. 110). Indeed, the Chinese post-1990 generation consumers, as individuals, must cope with the hard reality in Chinese society – persistence of traditional Chinese cultural values and of resistive forces from the social institutions such as the government, media, and family.

Persistent traditional Chinese values

Traditional Chinese values originated from Confucian cultural ethos (Jochim 1992; Yao 2000), which is a collectivist-based value system that emphasizes and glorifies collective interests over individual rights (Guo 2012). In China, which has long been a collectivist society (Fiske 2002; Hofstede 1984; Hofstede and Bond 1988), consumers are “we” oriented, their “self” identity is primarily an interdependent self that is based on the social system (Lu 2001), in which family interests are placed above those of individuals within it (Wu and Tseng 1985). The loyalty and piety to parents, and extended to employers and government officials, is highly valued (Liu 1986).

These cultural values have long lasting implications for consumption in the Chinese context, such as Chinese individuals’ long valued self-control (Ho 1994), thriftiness, suppression of desire, delay in gratification through consumption (Pan et al. 1994), and emphasis on *mian zi*, or face, and *guanxi*, or social networks (Jap 2010). In addition, Chinese consumers have a holistic view of harmony that relates to not only themselves but, more importantly, other individuals; and hence their purchase decisions must suit not just themselves but also the larger social context (Hsu 1972). In addition, rather than use consumption by ‘the independent self’ for self-expression, those with an interdependent self-construal tend not to rely on objects for self-expression but to show similarity with their reference group (Aaker and Schmitt 2001).

Resistive forces from the social institutions

Another source of persistence of traditions is the set of resistive forces emanating from three major social institutions: the government, the media, and the family.

Government: In an effort to fill the ideological vacuum left by the sidelining of Maoism (the form of Marxism-Leninism developed in China), a form of Confucianism has been

glorified and championed by the Chinese government (Tse, Belk and Zhou 1989) as both a new national code of conduct, emphasizing the traditional value such as collectivism, self-control, harmony, thrift, industry, education, and as a symbol of national identity (Guo and Guo 2008). In 2006, at its sixth plenary session, the Sixteenth Chinese Communist Party Central Committee (CCPC) passed the policy of “Chinese Communist Party Central Committee’s Resolution on Major Issues of Building a Socialist Harmonious Society” which covers not only political and economic institutions but also cultural dimensions (CCP 2006).

Media: Despite the increase in foreign brands in China since 1979, the local brands have continued to dominate and constitute the top advertisers (Kahn 2003), and used more traditional values compared to foreign brands that use more modern values (Zhang and Harwood 2004; Zhao et al. 2013). Especially since 2006, there has been the increased use of collectivism appeal – individuals are portrayed as integral parts of the group and the emphasis is on the family tie (Cheng and Schweitzer 1996) – which illustrates the strong influence of local culture on consumer behavior (Zhao et al. 2013). Indeed, excessive use of global/western appeals in contemporary China may backfire and may cause audience confusion due to Chinese preference for local heroes and local values (Zhou and Belk 2004).

Family: The family has been a major arena for socialization of children, laying the foundation for their identity, as “parents were the primary source of children’s exposure to their culture’s language” (Maccoby 1992). Growing up in different circumstances characterized by frugality and collectivism, the parents of the Chinese post-1990 generation consumers, as trainers or transmitters of culture, passed down the traditional

Chinese cultural values to the younger cohorts. In the meantime, the parents of the Chinese post-1990 generation consumers have high expectations for their only child to “maintain or improve their family’s social position’ (Stockman 2000, p. 112) and prepare them well, through education, for a society with fierce competition for limited social resources. The passed down collectivism-oriented cultural ideology, coupled with the high expectations and the responsibility as the only child to gain upward social mobility for the family, constituted the family environment of socialization for the Chinese post-1990 generation consumers, leaving little room for them for individualization. Anything that is not in line with the life project set by parents for their Chinese post-1990 generation only children, such as online gaming, is deemed as time wasting and there has been reportedly numerous efforts to control the use of virtual worlds by the youth. In China, one dramatic case involved a father who hired an “online assassin” to kill his son’s avatar in MMORGP repeatedly, hoping his son would give up playing (Lewis 2013).

4.4.4 Summary and Discussion of the Historical Analysis

Before turning to the next major section of the chapter, which is based on field observations and interviews in China, it is useful to create here an interim summary of the more macro-level and historical account of the tussle of modern Internet-based trends and the traditional Chinese values, a tussle that shapes the overall context of virtual consumption in China.

Internet and other technologies have expanded the consumer marketplace to online consumer “marketspace” (Rayport and Sviokla 1994). In the online marketspace, the recent trend entails a gradual shift from consumption of regular material goods to

virtual goods (Lehdonvirta 2009). The transforming Chinese society is confronted with “a culture of desiring, consuming individuals yearning to be fulfilled” (Yang 1997), which has extended to the virtual world and virtual consumption. The historic narrative, in this section, places the issue of virtuality and virtual consumption in the appropriate environmental context, and provides a perspective of a larger place – reality – by documenting the continuous and discontinuous factors (i.e., economic, political/legal, sociocultural) that, interwoven together, condition virtuality and virtual consumption in China (see Table 4.1 for additional details).

Table 4.1: Historic Narrative of Reality and its Influences on Virtuality and Virtual Consumption in China

<i>Aspect of Reality</i>	<i>Discontinuous / Continuous factors</i>	<i>Influences on Virtuality and Virtual Consumption</i>	<i>Sample Evidence</i>
Economic	Changes in China economic landscape Double-digit Economic growth	Positive	Increased discretionary income that allows consumers engage in service/product of hedonic or leisure nature such as smart phone, virtual worlds and virtual goods Developed banking system that helps consumers engage in virtuality and consumption Modern lifestyle introduced to consumers
	Continuous Economic uncertainty	Positive/negative	High saving rate and motivation for being frugal direct consumers to 1) cheaper consumption option such as online gaming, 2) cut spending on consumption in general, including virtual consumption.

<i>Aspect of Reality</i>	<i>Discontinuous / Continuous factors</i>	<i>Influences on Virtuality and Virtual Consumption</i>	<i>Sample Evidence</i>
Political/ Legal	Changes in policy of <i>Danwei</i> , family planning, and ICT	Positive	Opportunity of rise of individualization Concentrated financial resource for only child Developed Internet infrastructure
		Negative	Stringent control on Internet media
Sociocultural	Rise of individualization and hedonism	Positive	Virtuality as place of playground and “me” culture appeals to consumers
	Persistent Chinese traditional value Constraints from social institutions	Negative	“We” culture that emphasizes the harmony and interdependent self lack of socialization environment for individualization High family expectation in RL for upward social mobility

Source: Author’s research based on multiple sources

Growing up in the 1990s and 2000s, the Chinese post-1990 generation consumers, the “little emperors/empresses”, have been the main beneficiaries of China’s economic reform – increased discretionary income and consumption power, expanded set of consumption choices, and proliferation of communication and information technologies and services – all the changes that make their strong engagement in virtual reality and virtuality possible. Having been socialized in a Chinese traditional culture system, they reached early adulthood during a transformative time in China when socialism and Maoism fell, and traditional “we culture” was being seriously challenged by the rising “me culture” that came with the globalization and economic growth. The growth of the

virtual world provides Chinese consumers with access to the new consumption experiences and more resources for fun and experimenting with their identities. But the offline social “real” reality still dominates and constrains the Chinese post-1990 generation consumers’ everyday lives and consumer behaviors, and the predominant social ideology is still rooted deeply in the minds of the Chinese youth. In addition, as the only child in family, they are expected to assume the traditional and even bigger responsibilities for the family – parents and two sets of grandparents.

All of above point to the radical disjunctive splits or “suspensions” that exist between online virtual worlds and offline real physical world, in terms of sociality, relationships and identities (Robbins 1996), which is manifested particularly strongly in China. The Chinese post-1990 generation consumers have to deal with conflicts such as online liberating consumption vs. offline social responsibilities and expectations, online “me” vs. offline “we” cultural ideologies, online ideal selves vs. offline traditionally-constrained self and relationships with social others.

Consequently, many questions arise with regard to the “suspensions” between these forms of newer, emergent and traditional, established conditioning. For example, consumers who have these aggregate selves might have to bargain with or confront one another when facing a potential consumption choice (Ahuvia 2005; Bahl and Milne 2010). One extreme end of the continuum of virtual consumption is the phenomenon of Internet addicts – “lost sense of place” (Meyrowitz 1985). China’s Internet-virtual culture has been under criticism for being irresponsible and damaging to the psychological wellbeing of the Chinese post-1990 generation consumers, but most the Chinese post-

1990 generation consumers appear to be able to re-localize and re-realize the reality, and seem to navigate and strike an optimal balance between virtual worlds and RL.

This historical background and narrative sets the context for the analysis of place making practices by the Chinese post-1990 generation consumers, engaged in navigation and negotiation between RL and virtuality and the role of virtual consumption.

4.5 Emergent Field-based Themes and Interpretations

This section presents empirically developed insights about the Chinese post-1990 generation consumers' experiences of navigating between two places – RL and virtuality – which defines and frames the Chinese post-1990 generation consumers' virtual consumption practices, and throws light on the roles of virtual goods in relation to this overall, blended RL-Virtual experience. The participants described the developed virtual consumption strategy that reconciled virtuality with what they saw as the long-enduring values of the RL, like family and tradition, and the process of the compromise and the negotiation by which they tried to strike the balance between the aggregate self and develop a coherent “self”. In some instances, discursive theoretical concepts were brought in to interpret the insights that were not overtly explicit in the transcripts and notes. The themes are summarized in Table 4. 2.

Table 4.2: Emergent Themes from Fieldwork

<i>Virtuality as Practice</i>	<i>Themes</i>	
Re-localization: Navigation between Virtual Worlds and RL	Boundary crossing	4.5.1 Virtuality consumption as new institution 4.5.2 Cultural capital 4.5.3 Manipulated virtuality, “embodied” virtuality, and consumer ubiquity 4.5.4 Video game arcade vs. virtuality 4.5.5 Identity conflicts
	Boundary reconstructing and maintaining	4.5.6 Reconstructing the boundary between virtuality and RL 4.5.7 Classification of virtual goods 4.5.8 Segmentation of social others and virtual gifting 4.5.9 Save money, save time – utilitarian approach/excuse to virtual consumption of hedonic nature
Re-realization: Project of Construction of Coherent Self	4.5.10 Construction of coherent self	

Source: Author’s fieldwork and data analysis

4.5.1 Virtual Consumption as a New Institution

Previous studies (e.g., Firat and Venkatesh 1995; Firat and Dholakia 1998) indicate that in modern society, consumption has become an institution, where “modern social and political institutions have been under attack from the postmodernist and other counter modern discourses....The void created by their dissolution has been filled in by

the market” (Firat and Venkatesh 1995, p. 245). Consumers take control of their lives through consumption, and identity is no longer based on family name or social class (Giddens 1991). Rather, construction of self is the responsibility of the individuals (Taylor 1989), and it is through the consumption decision of products and services, consumers construct, project and communicate their identities to others (Firat and Dholakia 1998).

The idea of “the individual responsible for construction of self” is new to the Chinese post-1990 generation consumers, as they were socialized in an environment where government and other social institutions such as their families defined their identities as interdependent members of certain groups, and by production, as *danwei* members. Illustrative of this is the following excerpt from Zheng:

Back in my junior high and senior high, you know, we were required to wear the school uniform, we were all required to join the same organization –Youth Pioneer. We were all required to study hard so we can be productive later to contribute to economic development of socialist China.

Another participant, Liang, says:

My parents decided for me what I should do with my life. They told me I should become a doctor, because it is a well-paying job, and more importantly, my parents are doctors and they wanted me to be just like them. They do not care what I want to do with my life. I do not want to be a doctor as my parents expect me to be. Thank God, I did not go to

medical school, I am just happy to be here at this college studying mass communications.

Underlying their expression was the frustration felt by many of the Chinese post-1990 generation consumers that they do not have much opportunities to develop their identity as individuals. Working units, college and families are the institutions where consumers realize themselves through production.

With China's economic reforms in 1979, and with globalization and modernization, came the rise of the market in China, and consequently consumption has gradually become an institution in China (Firat and Dholakia 1998), especially among the Chinese post-1990 generation consumers – the little emperors/ empresses. Previous studies show that the Chinese post-1990 generation consumers have increasingly constructed their identities through consumption, with focus on exploring and embracing a rising individualization trend, materialistic and hedonistic values (Dou et al. 2006; Gu and Huang 2009), and material desires and new lifestyles (Zhang and Harwood 2004).

One theme emerging from the fieldwork indicates that, with the technological advancement, Internet and other technologies have expanded the consumer marketplace to online consumer “marketspace” (Rayport and Sviokla 1994), and consequently virtual consumption has emerged as a new institution for the Chinese post-1990 generation consumers to experiment with various individual identities. In virtuality, identities are crafted to create and reveal complex and multi-faceted selves (Arnould and Price 2000) – ranging from selves that may be akin to the real self to selves that are vastly different from the real self in RL (Turkle 1995; Wynn and Katz 1997). Huang says:

I have many different identities on *QQ* and in games. I may have too many of them. Last time, I tried to log onto one of my *QQ* accounts, I realized I forgot the password.

Unlike in school, here [online] I am not student any more. I choose my own identities. I could be a soldier, a prince, a farmer, etc.

The fragmentation of virtual identities is mainly manifested through the consumption of various virtual goods in various virtual worlds, as consumers purchase and consume products as tangible symbols of identity (Dittmar and Pepper 1992). In Qin's words:

I spent money for most of identities. The biggest purchase? I spent over 1000 yuan for one of my avatars in game, and over 800 yuan for one of my *QQ* avatar in the space. My friends in *Journey to the West* know me by the sword I bought.

Wu, another participant, says:

I have several identities, most of them are for my games. For my *QQ*, I have couple of *QQ* accounts. Yes, I spent money on them. My identities in different games could be quite different and that required me to purchase different virtual goods. Also, for my *QQ*, for different avatars, I need to purchase different outfits for them.

Virtual consumption as a new institution facilitates the Chinese post-1990 generation consumers in constructing, displaying and communicating their identities as individuals. Here is Zheng's perspective:

You know, when I first logged on my *QQ* and saw my *QQ* avatar, I could not believe my eyes. The default avatar provided by *QQ* looked

exactly like my friend's default avatar, they had almost the same faces, same figures, nothing different. I purchased the virtual clothes and accessories to change the look of my avatar. I know I could just use the freebies given by QQ to get the job done, but that would look tedious, and the chances are my avatar would still look like others'. I cannot let my avatar look like others with freebies, which remind me of the school uniform I was required to wear back in the junior high and senior high. No, I cannot let that happen.

From Zheng's description, it becomes apparent that for many engaged the Chinese post-1990 generation consumers, the creation of the self in virtuality is the development of an avatar that is not only just visible to others, but must be individualized to be distinctive and unique. Such individualization is always done through virtual consumption.

Previous studies (e.g., Belk et al. 2003) indicate that desire symbolizes the passion about good life in modern societies, and it takes the form of consumption. Virtual consumption as a new institution not only provides the Chinese post-1990 generation consumers with new and attractive consumption objects and lifestyles to desire, but also helps them realize these desires that they otherwise cannot obtain in RL (Denegri-Knott and Molesworth 2010). For example, Liang continues with his choice of desired lifestyle, which is different than his parents' expectation:

I do not want to be a doctor as my parents expect me to be. I like sports, especially Formula 1 racing. My dream is to be a F1 driver. That is my dreamed lifestyle – fun, craziness, and speed! But, I may not be able to

realize that dream. What is the chance, maybe zero, I would say, here in China. But in the game, I could just as well experience all this speed and craziness, with my customized F1 car. Of course, I paid for updating my dreamed car, but it is worth every penny I spent.

Several other participants shared similar virtual consumption experiences that are characterized by unsuppressed desires. These desires are reflected intensively and with compelling immediacy in virtual worlds. When the Chinese post-1990 generation consumers engage in consumption of their desired virtual goods, they reveal their other aspects of identities that might not be visible or achievable in RL.

Virtual consumption, as a new institution, also facilitates the realization of materialistic and hedonistic values. By definition, materialism is the importance a consumer attaches to consumption objects (Belk 1985). In RL, accumulation of consumption objects can be either an end in itself or a means for achieving higher goals (Chaplin and John 2007). Similarly, in virtuality, especially in MMORPG, consumers attach great importance to virtual goods as they are “both goals to be sought after and the means to accomplish further goals” (Boone 2008, p. 23).

According to Boone (2008), the virtual goods could be “constructed, found, won, or purchased” (p. 23). Several participants compared their experience of acquiring virtual goods in different ways. According to Liang:

I have studied all day already. So, when I come online, I just want to relax and have fun. So, instead of spending time and effort producing a sword through repeatedly digging, digging and digging the mine and then building it, I just went ahead and purchased it [sword].

Another participant, Li, says:

I like playing games and always fantasize myself as a superhero. But, you know, as a noob [newbie] myself, I was always defeated by others easily before. The [virtual] machine gun I bought was the game changer, which helped me become a superhero in the game. My fantasy came true.

As such, compared to constructing or winning virtual goods through tedious and no-fun-at-all work or skills that need to be acquired, purchase and use of virtual goods helps the Chinese post-1990 generation consumers realize quickly the hedonistic values that are always associated with pleasure, arousal (Campbell 1987), fantasies, feelings, fun (Hirschman and Holbrook 1982), and “enjoy now” consumption ethos (Lin and Wang 2010).

4.5.2 Cultural Capital

To the Chinese post -1990 generation consumers, individualization process is not simply a replica of that in the West (Chu et al. 2012), as there is no required social support for individualism in China (Belk 2014). While virtuality and virtual consumption have provided a meso environment that facilitates the rise of individualization, Chinese consumers have to deal with persistent traditional Chinese cultural values and resistive forces from the social institutions such as the government, the media, and the family. Therefore the individualization process in China is characterized by “an extensive negotiation among citizens, social structures and institutions on the one hand, and the logic of capital on the other” (Chu et al. 2012, p. 110).

During the interviews, several participants shared their experience of engaging in virtuality and virtual consumption, and described the importance of digital literacy and virtual literacy. Both digital literacy and virtual literacy fall into the category of cultural

capital that is defined as cultural habits, knowledge, skills, education, and competences of individuals (Bourdieu 1998). Specifically, digital literacy refers to a special kind of mindset and knowledge that enables users to access and perform in digital environments (Gilster 1997). One of the participants, Wu, says:

Chinese government's censorship does not apply to us. We have all the access we need to get into the Facebook, YouTube, etc. I played with my Chinese friends in USA on *Farmville*. Of course, it took some work. It is not via VPN you could purchase, most of which have been blocked as well in China. But you know, there is always a way to get around the "Great Firewall" [legislation and projects initiated by the Chinese government].

In virtual worlds, as the participants described, it also takes some specialized knowledge, or virtual literacy – "the ability to manipulate, structure, coordinate and thus, signify all kinds of signs verbal, visual, etc." (Firat 1996, p.186) – to get around parental and college's monitoring of their online activities. One of the most famous characteristics of such virtual literacy is *huo xing wen*, or Martian language, which is the language created for virtual worlds and commonly used among the Chinese post-1990 generation consumers. As one of the participants, Li, explains:

Martian language is a lot of fun. It is combination of English, Chinese, Japanese, Korean, symbol and other things. The parents and teachers do not know what those codes mean. For example, if I wanted to warn my friends not say something of sensitive nature, I would send them an image of "hexie", or crab, meaning "it is going to be censored".

Li is not alone. It was reported, in 2007, that over 80 percent of Chinese consumers aged 15 to 20 were using Martian Language (Jiang 2008). As such, “the secrecy that such pseudonyms offered and the obscurity of the characters used meant that ‘Martian’ became for those born in the 1990s their own kind of ‘secret password’” (Clark 2012), and that gives them a sense of identity.

To master the Martian language, however, is not easy and takes some serious effort initially. As another participant, Ma, points out:

It is our style. Not everyone could master it [Martian language]. Besides foreign language skill you have to have, you got to have some imagination as well.

The presence or absence of cultural capital not only determines whether the Chinese post-1990 generation consumers could enter virtuality and engage in virtual consumption, but also influences their overall consumption experience in virtuality. Two participants said that the reason they quitted playing the *World of Warcraft* is the high requirement of cultural capital: they had to spend time to master the maps, quests, and tasks and more. For example, according to Tan:

The learning curve is just so high, my head would explode just looking at all those maps. I simply do not have the time for all those. I quit. I like playing *Happy Farm* better, which does not require much time and skill.

Consumption of virtual goods also takes cultural capital. For example, Hou complains:

I bought the weaponry in *World of Warcraft*, but I did not know how to use it effectively, I was laughed at by others in the Internet café, as I had such advanced weapon, but I still lost the game. How come? You know I

am a straight-A student in class and I am smart. I really lost ‘face’ playing the game that proves I am not that smart at all.

Face, mentioned by Hou, refers to a sense of favorable social self-worth that a person wants others to have of him/her in a relational and network context (Goffman 1967), which is especially important to Chinese consumers (Jap 2010). Lack of cultural capital produces a general sense of disempowerment in the marketplace (Üstüner and Holt 2007), which leads to the sense of losing face. To Chinese consumers, including the post-1990 generation consumers, losing face is a big blow to their sense of self.

Conversely, presence of “cultural capital secures the respect of others through the consumption of objects that can only be consumed by those few who have acquired the ability to do so” (Holt 2000, p.218). Liu, a long term hard-core gamer, claims:

I like playing *World of Warcraft*, because I felt good when playing, especially when I win. And, I always win.

Some others described their similar influences of cultural capital on consumption experiences in social virtual worlds. For instance, Zheng mentions:

It became easier later once have I acquired such knowledge... it is still, however, a lot of work actually because I do not want my avatar to wear the same clothes every day, I would like my avatar to look great so I need to constantly update it.

But not all the participants are so interested in developing the cultural capital to individualize their avatars, neither do they want to spend time and money on it. As one of the participants, Ding, puts it, when asked whether and how she individualizes her avatar:

You are not going to believe this, but I have not learnt how to individualize my avatar yet. I just used the freebies which could be automatically attached to your avatar once you have ordered it. I never paid for customization of my avatar. Why I should when they (QQ) give out [free things] every month? Well, the freebies are not that great, but not that bad either. The best part is it is free.

4.5.3 Manipulated Virtuality, “Embodied” Virtuality, and Consumer Ubiquity

4.5.3.1 Manipulated degree of virtuality

Virtuality has evolved from novels, comics and movies to MMORPG and later to the social virtual worlds. Thomas and Brown (2009) argue that the visual component of virtual worlds has redefined the landscape of online interaction away from text and toward a more complex visual medium that provides a sense of place. Dholakia and Reyes (2013) rank these virtual places based on their degree of virtuality, with the MMORPG and avatar-based social platforms on the high end of the continuum, novels and comics on the low end, and social networking sites, digital audio, video, and cinema, radio, and television in between (p. 1583, table 1). In the interviews with the participants, the theme of manipulation of the degrees of virtuality and the connection with RL, practiced by the Chinese post-1990 generation consumers and enabled by technology, has provided a different perspective.

In China, there are 22.4% of the consumers who go to the Internet café as the access point to virtuality (Zhu 2013). The primary reasons that gamers, even when they have PCs at home, go to an Internet café are to participate in gaming competitions with their friends (Niko Report 2010). One participant, Li, explains why he would like to go to Internet café to play *CrossFire*, instead of playing by himself in the dorm:

Going to the Internet café and playing *CrossFire* with my friends means that I at least know who, if not each every one of them, are on my team fighting against other teams, their level of gaming skills, the amount of virtual goods they have that give them power, and the time they have to leave the Internet café and the game.

During the fieldwork in China, the observation in the local Internet Café in Hangzhou revealed the “clustering pattern” – players of the same team sitting together – described by Wang and Mainwaring (2008). Such experiences of changing the degree of virtuality is also described in Slater’s study (2002) – “television watched by an isolated Euro-American couch potato is arguably rather more virtual, for example, than a television in the communal setting of a Mexican tavern or a student common room” (p. 544). The same line of reasoning could extend to other life experiences. For example, reading novels or comics while listening to digital music individually at dormitories, or posting on online discussion forums with a pseudonym, is perceived as form of arguably higher level of virtuality, compared to doing of these same activities with friends, jointly, in a Starbucks coffee shop.

Similar type of manipulation of virtuality was reported in the context of social virtual worlds such as *QQ*. For example, several participants have multiple IDs on *QQ*, including their real name and fake names/pseudonyms. Depending on the relationship, they may reveal the real self or virtual imaged self to others. Hou explains:

I use my real ID with my parents when I communicate with them via *QQ* and *QQ* space. I also have several other *QQ* accounts that I use with others. I, of course, would not use real name with the strangers. But,

sometimes, I also use the fake ID account to hide information from my parents.

Conversely, almost of all the participants reported that they want to find out others' real identities. Some of them would like to initiate a phone/video chat with the friends they made on *QQ*, which gives them a better sense of who he/she really is, and sometimes determines whether the relationship would continue further or end. Such desire to manipulate/manage virtuality is largely due to their realization that they have crossed the boundary of RL and entered the realm of virtuality where the truth takes extra effort to discover. Ding says:

It is just risky. You never know for sure who you are going to meet via *QQ*. With their faces behind the screen, they can be anything but what they told you. I want to find out.

The manipulated virtuality experience described by the participants is consistent with the Slater's study (2012) that the experience in virtuality could be more embodied and "real", giving an authenticity to the one's presence by allowing verification of some identity claims.

4.5.3.2 "Embodied" virtuality and consumer ubiquity

In the era of Web 2.0 and ongoing Web 3.0, ubiquitous digital infrastructures (e.g., GPS, Bluetooth, RFID), and increasing adoption of smartphones (e.g., popularity of convergent mobile phones with multiple functionalities such as voice, media, GPS, and data), set the stage for ubiquitous computing and ubiquitous access to virtuality – independent of time and location. China has over 816 million smartphone users in 2015, which included over 170 million on its 4G network and 223 million on 3G (Perez 2015). The Chinese post-1990 generation consumers represent the most active users of

smartphones (Moshinsky 2015). In this dissertation research, among 13 participants who use social virtual worlds and/or online game worlds, 8 of them access virtuality via smartphone.

In contrast to virtuality that “seeks to create a world within a computer”, ubiquitous computing “seeks to place computers throughout the world” (Boone 2008, p. 26). With the unfolding ubiquitous computing, virtuality becomes “embodied”, because “the ubiquitous characteristics that spring from high levels of embeddedness and connectivity are present in virtual worlds” (Boone 2008, p.27). As such, virtuality is more a piece of real time and space integrated into the flow of mundane living of consumers in such a way that interacting with them cannot well be understood as a visit to another world. In a sense, the virtual and real are beginning to meld – in spaces physical as well as electronic (Biehl-Missal and Saren 2012). And consumers are taking advantage of the ubiquitous computing to manipulate the degree of virtual. Qin points out:

I like using the “people nearby” function on my *QQ* to find the random people nearby, if I am bored and have nothing better to do. It is still virtual, but I could choose the persons I would like to talk to, based on their location. As a matter of fact, I would say it is more real than communicating with strangers via telephone which does not have such functions.

Such ubiquitous and continuous access has created marketplace ubiquity, especially in virtual goods markets, because of virtual goods’ intangible nature, making it possible for an average consumer to engage in the consumer role anytime and anywhere (Dholakia 2012). Previous studies (e.g., Banerjee and Dholakia 2010) show, however,

that not all consumers choose to be ubiquitous. The concept of consumer ubiquity is defined as “an individual propensity to shop online independent of immediate physical situation” that captures individual differences in anytime, anywhere shopping orientation (Banerjee and Dholakia 2010). One participant, Ding, an “anytime-anywhere” type of consumers (Banerjee and Dholakia 2010), says:

I often use my smartphone playing *Happy Farm* with my friends when I commute between home and college that usually lasts fifty minutes. Last time I bought the [virtual] peach seeds and planted it in my farm, and guess what, by the time I got off the metro, it has grown into a big peach tree. Unfortunately, when I checked it again that night, that tree has been stolen by my friend. Interesting, isn't it? The RL is safer, actually; I do not worry that I will be robbed.

Another participant, Wang, a type of “domestically rooted” (Banerjee and Dholakia 2010) consumer, prefers to shop from private, controlled spaces in RL. She explains:

I prefer to do any transaction on my own laptop which has the firewall and the anti-virus software installed. I play games and talk to my friends on *QQ* on cellphone, but I never bought any virtual goods on my cellphone. Better safe than sorry. For me, it is for peace of mind.

4.5.4 Video Game Arcade vs. Virtuality

Like in the western world where the gaming arcades provided the first consumptionscapes (i.e., culturally shared consumption styles and patterns, with discernible boundaries and connections, see Ger and Belk 1996) of shared gaming cultures in connective consumption settings, the Chinese post-1990 generation consumers were introduced to virtuality first through video gaming arcades. Some of the participants

in this study had experience playing in video game arcades back in the day before the ban put on video game arcades by the Chinese government came into effect in 2000. When they described their experience with virtual goods in virtuality, they often compared it with their experience in video game arcades.

On the one hand, the participants enjoyed buying and trying various virtual goods and expressed their rationale for the purchase of the virtual goods: they noted that the primary difference in contemporary MMORPG (compared to video arcades) is that the virtual goods that were previously only accessible by level advancement in video games are now readily available for purchase in MMORPG. Many participants mentioned that they enjoyed the virtual swords, machine guns, etc., that help them to advance in the game. The effort-free advancement in the game is the motivator for many participants, especially those that are less skilled at the games. Liang explains:

It betters my chance of winning when fighting with the gamers who are at my level or even at more advanced level.I played the similar game before in video game arcades, and no way could I buy anything like this [advanced virtual weaponry].

On the other hand, after using the virtual goods in the MMORPG for a while, some participants, however, wanted to stop purchase and use of the virtual goods because of the similar type of boredom as they experienced in their daily mundane life. When describing his experience with virtual goods, Huang says:

Very soon, I realized that how meaningless virtual goods could be in the MMORPG and if there would be again my choice between buying and not buying virtual swords to advance in game, I would say no. It just

ruins the whole game experience, I guess, especially when I was killed by other gamers who bought the even better sword. It is no longer an interesting game of skill competition, but turns into kind of “money talking” game, just like what you can see in today’s China, money talks.

This negative perception toward the virtual goods in MMORPG came from the lack of fair competition and egalitarian spirit that the participants usually found in the games they played in video game arcades – the games in arcades were designed to test players’ skills, and arcades became places where people “were able to enter a world based purely on talent and hard work, not social status. The resulting social element of game play has always been one of the medium’s appeals” (Williams 2006, p. 234). Such negative experience also could be contributed to the mirror image of RL in virtuality where the Chinese post-1990 generation lost their cultural capital advantage and had to turn to the economic capital they possessed or lacked.

4.5.5 Identity Conflicts

The Chinese post-1990 generation consumers are challenged to maintain a trajectory of simultaneous growth of identities in both RL and virtuality. Many participants described their challenges as being “betwixt and between” fragmented/aggregated selves (Newman 1997, p 91) – real self in RL and multiple selves in virtuality, and they were sometimes not sure what they should do – spending time and money on their virtual identities or focusing on their real identities in RL as a student. For example, Wang says:

What I should do? Between spending real money on the virtual stuff or on my GRE preparation? A good GRE score could potentially get me to Australia or USA where I hope to get a master’s degree that is highly

valued by many Chinese companies and so helps me jumpstart my career when I come back to China. GRE review materials are expensive. But if I spent the money on GRE, I would not have enough money for my avatar in games and *QQ* avatars.

Ren, one of the two non-users, says:

Back in the day, I used to play games and talk to my friends via *QQ* a lot. Many times, I had hard time deciding what I should do. My friends needed me to play in *CrossFire*, my *QQ* avatar's clothes needed to be changed, my *QQ* space needed to be updated. On the other hand, I needed to work on my weekly discussions, presentations, term project, etc. that all had deadlines. I could not do all of them, I wish I could have more than 24 hours a day. I had to make the choice between them. My decision was to quit the virtual worlds and say bye to my virtual friends and my virtual selves. I actually felt better as my life became simpler now.

Besides identity conflict that is related to time and money concerns, the cultural contradiction between collectivism and individualism also creates a contradictory experience of self with a consistent theme of “guilty” and “struggling”. Such cultural contradiction specific to the self is the conflict between “me” culture and “we” culture, and the Chinese post-1990 generation consumers are pulled in different directions.

On the one hand, virtual worlds provide the Chinese post-1990 generation consumers opportunities to be individual, where their virtual consumption centers on the free selection of identities – a collection of avatars of their choices in different virtual

worlds. On the other hand, the Chinese post-1990 generation consumers have been socialized in the cultural belief of collectivism that emphasizes interdependent self, self-control (Ho 1994), thriftiness, suppression of desire, delay in gratification through consumption (Pan et al. 1994), and images portrayed by the media about their role of self as a member of group. As the product of one child policy, they are fully aware of their responsibility as a son/ daughter to the family. Even though since 1979, the economic reforms have considerably diminished the *danwei*'s role in the construction of Chinese consumers' identity, the Chinese government continues to demand that individuals have unified group identities and uses the *hukou* registration system (based on the family origin) to implement collectivism in China (Cheng and Selden 1994). *Hukou* system categorizes the population into different social groups – rural vs. urban (Cheng and Seldon 1994), and places restrictions on where consumers can live, what type of benefits they can enjoy (Afridi et al. 2015), and what kind of consumption options are available to them. For example, migrant children from countryside are not allowed the education opportunities in cities due to their inherited *hukou*, which limits their cultural capital growth and upward social mobility and consequently the chance to change their identities in the Chinese society. Finally, the Chinese post-1990 generation consumers were expected by family, college, and other social institutions to have unified and homogeneous group identity (e.g., a good son/daughter in family, a good student in college, etc.) as well.

As the Chinese post-1990 generation consumers increasingly navigate between virtuality and RL, which is premised on their different identities, they struggle with the competing cultural ideologies and demands between virtual worlds and RL – the “me”

culture in virtuality is reflected in their desires, and characterized by the Chinese post-1990 generation consumers' fantasy and variety seeking experiences in the consumption of virtual goods (as discussed in section 4.5.1 – virtuality as new institution). Whereas, the traditionally persistent “we” culture and social ideology deeply rooted in Chinese society, is reflected in the Chinese post-1990 generation consumers' anxiety and distress when entering the virtual worlds and facing the different consumption choices. Xie, for example, expresses this feeling:

Sometimes, I feel really guilty playing MMORPG games that cost me so much money to purchase the virtual goods. My parents paid for my education. The money they gave me is not for purchase of these “virtual” stuff. I am so selfish. I need to stop playing the game, as I have more important things going on in my life.

Another participant, Hou, says:

My family was poor. Things have become better in these years as my parents quitted their jobs and started a family business. But when I came to the college here in Hangzhou, everything costs more than back in my hometown. I only spent about 600 RMB on my food and other necessities every month. But, last month I spent over 800 RMB on virtual goods. I should have better control over my spending habits on virtual goods.

As such, while virtual consumption, as the new institution, has provided the Chinese post-1990 generation consumers with the opportunities to experiment with different identities, and facilitated the rise of individualization and hedonism, it also has

created conflicts among their identities. The following sections will document the themes that are related to how the Chinese post-1990 generation consumers address these conflicts through negotiation, compromise, and self-control to construct a coherent self.

4.5.6 Reconstructing the Boundary between Virtuality and RL

Related to the ubiquitous computing that made virtuality “embodied”, the participants have expressed their concerns and ambivalent feelings towards the disappearance of the boundaries between virtuality and RL. Liu says:

When I was little, if I wanted to play video games I needed to go to the game arcade to play with my friends. If I wanted to talk to my friends, we usually met after class in school. Things have become much easier now, with my laptop and cellphone in hand, I can do all of these without leaving home or dorm, I can do it anytime I want to. Well, I am not sure things have become simpler though. With all of these games and friends online available to me, I tend to forget to study for the exams. I really feel guilty.

Another participant, Wu, also mentioned his experience playing video game in the game arcade in comparison to playing MMORPG in virtuality :

Before, I always wanted to play whole night in the game arcade, but they usually closed very early. And, just for one weekend, they opened late, but I was not able to find a friend who would like to play with me that late. That is no longer the case. I can play *CrossFire* for as long as I want to, and if my friend in RL do not have time to play with me, that is just

fine. I always can get other players to play with me. But, maybe, I play too much now as a result.

The experiences described by Liu and Wu highlights the issues of boundaries being destabilized and blurred by technologies, and separating of play from work, because of the increasingly difficult distinction between these two spheres spatially and temporally. Boundaries help create symbolic worlds that allow consumer to make sense of what is going on and do things at that particular context of place and time. “Embodied” virtuality, however, has destabilized the uniqueness of specific places, and some previous research states that individuals do not appear to know the boundaries any more (Garton and Wellman 1995).

Besides the disappearing boundaries between virtuality and RL, several participants talked about the different perception of time in the game than in the RL. Wang says:

When I started playing *Journey to the West*, I totally lost sense of time in the game, which is always in day time and does not have night at all, Amazing, isn't it? And, in that game, I, as the prince of the game, constantly transcended time going back and forth between ancient time in China and future on Moon. I sat there playing until the next morning and I was not even sleepy.

Dholakia (2012) argues that “while there may be an overarching emphasis on one or the other of the time perspective in a specific culture, individuals may move from one perspective to another depending on the situation” (p. 44). Time measured in clock or calendar units do not necessarily represent how time is perceived or how time influences

behavior. In Wang's case, unless explicit action is taken to separate play and work spheres, the disappeared boundaries between virtuality and RL mean that not only presence in virtuality is no longer an occasional activity but may indeed become an all-consuming activity, and presence in RL almost disappears.

As the interviews went on, it was revealed that while the boundaries between virtuality and RL are being increasingly destabilized, blurred and crossed over in their everyday life, these boundaries are also simultaneously being consciously reconstructed by the Chinese post-1990 generation consumers, with extra effort, in their virtual consumption, which is opposite to the previous study (e.g., Garton and Wellman 1995) that found that consumers totally lost sense of boundaries. Illustrative of this is the excerpt from Wang:

I was very close to be addicted to that game. I failed the biology and math final exam of last semester as result, which got me thinking whether I spent too much time and money in games. For this semester, I have made the detailed schedule to plan my time ahead, when to study and when to play. Well, sometimes, I did not stick to the schedule and let myself play a bit longer hours. That was a self-award for doing well in my exams.

Other participants expressed similar time management effort with *QQ*, as Huang says:

You know, it is really hard to turn off my cellphone so I can stop chatting to my friends on *QQ*, but I have to, because otherwise I will not be able to graduate on time this year. I do not want to disappoint my parents: they have high expectations of me. Well, I am not saying I will

quit talking to my friends on *QQ*, I just need to control myself better...
better manage my time.

Such boundary-work, termed by Nippert-Eng (1996) as “never ending, hands-on, largely visible process through which boundaries are negotiated, placed, maintained, and transformed” (p. xii), is practiced by the Chinese post-1990 generation consumers to reconstruct the boundaries between virtuality and RL, between work and play, and between two spheres – one is to earn money (or to study, in order for the Chinese post-1990 generation consumers to get prepared to earn money), and the other (virtuality) is for consuming that money (Firat and Dholakia 1998).

4.5.7 Classification of Virtual Goods

Over half of virtual consumption in China is on virtual goods for instant messaging service and *QQ* Space, as opposed to other countries where most spending on virtual goods is in social games and in online MMORPG categories (Su 2010). The Chinese cultural ideology plays a role in this consumption pattern difference.

The consuming-as-classification metaphor in Holt’s consumption typology describes how objects are used for classification when consumers use the meanings associated with the objects; also, manners in which the consumers experience the consumption object can serve to classify (Holt 1995). The classifications described in prior literature emerged as a theme when the participants in the interviews described their experiences of implicitly/explicitly categorizing their virtual goods consumption. Based on the different cultural meanings associated with different types of virtual goods, participants in this study constantly use virtual goods classification to rationalize their virtual consumption (Holt 1995). Virtual goods for social virtual worlds such as *QQ*,

virtual goods for MMORPG, and virtual goods for social games are three major categories that are used by participants when describing their virtual goods consumption.

The virtual goods for social virtual worlds are valued by participants because they are culturally identical or similar to what they usually consume in their RL, and more importantly, their associated cultural meanings are aligned with Chinese culture that emphasizes *guanxi*, or network, which is especially important to the Chinese post-1990 generation consumers who have to cope with the consumer alienation created by the macro-environment in their RL (e.g., one-child policy). Ding, a user of social virtual worlds, describes her consumption experiences of virtual fashion for her *QQ* avatar:

I bought a new fashion dress for my *QQ* avatar, which makes her look like a princess and attracts many new friends to come talk to me.

To Wu, another participant, the virtual accessories for decoration of her *QQ* space is also important. She says:

Every morning the first thing I would do is to log onto my *QQ* space and see how many friends of mine visited me and I would like to create a welcoming setting for them. I bought a new pink colored wallpaper for my *QQ* space and have received a lot of compliments in the comment section.

As such, cultural familiarity breeds comfort. The Chinese post-1990 generation consumers rationalize individualization of their identity and place through purchase and use of virtual goods in social virtual worlds as an effort to promote social relationship with others. Such practice helps create a sense of cultural coherence by bridging consumption experiences in virtuality and RL.

To the Chinese post-1990 generation consumers, virtual goods used in MMORPG provide an exotic experience that is seemingly totally different from that of RL, and their associated cultural meanings are not aligned with the Chinese traditional values that emphasize harmony and peace. As such, the virtual goods for online games category cause cultural clash and distraction. Here is the perspective of Liu, a long term hard-core gamer of MMORPG:

My parents do not like me playing MMORPG. They think it is too violent and nothing good you can gain from playing that kind of game; they feel it only distracts me from my studies.

For the Chinese post-1990 generation consumers, rationalization of the purchase and use of virtual goods used in MMORPG is much harder, if compared with virtual goods in social virtual worlds. Qin says:

I only play the game when I am here in college. I will stop playing when I am back to home during this summer break, because I cannot let my parents find out that I play games.

To the Chinese post-1990 generation consumers, virtual goods used in social games help them to maintain and develop the relationship with their friends by having some fun together. Several participants mentioned their experience playing social games with friends. For example, Huang says:

Many times, playing a game is better than talking, especially when we do not have much to talk about. Engaging in game together is not only fun but it can also create some topics we can talk about later.

In contrast with the virtual goods for MMORPG category that has negative cultural meanings in the Chinese context, the virtual goods used in social games represent an alternative as it involves similar kind of fun consumer can get from MMORPG, and in the meantime helps consumers develop and sustain the relationship with their friends. In contrast with virtual goods in social virtual worlds, the virtual goods used in *social games* expand on self-expression by layering on even more social features (Su 2010).

Overall, the interviews revealed that the way that virtual goods gain meaning and are consumed is a constant negotiation between the understanding of the dominant culture and the reinterpretation of meanings by the Chinese post-1990 generation consumers.

4.5.8 Segmentation of Social Others and Virtual Gifting

With over 150 friends in virtual worlds, Liang says:

I have a massive amount of friends, they are from different virtual groups ranging from, like my chatting pals on *QQ*, and I have more than 100 of them, to the friends of my teams on *CrossFire* and other games. But not all people I know, actually... I would say that 90 percent I do not know in person. They are type of virtual friends. Of course, I also have real friends from RL on my *QQ*. But I have more virtual friends than real friends.

While several other participants also are proud of many friends they have in virtuality, they constantly used the expression of “virtual” vs. “real”, and made a distinction between these two friend groups, when they described their relationship with social others in virtuality.

When asked whether they have had met any “virtual friend” offline and attempted

to develop into real friend, one participant, Xie says:

I tried with a virtual friend who happened to be based in Hangzhou city as well, but that did not turn out well as when I finally met him in person... he acted like another person, different than the person I knew from *QQ*.

Most of participants said they did not have such experiences, citing different reasons. Some mentioned economic concerns that they do not have money to meet the virtual friends or they do not want to spend money on meeting with virtual friends they do not know in person. Two of the participants said the reason was their safety concern that raised from local media coverage of the tragic incidents of meeting with virtual friends resulting in robbery. Interestingly, one participants also related his concern to his one-child status which entails the social responsibility to go back hometown to take care of the family and he would like to meet a girl of the same city or surrounding area.

Despite different reasons cited by the participants, the practice by the Chinese post-1990 generation consumers to segment virtual from real friends is similar to that found in the western world. Previous research shows that while virtuality has enabled teens to reach out to people from all over the world, the vast majority of them, however, still define their friends as “peers they met in school, summer camps, sports activities, and places of worship” (Arum and Beattie 1999). The finding is also consistent with previous study (e.g., Livingstone and Bober 2005) that the young consumers use virtuality to build local networks rather than extending their networks beyond, although it has that potential.

This does not mean that the Chinese post-1990 generation consumers do not value

the virtual worlds as a site for socializing and building social capital. As one-child of the family, they would like to build relationships with others in virtuality. The findings of this dissertation research show, however, that they do not usually invest much time or money in it. This approach to social relationship refers to bridging social capital that relates to social ties between individuals with weaker ties – the loose connection between individuals without emotional support (Parks 2011).

In China's market, one important way for consumers to maintain, harmonize and enhance interpersonal relationships is through gift giving (Belk and Coon 1993), which now extends to virtuality, as the technology makes bridging social capital cheaper and easier (Ellison, Steinfield, and Lampe 2007). As one of the participants, Li, says:

Even though I do not want to spend too much money on them (virtual friends), they are still my friends in virtuality. I could be killed in *CrossFire* if my pal did not cover me. I need to buy him something for his help.

For Chinese post-1990 generation consumers, virtual goods gifting seems to be a good way to maintain such low level social relationship in virtuality, as it requires little money or time. In addition, gift giving also entails reciprocity in Chinese culture, and as such the Chinese post-1990 generation consumers become interdependent in the low level virtual relationship, which is illustrated by what Zhao says:

I was given a virtual gift for my birthday. You know, that birthday I put on my profile is totally fake. I will give him a virtual gift in return when his birthday comes up, even though that might be fake too. It is kind of a game, but it is fun.

On the other hand, participants revealed that the virtual gifting is not that common among their real friends, because “gifts can partially represent or reflect the quality of the relationship between gift giver and receiver” (Sherry 1983), and the nature and value of gift depends on the occasion. Zhao states:

I cannot only send a virtual gift to my real friends for their birthdays. I need to give real gift to real friends. It might be alright to send them both virtual gift and real gift, but why I bother to send them a virtual gift if I already plan to give them a real gift.

As such, the Chinese post-1990 generation consumers are expanding their communities to virtuality and simultaneously maintaining the boundary between different social groups, by segmenting virtual friends from real friends. The expanded communities in virtuality are generally fun oriented and partially maintained by virtual consumption and gifting. The Chinese traditional cultural values (e.g., gifting giving and reciprocity) and the nature of “virtual” friends in these virtual communities (e.g., weaker ties), have impact in major ways for the Chinese post-1990 generation consumers’ virtual gifting practices.

4.5.9 Save money, Save time – Utilitarian Approach/Excuse to Virtual Consumption of Hedonic Nature

As the interviews went on, a theme began to emerge, that can be termed “save money, save time”. Many participants reported that the reason to engage in virtual worlds and purchase and use of virtual goods is to save money, save time. Tan says:

For entertainment, playing (online) games is the cheapest. A movie of 1.5 hour long could easily cost me over 70 yuan, playing game or talking to my friends via QQ avatar costs me far less.

Another participant, Qin, expressed a similar rationale – that purchasing and using virtual goods is to help save money:

The virtual goods I got from game were truly amazing. The sword in *Journey to the West* is really a bargain and only costs me 15 yuan. It is like a saving of 10 hours of mine digging in the game to get the same type of sword. Considering the Internet access fee in the Internet Café I go to is 2 yuan per hour, this purchase is a good buy.

Behind such a theme of “saving money” in virtual consumption of hedonic nature is a mismatch between aspirations and their economic capital in RL. On the one hand, the economic growth in China since 1979 has led many of the post-1990 generation Chinese consumers to aspire to high life, and indeed, more and Chinese consumers are engaging in consumption for hedonic reasons rather than for only utilitarian needs, especially the younger generation (Chu and Ju 1993). On the other hand, their economic capital was not enough for them to live their aspired life in RL and they are under constant economic pressure. So, many of the Chinese post-1990 generation consumers channel their aspirations into virtuality, which is affordable and accessible and provides immediate access to their desired high life in an imagined wonderland. Thus, they have an ambivalent feeling and practices towards virtuality consumption – validating spending the real money on virtual goods of hedonic nature that is associated with pleasure, arousal (Campbell 1987), fantasies, feelings, and fun (Hirschman and Holbrook 1982), while simultaneously taking a utilitarian approach (e.g., constantly calculating the cost and benefit, saving money, etc.) they learnt from their parents in RL to virtual consumption in virtual worlds.

Some participants expressed the similar utilitarian orientation that is related to the “save time” idea. According to Firat and Dholakia (1998), there are two spheres of times, one is for work to earn money and the other is for consuming that money to play. In industrial society, however, consumers constantly are under time pressures from work (in case of students interviewed for this dissertation, work in the form of the study tasks in schools and colleges) even during time they are supposed to play and consume. As some participants described, when they go online and enter virtual worlds, their experience is a type of “frenetic leisure - leisure over conscious of its forthcoming rendezvous with work time” (Appadurai 1996, p. 79). As Xie explains:

I usually spent 3 hours playing games and that left me only few hours to study and do other things. I would like to spend money to save time, and since the virtual goods are so cheap I can afford to indulge in them.

The observations conducted during the fieldwork also show that participants constantly used multiple media concurrently in order to squeeze more “play” from the limited hours they set aside, away from their study tasks. As such, the “play” started to take the nature of “work” (Appadurai 1996). Zheng explains:

I am so time pressured. I have other more important things going on in my life. When I go to the internet café, I need to multitask, playing the games on computer, in the meantime, talking to friends on my smartphone.

The utilitarian approach to virtual consumption of hedonic nature, however, did not always work, and the consumers feel “guilty” for consumption of virtual goods as a result. Xie says:

I was shocked by how much time I spent in this game last Thursday. More than 10 hours. It was my first time to use the [virtual] sword I bought last week and I just lost the track of time as I was so thrilled by the power I obtained from the sword. I came back from the Internet Café and just realized that I had an exam I should get prepared for. So, I did poorly in that exam. I think I should not have bought the sword to begin with.

The participants were in various states of struggle and feel the “suspension” between the online virtual worlds and RL as they come to the realization of the paradoxical nature of the virtual goods. The virtual goods may help them save time and money in online virtual worlds, and enable the advancement (in MMORPG) otherwise they cannot; in return, however, such achievement online could potentially lead to too much time and money spent online eventually and their offline goals in RL could be compromised. So, as non-user Ma says:

I quitted playing game, chat on *QQ* and purchase the virtual goods altogether, as I realized it is the ultimate way to save money and time. All of those using virtual goods to save time and save money playing game and *QQ* I used before to comfort myself are just excuses, because the assumption is still I play the games and *QQ* that cost money and time.

While Ma is just one of two participants who did not purchase virtual goods, her total stop on spending on virtual goods revealed that participants’ “utilitarian approach” to virtual consumption is also a compromise they made. In China’s market context, Tse’s study (1996) found that “consumption tends to carry negative associations in the

traditional Chinese value system . . . such anti-hedonic consumption norms may have motivated the Chinese people not to accept consumption as a normative life goal” (p. 353). So, to reconcile the cultural conflicts between two different orientations – utilitarian vs. hedonic, the Chinese post-1990 generation consumers consciously/unconsciously compromise by using the “save money, save time” excuse for their virtual consumption of hedonic nature.

4.5.10 Construction of Coherent Self

“Identity” is defined as a consumer’s subjectively perceived sense of self (Belk 1988). Historically, there have been “tensions between considerations of consumers as postmodern fragmented selves and consumers as seekers of a coherent sense of self in CCT” (consumer culture theory) (Patterson and Schroeder 2010, p. 253).

Given increasingly wide selection of consumption choices available to consumers in postmodern society, and consumers increasingly using consumption to construct, project, and communicate their identities to social others, one school of thought (e.g., Firat and Venkatesh 1995; Firat et al. 1995) argues that the postmodern consumers are fragmented individuals who live a serial of fragmented and paradoxical consumption moments, rather than to construct a coherent self and/or reconcile identity contradictions. As such, “the individual is freed from seeking or conforming to one sense or experience of being” (Firat and Venkatesh 1995, p. 253). In contrast, another school of thought (e.g., Belk 1988; Knights and Willmott 1989; Thompson and Hirschman 1995; Ahuvia 2005) considers there is a consistent structure for the self and the possession of consumption objects is part of an extend self. They acknowledge that social forces (e.g., market and consumption) are pushing consumers toward identity fragmentation with more consumption choices (Thompson and Hirschman 1995), but argue that consumers use

consumption strategies to overcome the difficulties and create coherent selves (Ahuvia 2005).

In terms of empirical research, the school of thought of consumer construction of coherent self argues that there have “not been many examples of consumers abandoning the desire for a coherent identity” (Ahuvia 2005, p. 172) or of becoming postmodern fragmented selves (Thompson and Hirschman 1995; Murry 2002). In the field of virtuality and virtual consumption research, however, previous studies (e.g., Denegri-Knott and Molesworth 2010; Nakamura 2000), from the perspective of virtuality as place of “de-realization”, have documented extensively that consumers detach themselves from their real identities in RL and take on various virtual identities of their choice to go on “identity tours” (Nakamura 2000), which resonates with the postmodern theorists’ idea of consumers as fragmented individuals (e.g., Firat and Venkatesh 1995; Firat et al. 1995). As Denegri-Knott and Molesworth (2010) argue “if the use of commodities for the construction of identity stems from a loss of traditional sources, then the use of digital virtual experiences accepts and encourages transient and fragmented selves rather than providing something more concrete. This seems like a good way to ensure that individuals continue to buy into the simulations that allow a fleeting sense of identity” (p. 125).

This empirical research conducted in China witnessed the Chinese post-1990 generation consumers’ struggle between liberating potential of the fragmented self and the search for coherent self. On the one hand, the emergent themes in crossing the boundary documented and revealed that virtual consumption as a new institution has facilitated the rise of “me” culture in China and provided the Chinese post-1990

generation consumers with the opportunities to be the individuals, and for them the virtual consumption revolves around the free selection of identities, which is desirable but otherwise not achievable in China’s environment that lacks the social support for individualization. In that sense, such themes partially validate the argument of consumers as postmodern fragmented individuals (e.g., Firat and Venkatesh 1995; Firat et al. 1995). On the other hand, however, from the perspective of virtuality as practice of “re-realization”, the theme has emerged with regards to contradictions among the Chinese consumers’ virtual identities and identity in RL when crossing the boundary, due to the long-standing cultural narratives in China – “we” culture, and their practices to reconcile the seemingly paradoxical consumption moments through maintaining/reconstructing the boundary between virtuality and RL. Such practices in this study are in line with the consumption strategies discussed in Ahuvia’s study (2005) of consumers’ construction of coherent self, including demarcating, compromising, and synthesizing solutions. Table 4.3 maps participants of this study onto these three strategies.

Table 4.3: Participants’ Practices/ Strategies to Construct Coherent Self

<i>Strategies in Ahuvia (2005)</i>	<i>Participants’ Practices in this Study</i>	<i>Comments</i>
Demarcating: endorses identity A and rejects identity B	Ma, non-user, quit playing games and QQ, and her virtual identities	Ma realized that quitting playing games and QQ is ultimate way to save money, save time
	Ren, non-user, quit playing games and QQ, and her virtual identities	Ren could not handle the time conflict between her virtual identities and identity in RL, and decision was made to give up on virtual identities
Compromising: creates an identity partway between	Tan, Qin, Xie, and Zheng, made compromise taking	Tan and Qin tried to “save money”, while Xie

<i>Strategies in Ahuvia (2005)</i>	<i>Participants' Practices in this Study</i>	<i>Comments</i>
identity A and identity B	utilitarian approach/ excuse to virtual consumption Ding, Wu, Qin, and Huang made compromise choosing the virtual goods based on degree of cultural familiarity Li and Zhao made compromise virtual gifting based on the segmentation of social others	and Zheng tried to “save time”.
Synthesizing: synthesis of identity A and identity B, taking advantage of the best part of each identity	Wang set the boundary between virtuality and RL, between the work and play, between the production and consumption	Wang also used the additional play time as self-reward for his work well done in school

Note: Adaption of Ahuvia (2005). A = real identity, B = virtual identities

Mapping the participants of this study onto three strategies (Ahuvia 2005) not only provides the empirical support to the school of thought of consumer construction of coherent self in general, but also further illustrates that, despite the competing cultural ideologies between RL and virtuality in China, and consequently the different demands and expectation from RL and virtuality, most Chinese consumers could strike a balance between their virtual world experience and their offline daily lives, and develop a coherent perception of self, through the self-control, compromise, and negotiation in the process of virtual consumption.

4.5.11 Summary and Discussion of Field-based Findings

This section discusses virtuality, virtual consumption and the role of virtual goods in the settings of interconnectedness of online and offline lives of the Chinese post-1990 generation consumers not only as users of virtual goods, but also as people whose lives

are embedded in unique social, cultural, historical and institutional contexts in China. Based on the earlier developed theoretical frame – the 3P view of virtual consumption (see Figure 2.3) – this section views growth in virtual consumption in China that results from and sustains two opposing sociocultural ideologies existing in virtuality and RL: the “me” culture in virtual worlds, reflected in the desire, characterized by fantasy and variety-seeking experiences in the consumption of virtual goods, and the traditionally persistent “we” culture deeply rooted in Chinese society, reflected in the anxiety and distress when facing the different (me-style online) consumption choices and, more importantly, associated coping strategies and practices.

Virtuality is not a given, but is an ongoing “social achievement” (Slater 2002), which takes “reflexive skill” and culture capital. This study shows that the Chinese post-1990 generation consumers may or may not value virtuality as a new institution that facilitates the rise of individualism and hedonism, may or may not take advantage of the “embodied” virtuality to consume virtual goods anytime and anywhere, and may or may not would like or be able to develop the adequate the cultural capital to engage in virtuality and virtual consumption. The Chinese post-1990 generation consumers’ virtual consumption experiences are influenced by their prior knowledge of virtuality and virtual consumption in video game arcades, and constrained by the conflicts among the identities between virtuality and RL.

Virtual goods have been adopted rapidly over the past decade by the Chinese post-1990 generation consumers, but in a restrained manner as to resolve the conflicts with the daily responsibilities and traditional cultural values of the offline physical world. One extreme is found in the non-users of virtuality and virtual goods;

the other extreme is found in those fully engaged in virtual worlds and consumption, sometimes exhibiting total departure from the real worlds that the construction of self-identity and social relationships with other is in jeopardy (e.g., obsessive gamers called “gold farmers”, which are beyond the scope of this dissertation). Findings from this study indicate the attitudes toward to virtual consumption is in between these two extremes.

For the Chinese post-1990 generation consumers, everyday life entails moving between different places, including both virtuality (e.g., different virtual worlds of social or gaming kind) and RL (the college, home, etc.). Such navigation between virtuality and RL entails a complex system of cultural meaning-conflicts (e.g., collectivism vs. individualism, thriftiness vs. conspicuous consumption, suppressing vs. liberating of desire), many of which are reflected in the different consumption demands, ambivalent feelings, obligations and responsibilities, and the desires to integrate the virtuality into the RL. Through strategies of self-control, compromise, and negotiation in the process of virtual consumption, the Chinese post-1990 generation consumers strike a balance between their virtual world experience and their offline daily lives, and manage – in almost all cases – to develop a coherent perception of self.

4.6 Implications for Marketing Strategies and Actions

With the emergence of broadband internet, and later mobile internet and the smartphone, consumers are increasingly connected to the virtual sphere. Despite this trend, by late 2012 the entire commercial sector focusing on PC-based virtual worlds – game makers, metaverse creators, game console sellers – was in a deep slump (*Second Life* and *Habbo Hotel* are two examples of such slump), attributable partly to weak and

recessionary economic conditions but also largely attributable to the lack of understanding of how these new technological potentials (of virtuality) are actually used by consumers in their RL that constructs their unique virtual consumption experience (Slater 2002), and by firms to manage the virtual worlds and consumers (Dholakia and Reyes 2013, 2015). Answering those questions requires greater attention to the continuities (re-localization) and connections (re-realization) between the online and offline (Slater 2002, Dholakia and Reyes 2013), and the research angle of virtuality as a “social accomplishment” accomplished by consumer through practice (Slater 2002) and as a “social construct” by which marketers manage the virtual worlds and consumers (Dholakia and Reyes 2013). In other words, the “re-perspective” is a very crucial supplement to the “de-perspective”, in order to achieve a more comprehensive understanding of the intersections of virtuality and RL, the journeys between the two, and the embeddedness of virtuality in RL.

4.6.1 Implications from Perspective of Virtuality as Place

Slater (2002) argues that the dynamics of virtuality cannot be fully understood without an in-depth analysis of the reality such as political economy of access, material and symbolic power, and social conditions that structure the communication and sociality that go on inside virtual domains as well as in RL.

Many companies, however, have been focusing their efforts on designing immersive virtual worlds to engage the consumers, and paying little attention to RL, a bigger place that envelops virtuality and, in the case of China, creates conditions for certain types of virtuality to thrive while also thwarting other forms of virtuality. *Grand Theft Auto* is the best example here, which was a highly popular game in western world but was banned by Chinese government when introduced to China’s market (Andre

2015), because it was perceived by the Chinese authorities as not in line with the Chinese sociocultural values (Nyhart 2012; Andre 2015).

Thus, for the game-makers, virtual world creators, and virtual goods marketing firms, the major implication of reality in China, as a larger place that envelops virtuality, is that companies, in addition to paying attention to the usual virtual design elements, should also focus on the Chinese traditional cultural ideology that focuses on harmony and collectivism and the influences of Chinese social institutions such as government, family, and media.

4.6.2 Implications from Perspective of Virtuality as Practice

Slater (2002) argues that “[virtuality] is social accomplishment – something that participants may or may not choose to do or to value, and which they need to accomplish through highly reflexive skills in using the communicative potentials of the various Internet media” (p. 539).

Many companies, however, have worked with the limiting perspective that deals with the correlation between the unique characteristics of virtuality and consumers’ virtual consumption behavior – assuming that virtual worlds that consumers inhabit, by themselves, generate utilities desired by consumers or foster a new type of culture (e.g., alienation/escapism, rebellion/liberation); and thus, virtual consumption flows naturally and effortlessly. For example, despite the initial strong acceptance and popularity of *HiPiHi* and *Second Life*, both of these virtual worlds have been going down, as they have a high skill-threshold for users and only attract hardcore players, and most casual users soon lose interest (Chen 2009).

To manage the virtual worlds and create engaging experience for consumers, it is important for firms to conduct comprehensive studies of virtuality as “practice” – that

explore and locate consumers' wider experience of virtuality and virtual consumption in the context of RL. Firms need to realize that consumers are playing an increasingly important role in engineering of their own experiences in virtuality and virtual consumption.

Lombard and Ditton (1997) argue that the central matter of computerized and telecommunications media – ranging from telephones and movie theaters to video games and other virtual realities – is “presence” in virtuality. Overall, the common thread is attention to experiences of non-mediation operating vis-à-vis media technologies and practices. While such a notion of presence in virtuality, from media studies, may help us to articulate what users and designers are striving for in virtual worlds, the findings of this dissertation research indicate that it overlooks the consumers' presence in RL. Marketers need to understand virtual consumption and virtual worlds more holistically and recognize that, as consumers increasingly navigate between virtuality and RL, they have dual presences and dual roles – as both consumption units in virtuality (except for the extreme “gold farmers” that are beyond the scope of this dissertation research) as well as production units (expected for the Chinese post-1990 generation consumers) in RL. The Chinese post-1990 generation consumers face the contradiction of dual presences because of the dual role of being students (and later, as young workers) and consumers.

With rise of “me” culture, and the increased discretionary income and consumption power, the Chinese post-1990 generation consumers, have been able and eager to present in virtual worlds and engage in virtual consumption, as the largest consumer group in China's market. On the other hand, offline social “real” reality, the

predominant “we” culture, and the traditional and even bigger responsibilities for the family, however, have dominated and constrained the Chinese post-1990 generation consumers’ consumer behaviors, as they were required to be productive students in college and later to be a productive and earning members for society and family. Such suspensions of the dual roles and dual presences in virtuality and RL have been reflected in the concern of time and money they allocate between different demands from virtuality and RL. As such, the Chinese post-1990 generation consumers make consumption decisions concerning expenditures of time and money in virtuality (e.g., spent in games and *QQ* and various virtual goods), and opportunity costs that represent alternative ways the time and money could have been used in RL (e.g., in studying).

Therefore, besides margin improvement to create intense engagement in MMORPG to appeal to hardcore skilled gamers, marketers need to realize that saving time and money (in virtuality as well as in RL) could be significant motivators for the Chinese post-1990 generation consumers, and there is huge market potential for simple games that are not that time-consuming and thus could attract unwilling-to-spend-major-time-and-money type consumers to enter the virtual world – the first step towards possible purchase and use of more elaborate and expensive virtual goods. For example, some general-purpose, metaverse style virtual worlds – such as some of the Zynga environments – attempt to simplify their features and usage so as to attract a large mass of users, and then to sell the virtual goods to consumers. Compared to *SimCity* and *Second Life*, game developer Zynga created virtual worlds that were much easier to access for the non-expert users, in other words ‘not-so-thick’ virtual worlds. Zynga’s games such as *FarmVille* were hailed as strategic ways to cleverly attract consumers

(Zichermann 2012). In China, unlike the *World of Warcraft* (ranked 6th most played game in China) that has deep storylines and may take gamers three hours to finish a quest, the top three *League of Legends*, *Dungeon and Fighter*, and *CrossFire*, all have simple storylines, and the battle could be finished within thirty minutes (Hanson 2014). In addition, as interviews revealed, some Chinese post-1990 generation consumers do not have time to engage in games that take high learning curve to master the skill of using virtual goods purchased. For such semi-serious users, marketers need to consider simplifying the usage of the virtual goods. In the context of *QQ* type of social virtual worlds, marketers also need to consider simplifying the process of customizing the avatars. The virtual goods that can be used easily will help the consumers better overcome the time constraints and accommodate their schedule in RL.

The theme of virtual game arcade revealed that the interactions between RL with virtuality create meanings that are both responses to the present (e.g., MMORPG game experience) and reflections of the past (e.g., video game arcade experience) and lead to consumer practices that link culture (e.g., fair play, egalitarian spirit) to particular locations (virtual worlds vs. video game arcade). As such, it is important for virtual goods marketers to better understand the possible other aspects of virtuality in the great context of RL and strike a balance between virtual goods sold and virtual goods earned through effort and skill. This dissertation research provides further evidence for the findings in previous research (e.g., Lehdonvirta 2005) that virtual goods may give unfair advantage to unskilled gamers and alienate some skilled gamers as result, and virtual goods breaks “immersion” experience for gamers. Some possible solutions include only selling decorative virtual goods, not selling functional virtual goods, or for the functional

virtual goods sold to have expiration dates (Lin and Sun 2007).

Consumers' approach to technology in general, and internet media in particular, is partly related to their feelings regarding the "ability" and "need" to control their environments (Dholakia 2012). In terms of "ability" to control, some Chinese post-1990 generation consumers do not have the required cultural capital/ability (digital literacy and/or virtual literacy) to engage in virtual worlds and virtual consumption. For example, one of the participants, Ho mentioned he was not able to use the weapon he bought in *World of Warcraft* properly, and another participant, Tan, mentioned he was not able to make sense out of the maps in *World of Warcraft*. Previous research indicates that negative consumption experiences could lead consumers to avoid subsequent exposure to situations that could be incongruent with their existing self-concepts (Banister and Hogg 2004). These negative experiences can result in many reactions including consumer resistance (Firat and Venkatesh 1995). For example, Hou quit playing *World of Warcraft*, because experience of losing the game in virtuality did not fit into his self-concept as a smart person in RL. In terms of "need" to control, some consumers, such as Ding mentioned that she continued using the freebies, not feeling the need to control and embellish her virtual environment. She experimented very little with the virtual goods, and was reluctant to develop cultural capital to higher level to better customize her avatar. On the other hand, some other consumers, such as Liu, are highly skilled gamers and would like to better control the virtual environment, and they enjoy spending the time and money on the game and customize *QQ* avatars. As such, the findings show that consumers' need for control and level of digital literacy and/or virtual literacy, or cultural capital, could be used as an effective market segmentation

variable(s), instead of only looking at income and education level, etc. Beyond the individual consumers themselves, it is also worthwhile to take advantage of the internet to collect the data about the consumers' internet connections, and to reach out to such networks to market effectively.

CHAPTER 5

CONCLUSIONS AND FUTURE RESEARCH

5.1 Chapter Abstract

Drawing from previous chapters, this last chapter summarizes and integrates the discussions and the most significant findings from this dissertation research. This final chapter highlights the theoretical, methodological, and empirical implications of the research on virtuality and virtual consumption in general and in China's market context in particular. The chapter concludes with discussion of the limitations of this dissertation research and suggestions for future research directions.

5.2 Integrating Discussions and Contributions

The primary objectives of this dissertation research are twofold. First, its purposes is to start a process of theoretical and methodological renewal for study of virtuality and virtual consumption in general. Secondly, the purpose is to apply the theoretical and methodological approaches – developed from existing literature and extended via newer theoretical concepts and methodological directions – to analyze virtuality and virtual consumption in China.

Specifically, chapter two and chapter three addressed the research question 1 laid out in chapter one, regarding the current status of research on virtuality and virtual consumption, in terms of theoretical and methodological developments. Chapter two first reviewed and evaluated merits and limitations of two perspectives toward virtuality – virtuality as “place of de-localization and de-realization” and virtuality as

“practice/process of re-localization and re-realization”, in the context of studies of virtual consumption. The review and discussions revealed that previous studies, from perspective of virtuality as place, have focused on virtual worlds in terms of their particular technical features or content, and their correlation with virtual consumption; and/or virtual worlds as a distinct and imagined culture that is independent from the social context; and on how virtual consumption helps with the realization of identity tourism. Combining somewhat different perspective of virtuality as practice (by consumers) and as process (by firms), this dissertation research focused on the role of consumers in engineering their own virtual consumption experience and developed an integrated conceptual frame to study virtual consumption in their associated social contexts. Such a conceptual frame makes modest theoretical contribution to the existing literature by providing a broader theoretical lens and new research direction that focuses on both virtuality and RL as place instead of only the ‘magic circle’ of virtuality, consumers’ dual presence and dual roles in virtuality and RL instead of presence in virtuality only, and marketing’s broader roles in managing the virtual goods and consumers – embedded as they are in the broader social-cultural-political contexts in which they reside – instead of focusing solely on design elements that enhance “representation” only.

Chapter three focused the discussion on the methodological challenge and adaptation of ethnography, which is the dominant qualitative research approach to virtuality. From the perspective of increasingly connected and converged virtuality and RL, three forms of online ethnography – netnography, virtual ethnography and digital ethnography – were compared and contrasted, in terms of theoretical assumptions

towards the relationship between virtuality and RL (e.g., connected vs. disconnected), methodological procedures and fieldwork (e.g., focus on observation vs. participant self-reporting), and data collection (e.g., data collected from online vs. from both online and offline settings; text-based data vs. graphic data and multimedia data). This dissertation research demonstrated the benefits of using digital ethnography to take advantage of the opportunities offered by Web 2.0 and the unfolding Web 3.0 (e.g., multimedia data), and addressed the emergent methodological challenges. The review and evaluation in chapter two further contributed to the study of virtuality and virtual consumption by suggesting the choosing of methodology based on the research question at hand, collecting various formats of (multimedia) data to generate richer content – with greater involvement of those studied, and paying special attention to the connection between virtuality and RL.

This dissertation is both conceptual and empirical. After addressing the theoretical and methodological concerns in study of virtuality and virtual consumption, chapter four applied the renewed theoretical and methodological approaches and started an empirical investigation of virtuality and virtual consumption in China, the largest virtual goods market in the world, with special focus on the Chinese post-1990 generation consumers, the largest market segment for virtual goods in China.

Following the 3Ps view of virtual consumption conceptual framework, the investigation was conducted at three levels. The first level of analysis used the historical method to build a narrative of rapidly changing (or dynamic) and persistently unchanged (or relatively static) aspects of reality in China that situates virtuality, and addressed the research question 2 (from chapter one), regarding what aspects of China's virtuality and reality resonate well with or hinder virtual consumption practices and choices by the

Chinese post-1990 generation consumers. The historical analysis showed, first, that the changes in China's economic landscape since its economic reform initiated in 1979 have resulted in increased discretionary income and consumption power, expanded the set of consumption choices, and led to a proliferation of communication and information technologies and services that made Chinese consumer engagement in virtuality and virtual consumption possible. On the other hand, however, continuing unclear long-run prospects of China's economy have hindered the consumers' overall consumption desire and led to the high saving rate in China, which may have ripple effects on virtual consumption in a negative way. Second, the changes in political landscape in China, such as those in the long-term policy of *Danwei* (work unit), family planning, and ICT, have had positive impacts on consumer engagement in virtuality and virtual consumption, by providing the opportunity for rise of individualization, concentrated financial resource for the only child in family, and the developed Internet infrastructure. On the other hand, Chinese government's continuous political concerns towards Internet and unchanged stringent controls of Internet media have hindered the growth of virtuality and virtual consumption. Third, the changes in sociocultural environment in China, such as rise of individualization and hedonism that came along with globalization, has had positive impacts on growth of virtuality and virtual consumption, as they symbolize the playground and "me" culture that appeal to the Chinese post-1990 generation consumers. On the other hand, persistent Chinese traditional values (e.g., collectivism/ "we" culture) and constraints from social institutions such as government (e.g., Confucianism glorified and championed by government as national code of conduct), media (e.g., intensive media coverage of collectivism), and family (e.g., traditional values passed down from

parents, high family expectation in RL for upward social mobility) have hindered the growth of virtuality and virtual consumption. As such, the historic narrative provided a picture of the mixed forces at work and set the stage for the analysis of consumer practices later in chapter four.

The second level of analysis is to use the observation, digital ethnography, and interviews to collect data and then to examine the research question 3 and 4 (laid out at the end of chapter one) of this dissertation research. These questions are regarding how the Chinese post-1990 generation consumers navigate and negotiate the boundaries between virtuality and RL and engineer their own experience of virtual consumption, and how do their consumption practices relate to and reconcile the different identities that this generation of consumers has in virtuality and RL, and construct a coherent self. Several themes and sub-themes emerged from the data analysis, in terms of crossing the borders between virtuality and RL and maintaining/redrawing the boundaries between virtuality and RL. The findings of this study indicated that virtual consumption has emerged as a new institution that contributed to the rise of individualism and hedonism in China, and provided the Chinese post-1990 generation consumers with opportunities to experiment with various identities. On the other hand, virtuality consumption also caused the conflicts among the Chinese post-1990 generation consumers' (multiple) identities in virtuality and their identity in RL, due to the association of virtual consumption with the "me" culture that is not in line with the Chinese traditional "we" culture. While some Chinese post-1990 consumers selected identity in RL over their virtual identities, most Chinese post-1990 generation consumers could strike a balance between their virtual world experience and their offline daily life, and develop a coherent perception of self,

through the self-control, compromise, and negotiation in the process of virtual consumption.

The third level of analysis is related to the discussion of multiple implications to marketing firms, such as segmenting the consumers based on their cultural capital and need for control, and recognizing the Chinese consumers' dual presence and dual roles in RL and virtuality, etc. While such discussion addressed the research question 5, this dissertation research did not fully delve into virtual consumption from the perspective of virtuality as a process (by firms). This aspect requires further investigation, and offers opportunities to extend the work of this dissertation.

Multiple levels of analysis of virtuality and virtual consumption, put together, contribute to the literature of virtuality and virtual consumption. Also, with these levels of analysis, this dissertation research responded calls for research dealing with suspension between virtuality and RL to demythologize virtuality (Dholakia and Reyes 2013), research dealing with possible extra links between virtuality and RL (Belk 2013), the way the virtuality is integrated into consumers' daily life (Slater 2002), the research dealing with market context other than western (Belk 2013), and the research dealing with the proper role of marketing in virtuality (Dholakia and Reyes 2013).

5.3 Limitations and Future Research

Given the limited time and resources (and access, in the Chinese context), the fieldwork of this dissertation research was only conducted in Hangzhou, a typical major city in China that exemplifies many other cities that have been rapidly changing economically, technologically, and politically since China's economic reform in 1979. Future research should look at other regions of China, especially the countryside where

consumers may not have access to smartphones, laptops, and the infrastructure such as Internet cafés and broadband. Some related research questions that are worth considering are whether virtual consumption practices differ across the regions of China, and if yes, what would be the implications of such variations to firms. The same consideration extends to the choice of participants for this dissertation research, which is primarily focused on the Chinese post-1990 generation consumers, the largest consumer segment for virtual goods market in China. These were college students and shared similar economic and sociocultural backgrounds. Expanding the research scope to other consumer segments of the virtual goods market in China, such as consumers of the post-1980 generation and the post-2000 generation, is worth pursuing.

This dissertation research utilized the digital ethnography method that focuses on participants self-reporting. Although such self-reporting benefits this research dissertation by allowing participants to convey the real-time richness of their own lives and environments, both online and offline, the data collected has obvious biases, due to social desirability fallacy (Bhatnagar and Chose 2004; Bernardi 2006), especially in the Chinese context where *mianzi* (“face”) has special cultural implications. Future research needs to be conducted with this in mind, seeking ways to go beyond such cultural barriers.

This dissertation research was conducted with the background of China that has been experiencing radical changes over many decades. It is likely that such types of changes will just continue in foreseeable future, but not into an indefinite future. The analysis of this dissertation is based on historical methods and thus can only apply to the particular period of time in history under study. As such, the ongoing changes in China’s market, and the larger national context need to be closely monitored and taken into

consideration in future research. For example, the one child policy has recently been abandoned and a new two-child policy just came in 2015 (Xinhua 2015), and Chinese government has recently removed the ban that it has put on manufacture and sale of video game consoles since 2000 (CNN 2015).

The focus of this dissertation research is on the consumer practice of virtuality and virtual consumption. While implications of such “practice” to the “process” have been discussed extensively, it still left much space for further investigation that examines the perspectives of marketing firms by interviewing their managers and professionals. Such study would further add value to the understanding of virtuality and virtual consumption.

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