

Navigating Dual Identities: How Bicultural Consumers Leverage Luxury Consumption to Cope with Perceived Discrimination and Enhance Well-Being

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KEYWORDS

Perceived Discrimination,
Luxury Consumption,
Bicultural Identity,
Relative Deprivation,
Well-Being.

ABSTRACT

This study integrates social identity, acculturation, self-discrepancy, and compensatory consumption theories to investigate how bicultural individuals use luxury consumption to cope with perceived discrimination. The proposed framework highlights the moderating role of Bicultural Identity Integration (BII) and the mediating role of relative deprivation. Three experimental studies test this framework. Study 1 manipulates levels of perceived discrimination and investigates its effect on luxury consumption, moderated by BII. Individuals with low BII are expected to show stronger consumption responses to discrimination than those with high BII. Study 2 explores motivational differences, using message framing and product evaluations to assess preferences for extrinsic (e.g., status) versus intrinsic (e.g., self-expression) product attributes. Low-BII individuals are anticipated to favor extrinsic motives, while high-BII individuals lean toward intrinsic ones. Study 3 tests whether relative deprivation mediates the link between discrimination and luxury consumption, using scenario-based manipulations and behavioral measures. This research offers theoretical insights into how identity-based stress influences consumer behavior and underscores the importance of BII in shaping compensatory responses. It also provides practical implications for marketers and policymakers by revealing how luxury products serve as tools for coping, self-affirmation, and identity negotiation among bicultural consumers.

1. Introduction

Due to increased migration, the number of bicultural individuals—those who possess at least two cultural identities (West et al., 2021)—has grown substantially. With over 281 million people currently residing in foreign countries (Baeza-Rivera et al., 2022), bicultural individuals represent a significant segment of the global population. Despite the advantages of accessing and navigating multiple cultural frameworks, bicultural individuals frequently encounter challenges,

with discrimination from either dominant or heritage groups being especially common (Baeza-Rivera et al., 2022). Monocultural individuals often perceive bicultural people as culturally inauthentic (West et al., 2021), leading to subtle, yet pervasive, forms of discrimination such as ethnic jokes or social exclusion.

While considerable research has explored how monocultural individuals cope with perceived discrimination—via religious affiliation (Aydin et al., 2010), social media (Knausenberger & Echterhoff, 2018), parasocial relationships (Lutz et al., 2024),

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<https://doi.org/10.61602/jdi.2025.85.12>

Submitted: 26-Mar-2025; Revised: 11-Jun-2025; Accepted: 18-Jun-2025; Online first: 19-Aug-2025

ISSN (print): 1859-428X, ISSN (online): 2815-6234

anthropomorphized brands (Chen et al., 2017), and impulsive buying (Zhang et al., 2024)—there remains limited understanding of how bicultural individuals manage these negative experiences. This study addresses that gap by focusing on luxury compensatory consumption, a coping mechanism that is still underexplored in bicultural contexts.

Luxury brands, once reserved for the elite, are now more accessible and serve functions beyond wealth signaling (Dubois, 2020). Consumers increasingly purchase luxury goods for symbolic, hedonic, or self-expressive purposes (Wang et al., 2024). These products can serve as tools for self-affirmation, particularly among those facing social adversity. Although prior studies have warned that luxury consumption may exacerbate feelings of exclusion or be linked to narcissism and Machiavellianism (Razmus et al., 2023), this research proposes a different perspective that luxury consumption can help buffer against the negative psychological effects of perceived discrimination.

For bicultural individuals, luxury consumption may serve dual purposes—boosting social standing through extrinsic markers and restoring self-worth through intrinsic, symbolic value. In this way, it can mitigate feelings of relative deprivation and social inequality triggered by discrimination. Engaging in luxury consumption may thus enable bicultural individuals to reaffirm their identity and restore a sense of belonging in the face of cultural marginalization.

Bicultural individuals employ various acculturation strategies to navigate their dual cultural environments, namely assimilation, integration, separation, and marginalization (Berry, 2005; Ng Tseung-Wong et al., 2024). Among these, integration—which involves maintaining one's heritage culture while adopting aspects of the dominant culture—is regarded as the most adaptive (Ng Tseung-Wong et al., 2024). A critical individual difference in acculturation is Bicultural Identity Integration (BII), or the extent to which bicultural individuals perceive their two cultural identities as compatible (Benet-Martínez & Haritatos, 2005). High-BII individuals experience their identities as harmonious and can shift fluidly between cultural contexts, while low-BII individuals experience internal tension and identity conflict.

This identity integration affects how bicultural individuals respond to discrimination. Unlike monoculturals who may adopt singular cultural responses, biculturals must manage dual identity tensions. High-BII individuals may draw on their integrated identity as a source of resilience, thereby reducing the need for external coping mechanisms such as compensatory consumption. In contrast, low-BII individuals, more vulnerable to culture-based stress, may be more likely to turn to luxury consumption to cope with perceived discrimination (Benet-Martínez &

Haritatos, 2005). While prior research has examined coping mechanisms like identity shifting (Ng Tseung-Wong et al., 2024) and reliance on community networks (Jack-Vickers, 2024), the role of luxury consumption in this process, particularly across different BII levels, remains underexplored.

This study aims to fill this theoretical gap by examining how BII moderates the relationship between perceived discrimination and luxury compensatory consumption. Drawing on acculturation theory (Berry, 2005), social identity theory (Turner et al., 1979), self-discrepancy theory (Higgins, 1987), and compensatory consumption theory (Mandel et al., 2021), the research investigates the psychological mechanisms through which bicultural individuals respond to perceived discrimination.

Social identity theory posits that individuals derive a sense of self from group memberships, making them susceptible to threats like discrimination. Acculturation theory and BII highlight the varying integration styles among biculturals that shape their coping behaviors. Self-discrepancy theory explains how perceived discrimination may create a gap between the actual self and the ideal self—prompting strategies to restore self-congruence. Compensatory consumption theory suggests that individuals may use material goods, especially luxury items, to manage feelings of inadequacy and identity threat.

The current research employs an experimental design across three studies to test the direct effect of perceived discrimination on luxury compensatory consumption. It further examines the moderating role of BII and the mediating role of relative deprivation using R software for data analysis. By unpacking the nuanced relationship between perceived discrimination, bicultural identity styles, relative deprivation, and luxury consumption, this research offers a more comprehensive understanding of bicultural consumers' psychological responses.

In sum, this study contributes to the literature by bridging a theoretical gap concerning how bicultural individuals with different identity integration styles cope with discrimination through luxury consumption. Its findings have practical implications for marketers and policymakers, offering strategies to support bicultural consumers' well-being and inclusion in multicultural societies.

2. Literature review and research model

2.1. Theoretical Foundation

This study is grounded in four interrelated theoretical frameworks to explain how bicultural individuals respond to perceived discrimination through luxury consumption, and how BII moderates this process.

Acculturation Theory (Berry, 2005) provides the foundational lens for understanding how bicultural individuals navigate two cultural systems. Berry's (2005) acculturation framework posits that individuals manage their heritage and host cultures through four strategies: assimilation, integration, separation, and marginalization. Of these, integration—maintaining both cultural identities—is considered most adaptive (Ng Tseung-Wong et al., 2024). Within this framework, BII represents a key psychological variable, referring to the extent to which individuals perceive their two cultural identities as compatible versus oppositional (Benet-Martínez & Haritatos, 2005). High-BII individuals perceive harmony between their cultural identities, while low-BII individuals often experience internal conflict and dissonance.

Social Identity Theory (Turner et al., 1979) further explains how individuals derive self-worth from group memberships. When bicultural individuals face perceived discrimination—from either dominant or heritage cultural groups—their social identity can be threatened, prompting various coping strategies. High-BII individuals, who manage their cultural identities more fluidly, may rely on internal resources such as cultural pride or identity flexibility to buffer the effects of discrimination. In contrast, low-BII individuals, whose identity integration is fragmented, may experience heightened vulnerability to social rejection, thereby increasing their need for external validation.

Self-Discrepancy Theory (Higgins, 1987) complements these perspectives by highlighting the psychological discomfort that arises when there is a perceived gap between the actual self (as judged by oneself or others) and the ideal self. Experiences of discrimination may intensify these self-discrepancies, particularly among low-BII individuals who struggle with conflicting identity norms. To mitigate this discomfort, individuals may seek strategies to reaffirm their self-concept.

Compensatory Consumption Theory (Mandel et al., 2021) provides a behavioral explanation for how individuals cope with threats to identity or self-worth. This theory posits that material consumption—especially of luxury goods imbued with symbolic and status value—can serve as a means of psychological compensation. While prior research has cautioned against the maladaptive consequences of luxury consumption (Razmus et al., 2023), this study explores a more nuanced role: that luxury consumption may function as a coping mechanism for bicultural individuals facing perceived discrimination. Specifically, it may help restore self-esteem and provide a sense of social belonging or individual affirmation.

2.2. Hypothesis Development

2.2.1. Perceived Discrimination and Luxury Compensatory Consumption

Luxury consumption can function as a coping mechanism for bicultural individuals facing perceived discrimination. Perceived discrimination refers to the belief that one is unfairly treated due to their identity, often based on subjective accounts rather than verifiable events (Pascoe & Richman, 2009). Though overt discrimination has declined, subtle forms remain common (Ng Tseung-Wong et al., 2024), prompting scholars to focus more on subjective experiences (Pascoe & Richman, 2009). This issue is particularly relevant among biculturals navigating dual cultural backgrounds due to globalization or migration (Schwartz et al., 2019). For instance, an Asian woman in Australia might face subtle workplace exclusion.

According to social identity theory (Turner et al., 1979), perceived discrimination threatens individuals' group identity and can cause psychological distress. Prior research has linked perceived discrimination to factors like ethnic identity (Özdemir et al., 2024), social diversity, and gender (Tost et al., 2022). Biculturals are especially vulnerable, often seen as “inauthentic” by both dominant and heritage groups (Firat & Noels, 2022), leading to alienation and heightened sensitivity to discrimination. Recent consumer research shows that individuals may cope through various consumption behaviors—such as alcohol use (Cano et al., 2023), green consumption (Menebo et al., 2023), and brand choice (Chen et al., 2017)—highlighting the psychological role of consumption.

Traditionally, luxury consumption reflected wealth and elite status (Wang et al., 2024), but it has become more democratized (Dubois, 2020), with accessible luxury lines (Desmichel et al., 2020). Today, consumers seek not only status but also self-expression and identity affirmation through luxury purchases (Wang et al., 2024). While some studies emphasize its negative aspects—such as impression management (Cannon & Rucker, 2019), social anxiety (Chen et al., 2017), and narcissism (Razmus et al., 2023)—this study views luxury consumption as a positive coping strategy for biculturals experiencing identity threat.

Drawing on social identity theory, self-discrepancy theory, and acculturation theory, luxury products may help biculturals reconcile cultural conflict and restore self-worth—whether by integrating into a dominant culture or maintaining ties with their heritage. Thus, the following hypothesis is proposed:

H1: Bicultural individuals who perceive higher levels of discrimination are more likely to engage in luxury consumption.

2.2.2. The Moderating Role of Bicultural Identity Integration Styles

Driven by global migration, bicultural individuals—such as immigrants, their descendants, and people with dual cultural backgrounds—constitute a growing

Table 1. Four Acculturation Strategies

Acculturation strategy	Assimilation	Integration	Separation	Marginalization
Dominant culture	Adopt	Adopt	Avoid	Avoid
Heritage culture	Avoid	Maintain	Maintain	Avoid

portion of the population (Benet-Martínez & Haritatos, 2005). These individuals manage two cultural identities through four acculturation strategies: assimilation, integration, separation, and marginalization (see Table 1). Among these, integration—adopting the dominant culture while maintaining one’s heritage—is viewed as the most adaptive (Ng Tseung-Wong et al., 2024).

A key concept in acculturation theory is Bicultural Identity Integration (BII), which reflects whether individuals see their cultural identities as compatible (high BII) or conflicting (low BII) (Benet-Martínez & Haritatos, 2005). BII has both cognitive (blendedness vs. compartmentalization) and affective (harmony vs. conflict) dimensions (Schwartz et al., 2019).

BII significantly influences how biculturals interpret and respond to cultural cues. High BII is associated with adaptability, stable self-concept, and resilience (Gelfand et al., 2021), while low BII leads to identity conflict and greater sensitivity to cultural stressors (Mok & Morris, 2010).

This study proposes that BII moderates the relationship between perceived discrimination and luxury consumption. Low BII individuals, facing internal cultural conflict, tend to perceive more discrimination and may turn to luxury goods as a coping mechanism (Stroink & Lalonde, 2009). High BII individuals, who flexibly navigate between cultures (Mok & Morris, 2010), are less likely to interpret subtle cultural threats as personally discriminatory and thus have less need for compensatory luxury consumption.

For instance, while high BII individuals may downplay subtle criticisms by aligning with dominant cultural cues, low BII individuals may internalize such cues as threats, increasing the likelihood of compensatory behaviors. Thus, the link between perceived discrimination and luxury consumption is expected to be stronger among low BII individuals. This aligns with findings by Mok and Morris (2010), who noted that low BII individuals report higher levels of perceived exclusion.

H2: Bicultural Identity Integration (BII) moderates the relationship between perceived discrimination and luxury consumption, such that this relationship is stronger for individuals with low BII compared to those with high BII.

2.2.3. Bicultural Identity Integration Styles and Extrinsic versus Intrinsic Attributes of Luxury Consumption

Luxury products provide consumers with both extrinsic and intrinsic attributes, balancing the social

benefits of wealth-based consumption and the personal improvement of competencies-based consumption (Wang et al., 2024). Extrinsic attributes encompass a sense of control, status, and personal identification associated with luxury goods, which are normally pursued by individuals who have the desire to assert their social standing (Cannon & Rucker, 2019), gain social rewards, and avoid social punishments (Woolley & Fishbach, 2018). Consumers opting for extrinsic attributes often lean towards conspicuous luxury products with easily recognized logos, brand symbols, and other wealth-related markers (Wang et al., 2024). These extrinsic motivations become especially relevant in contexts of perceived discrimination, where individuals may feel a threat to their social identity and seek compensatory means to restore their self-worth. In this context, Bicultural Identity Integration (BII) functions as a moderator, shaping how strongly perceived discrimination leads to luxury compensatory consumption. Specifically, bicultural individuals with low BII, who perceive their cultural identities as oppositional and experience greater internal conflict, are more susceptible to the negative psychological effects of discrimination (Benet-Martínez & Haritatos, 2005). Drawing on compensatory consumption theory, these individuals are likely to pursue symbolic self-completion through extrinsic luxury consumption as a way to reassert social status and mitigate identity threats (Dubois, 2020). This is supported by a large body of literature showing that consumers turn to conspicuous luxury consumption in response to self-threats (Ulqinaku et al., 2020), impaired identities (Rustagi & Shrum, 2019), and self-discrepancies (Yu et al., 2020). Therefore, perceived discrimination is more likely to intensify luxury compensatory consumption via extrinsic motivations among individuals with low BII.

On the other side, intrinsic attributes highlight the sensory, intellectual, and emotional experiences implied in luxury consumption (Wirtz et al., 2020). These attributes embrace personal enjoyment, knowledge, and self-actualization (Woolley & Fishbach, 2018), encouraging consumers to appreciate the craftsmanship, aesthetic design, and cultural narratives embedded in luxury products (Wirtz et al., 2020). Among bicultural individuals with high BII, who perceive their cultural identities as blended and harmonious, the experience of perceived discrimination may still evoke psychological discomfort, but their coping mechanisms are more likely to involve intrinsic pathways. These individuals may reaffirm their self-worth by engaging in luxury

consumption that emphasizes personal meaning and self-expression, rather than seeking social validation. In this way, BII moderates the impact of perceived discrimination by reducing the reliance on extrinsic attributes and encouraging the use of intrinsic luxury values to cope. Consequently, the influence of perceived discrimination on luxury consumption behavior is expected to be weaker among high BII individuals, who adopt intrinsic motivations in response to cultural threats.

H3a: Bicultural individuals with low BII are more likely to rely on the extrinsic attributes of luxury products, such as status and social recognition, to cope with perceived discrimination.

H3b: Bicultural individuals with high BII are more likely to rely on the intrinsic attributes of luxury products, such as self-expression and personal identity, to cope with perceived discrimination.

2.2.4. *Perceived Discrimination and Relative Deprivation*

Relative deprivation refers to the perceived inequality and disadvantages individuals experience when comparing themselves to others. It arises from a subjective gap between what one has and what one believes they should have (Meuleman et al., 2020), distinct from absolute deprivation, which reflects actual resource scarcity (Turley, 2002). Relative deprivation consists of cognitive (perceived unfairness) and affective (negative emotions such as anger, entitlement, and resentment) components (Kuo & Kawachi, 2023).

Research shows that social exclusion (Zhang et al., 2024), unfair benefit distribution (Pan & Yang, 2023), upward comparisons (Kuo & Kawachi, 2023), and lack of recognition (Smith et al., 2018) all contribute to relative deprivation. This phenomenon has been observed in various domains, including adulthood (Lilly et al., 2023), well-being (Kimenai et al., 2022), workplaces (Wang et al., 2024), religion (Williamson et al., 2023), and politics (Griffin et al., 2021).

In the bicultural context, individuals may feel deprived when they perceive discrimination based on their cultural identity. This sense of deprivation emerges when biculturals recognize that monocultural individuals often enjoy greater privileges, status, and opportunities that are denied to them (Ng Tseung-Wong et al., 2024). Even when objective conditions are similar, perceived exclusion from resources and recognition can lead to a strong sense of relative deprivation (Shamloo et al., 2023). Thus, perceived discrimination can be a key antecedent of relative deprivation among biculturals.

While earlier studies explored this link (Olson et al., 2014), most are dated and require reexamination. Recent work by Ng Tseung-Wong et al. (2024) found that discrimination based on rural-to-urban migration

increased feelings of deprivation, suggesting similar mechanisms may operate in bicultural settings. Grounded in acculturation theory (Berry, 2005), this study posits that perceived discrimination increases relative deprivation among bicultural individuals.

H4a: Bicultural individuals who perceive higher levels of discrimination are more likely to experience relative deprivation.

2.2.5. *Relative Deprivation and Luxury Consumption*

A growing body of research highlights the significant impact of relative deprivation on consumer behavior. It has been linked to various psychological disorders, including depression (Zhao & Peng, 2021), aggression (Siroky et al., 2020), psychological distress (Lilly et al., 2023), and decreased well-being (Kuo & Kawachi, 2023). Relative deprivation has also been associated with maladaptive behaviors such as gambling (Mishra & Novakowski, 2016) and financial risk-taking (Pak, 2023).

To mitigate these negative effects, individuals often turn to compensatory consumption as a coping mechanism. Prior studies have shown that feelings of deprivation can lead to impulsive buying (Zhang et al., 2024), conspicuous consumption (Ryabov, 2016), and emotional food consumption (van Rongen et al., 2022). In bicultural contexts, relative deprivation may emerge when individuals compare their social, cultural, or economic status to that of monoculturals who are more fully aligned with mainstream norms.

According to compensatory consumption theory (Mandel et al., 2021), bicultural individuals may engage in luxury consumption to counteract feelings of subjective inequality. First, luxury products symbolize wealth, prestige, and social recognition (Kim et al., 2017), allowing biculturals to restore self-esteem by signaling status. Prior studies have found that luxury consumption serves as a response to income inequality (Liu et al.), distress (Kim & Chang, 2023), and low self-esteem (Silva et al., 2024).

Second, bicultural individuals who feel marginalized in either their host or heritage culture may pursue fluid compensatory consumption—using luxury goods to express mastery, seek enjoyment, or achieve self-actualization. Luxury items provide sensory appeal (Wirtz et al., 2020), craftsmanship, and cultural narratives (Wang et al., 2024), which enable consumers to affirm competence and reclaim self-worth through product knowledge and taste.

Therefore, when bicultural individuals experience relative deprivation, they may be more inclined to consume luxury products as a means to regulate emotional discomfort and reaffirm self-identity. This aligns with compensatory consumption theory, which posits that consumers cope with self-threats and psychological needs by consuming products that

symbolically or emotionally restore self-integrity (Workman & Lee, 2022).

H4b: Relative deprivation is positively associated with luxury consumption.

2.2.6. *The Mediating Role of Relative Deprivation*

Relative deprivation may mediate the impact of perceived discrimination on luxury compensatory consumption. When bicultural individuals experience discrimination, they subjectively think they are treated unequally, raising awareness of social disadvantages. According to social identity theory (Turner et al., 1979) and self-discrepancy theory (Higgins, 1987), the inconsistencies between bicultural individuals' needs for social belonging and experiences of perceived discrimination trigger negative emotions and cognitive self-evaluations, which are central to relative deprivation. Subsequently, bicultural individuals may indulge in luxury consumption to address perceived social inadequacies by reaffirming themselves through luxury knowledge.

Empirical studies supported the mediating role of relative deprivation in social exclusion and impulsive purchase (Zhang et al., 2024), social comparisons and material values (Kim et al., 2017), and income inequality and gambling practices (Elgar et al., 2018). These findings support that relative deprivation transforms psychological factors into tangible consumer behavior.

H4c: Relative deprivation mediates the relationship between perceived discrimination and luxury consumption.

2.3. *Research Model*

Figure 1 illustrates the research model of this study. Bicultural individuals who experience higher levels of perceived discrimination are more likely to engage in luxury compensatory consumption to offset the feelings of inequality and subjective disadvantages

(H1). Bicultural identity integration mediates this relationship (H2), such that bicultural people with low BII experience more significant amounts of personal discrimination, leading to an increased likelihood of luxury compensatory consumption. On the contrary, high BII individuals can easily shift between their cultural identities to counter perceived discrimination, hence the salience of perceived discrimination is weaker, and less need for luxury consumption. Additionally, low BII individuals may seek extrinsic attributes of luxury products to deal with social disparities (H3a), whereas high BII individuals may use intrinsic attributes of luxury items to reaffirm their worth (H3b) after receiving subtle discrimination. Finally, relative deprivation mediates the relationship between perceived discrimination and luxury compensatory consumption, in which a higher level of perceived discrimination increases relative deprivation, subsequently resulting in a greater likelihood of luxury consumption behaviors.

3. *Research methodology*

3.1. *Proposed Research Method*

This research comprises three experimental studies designed to empirically test a novel framework explaining how bicultural individuals respond to perceived discrimination through luxury consumption. Central to this framework is the role of Bicultural Identity Integration (BII), which moderates the effect of perceived discrimination on consumption behavior, and the mediating role of relative deprivation in this psychological process.

Study 1 tests H1 and H2 by manipulating levels of perceived discrimination across bicultural individuals with varying levels of BII. Participants are randomly assigned to high or low discrimination conditions and subsequently assessed for luxury consumption preferences. The findings are expected to show that

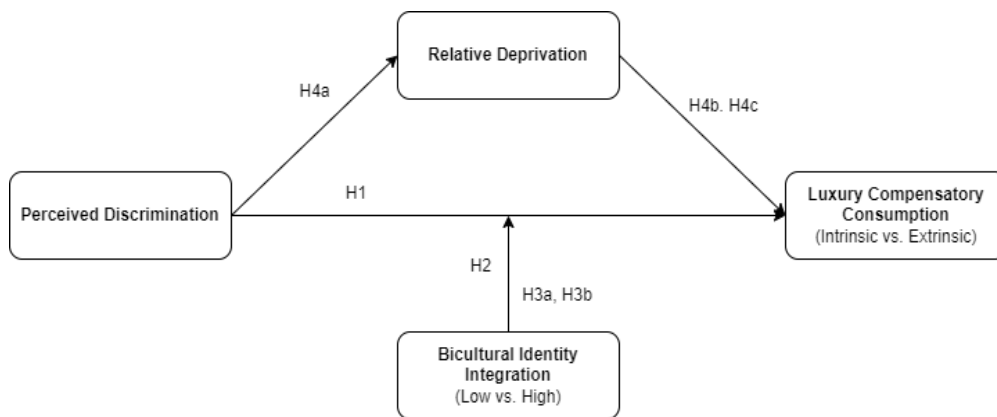


Figure 1. Research Model

higher perceived discrimination increases luxury consumption and that this effect is stronger for individuals with low BII than for those with high BII.

Studies 2 explores H3a and H3b by examining whether individuals under perceived discrimination place greater emphasis on either extrinsic or intrinsic attributes of luxury products, depending on their level of BII. Study 2A uses controlled message framing (status-based vs. self-expression-based appeals), while Study 2B employs product evaluations to assess luxury motivations. These studies anticipate that individuals with low BII favor extrinsic attributes (e.g., prestige, social recognition), while those with high BII prioritize intrinsic attributes (e.g., identity affirmation, personal values).

Studies 3 examines H4a, H4b, and H4c by testing whether perceived discrimination leads to feelings of relative deprivation, which in turn drive luxury consumption. Study 3A employs scenario-based manipulations of discrimination and assesses subsequent perceptions of deprivation and consumption preferences. Study 3B extends this by introducing temporal delay and additional behavioral measures (e.g., actual product choices or simulated spending tasks) to strengthen causal inference and external validity.

3.2. Measurement Scales

Validated scales from prior research are used to measure key variables in this study. Bicultural Identity Integration is assessed using the scale developed by Benet-Martínez and Haritatos (2005), which captures individuals' perceptions of harmony or conflict between their dual cultural identities. Perceived discrimination is measured with a scale adapted from Brehm et al. (2016), focusing on experiences of unfair treatment based on one's background. Relative deprivation is evaluated using Crosby's (1976) scale, which reflects individuals' perceptions of being disadvantaged in comparison to others, particularly in terms of financial and social success. Lastly, luxury consumption orientation is measured using the scale by Wiedmann et al. (2007), which examines motivations related to social status, self-enhancement, and lifestyle associated with purchasing luxury goods.

4. Discussion

This review offers both theoretical contributions and managerial implications for understanding compensatory consumption, with a particular focus on luxury consumption among bicultural individuals. In line with Rauber et al. (2024), who argue that theoretical contributions can enrich, reveal, consolidate, or replicate existing knowledge, this review aims to synthesize the fragmented yet growing literature into a systematic framework. It also serves as a valuable resource for marketers seeking to engage

with culturally diverse and potentially vulnerable consumer groups.

4.1. Theoretical Integration

This review provides a structured overview of key theoretical lenses, research contexts, consumer characteristics, and methodological approaches, employing the TCCM framework—an advancement not yet adopted in prior reviews. Earlier literature has primarily examined compensatory consumption through isolated perspectives such as self-discrepancy or aspirational consumption (Qin et al., 2021), without integrating broader psychological and sociocultural dimensions. Addressing this gap and responding to Rauber et al.'s (2024) call for theoretical consolidation, this review incorporates a multi-theoretical foundation, including self-discrepancy theory, symbolic self-completion theory, and social comparison theory, to deliver a more comprehensive understanding of compensatory consumption as a coping mechanism.

Notably, this review highlights how compensatory consumption among bicultural individuals can be triggered by perceived discrimination and acculturation-related stress. By incorporating concepts such as Bicultural Identity Integration (BII) and relative deprivation, this review extends the literature to explain how consumers manage self-threats that arise from conflicting cultural identities. Moreover, the inclusion of emerging theories, such as psychological ownership and terror management theory (Qin et al., 2021), provides new avenues to explore the psychological roots of compensatory behaviors in the context of globalization, digital media, and identity negotiation.

Furthermore, this review shifts attention beyond materialistic forms of compensatory behavior. While status-driven consumption has traditionally dominated the discourse, recent research underscores the importance of non-material compensatory strategies, including travel, experiential consumption, and digital engagement—especially among younger and bicultural consumers. These findings support the need for a broader conceptualization of compensatory behaviors. Additionally, the methodological landscape of the field remains largely constrained to experimental and survey-based approaches. Thus, this review advocates for the incorporation of qualitative, longitudinal, and field-based methodologies to capture the lived experiences of consumers in diverse sociocultural settings.

4.2. Managerial Implications

The findings of this review yield practical insights for marketers, brand managers, and policymakers seeking to connect with consumers who engage in compensatory consumption, particularly those navigating identity-related challenges. Understanding

that such behaviors often stem from perceived discrimination and acculturation pressures, marketers are encouraged to design branding and communication strategies that resonate with both the extrinsic (e.g., social status, validation) and intrinsic (e.g., personal meaning, self-affirmation) motivations of bicultural consumers.

Luxury brands, in particular, can position their offerings as tools for psychological resilience and identity expression. For instance, marketing narratives can be crafted to emphasize self-reward, cultural pride, or empowerment, helping consumers reclaim agency in the face of social exclusion. Retailers across industries—especially in fashion, beauty, and technology—can benefit from recognizing the symbolic value of their products for consumers experiencing identity-based stress. Tactics such as limited-edition products, scarcity marketing, and co-branding with culturally relevant influencers can further enhance this symbolic appeal.

Digital and social media platforms also play a critical role in shaping compensatory behavior through mechanisms of social comparison. Marketers can leverage these platforms by aligning content with consumers' aspirational identities, employing influencer collaborations, and promoting authentic, culturally inclusive narratives. Finally, this review underscores the responsibility of policymakers in mitigating the risks of excessive compensatory consumption, particularly among vulnerable populations. Interventions such as financial literacy education and identity-affirming campaigns can empower consumers to make informed, emotionally balanced purchasing decisions.

5. Conclusion

Although further empirical validation is required, this study makes a significant contribution to the literature by offering a more detailed understanding of how perceived discrimination influences luxury compensatory consumption through the lens of BII. Individuals with low BII, who are more likely to perceive discrimination as a threat to their self-concept, are more inclined to seek luxury goods for external validation and status. In contrast, individuals with high BII may be more likely to view luxury consumption as a means of fulfilling intrinsic desires, such as personal satisfaction. By integrating both psychological (relative deprivation) and identity-based (BII) factors, this study presents a comprehensive framework for understanding luxury compensatory consumption in bicultural populations.

Acknowledgement

This research is funded by the Ministry of Education and Training (MOET), Vietnam under grant number: B2024-MBS-09.

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