Analysing Brand Status’ Impact on Brand Value

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Abstract

All brands have status and status has an impact; yet little attention has been paid to the impact of brand status on consumer brand assessments, this study addresses this limitation. This study investigated perceived brand status’ impact on overall brand value across two product categories, finding that perceived brand status’ impact was stronger on overall brand value when the status of the brand matched the consumer’s overall self-concept. In the sport shoe category, for both brands, brand status had a stronger impact on brand-aroused feelings than for the mobile phone brands. Across both product categories, the impact of brand status on brand value was stronger for the lower-perceived status brands than for the higher-perceived status brands; the importance of this for brand managers is that targeting the self-concept of status seeking consumers may help lower-perceived status brands increase overall brand value.

Introduction and Purpose

Brands are no longer supportive functions of marketing; rather, brands are the essence of marketing (Salzer-Morling and Strannegard, 2004), providing owners, investors and shareholders with greater financial rewards than unbranded products (Pahud de Mortanges and van Reil, 2003). Of concern is that a number of managers do not understand brand value other than through its economic origins, and so have no explicit value proposition, instead managing their brand by relying heavily on reputation without a meaningful point of value differentiation (Aaker, 2004). One of the core constituents of the value of a brand is the symbolism of the signals consumers assess a brand to be sending to themselves and to other consumers, in terms of the rank and value associated with the status of a brand (Douglas and Isherwood, 1979). Traditionally status has been associated with prestigious and luxurious product categories such as art, jewellery, collectables and aeroplanes (Dubois and Laurent, 1996; O’Cass and McEwan, 2004; Vigneron and Johnson, 1999); however, findings from van Kempen (2004), O’Cass and Frost (2002), del Rio, Vazquez and Iglesias (2001), reveal that status may also be associated with brands in lower-priced product categories, such as perfume, sunglasses and sport shoes. Brand status is subjective and based on consumer perceptions, thus perceived brand status is defined as a consumer’s assessment that a brand displays high levels of quality, prestige, luxury, and symbolises success (O’Cass and Frost, 2002).

Previous research has addressed brand status as social image (Lassar, Mittal and Sharma, 1995), the perception of esteem in which the consumer’s social group holds the brand (p. 13), or as a component of symbolic brands (Bhat and Reddy, 1998) satisfying a need for self-expression and prestige (p. 32). Much of the research into brand status is in relation to consumption, determining whether status consumption is associated with class (e.g. Batra, Ramaswamy, Alden, Steenkamp and Ramachander, 2000; van Kempen, 2004), or reference groups, self-monitoring and gender (O’Cass and McEwan, 2004). Other brand status research has focused on ascertaining whether consumers perceive status and the occurrence of status in selected product categories, such as fast-moving-consumer goods, and fashion labels (e.g. del
The desire for status, and with it, the desire for status brands, seems to be on the increase as high-priced status brands become more accessible to consumers, and as consumer’s desire for luxury increases (Dubois and Laurent, 1996; Vickers and Renand, 2003). Despite the increased desire for status, Vickers and Renand (2003) argue that this area of research has received little attention. Identifying areas of future exploration, O’Cass and McEwan (2004) suggest that future research could explore the status of brands along with other brand assessments. Other brand assessment might include the overall self-concept, the extent of which perceived brand status matches an individual’s self-concept or brand-aroused feelings, whether the perceived status of the brand arouses positive or negative brand-aroused feelings, and overall brand value, whether perceptions of status impact on consumer perceptions of overall brand value.

The impact of brand status on value has been implied (i.e. Kirmani, Sood and Bridges, 1999; McGoldrick, 1984; O’Cass and McEwan, 2004), but not verified or measured to determine the extent of the impact that brand status has on the overall value of a brand. This paper seeks to address this gap by analysing brand status’ impact on brand value. The purpose of this research is to determine whether brand status impacts directly on brand value or whether brand status’ impact on brand value is mediated by an individual’s overall self-concept or brand aroused feelings.

**Brand Status and its Impact**

Status is an expression of evaluative judgement that conveys high or low prestige, regard or esteem (Donnenwerth and Foal, 1974, p. 786), which depends on life experiences, knowledge and an awareness of competing brands (O’Shaughnessy and O’Shaughnessy, 2002). On the basis of perceptions about a brand’s position, consumers may rank order competing brands from low to high, and assess brands as having different levels of status (McGoldrick, 1984; O’Cass and McEwan, 2004). There are various ways in which a consumer might assess a brand as having status, for instance, on the basis of a brand’s exclusiveness (Kirmani et al., 1999) and/or the brand’s technical superiority, and/or having a higher price than other brands, and/or being selectively available, and/or because the aesthetics of the brand symbolize style, wealth and prestige (Vigneron and Johnson, 2004). Previous research has found consumers prefer the higher-status brand even if a consumer is aware that a higher-status brand (e.g. a national brand) and the lower-status brand (e.g. a home brand or a generic brand) come from the same factory (McGoldrick, 1984). Also, findings from van Kempen (2004) showed that the poor were willing to sacrifice basics, like food, in order to obtain the status brand, as consumers showed a marked preference for the labelled (versus the unlabeled) bottle of Calvin Kline perfume. Essentially, consumers may perceive status as important to gain recognition (Goldsmith, Clark and Zboja, 2007), or because the status of the brand is associated with using better materials, and/or having lower variability of quality (McGoldrick, 1984).

Given that some consumers differentiate brands on the basis of its perceived status, it is likely that brand feelings (positive and/or negative) may be aroused as indicative of Langer’s (1997) focus groups and in-depth interview findings; that many consumers experienced good feelings. Brand-aroused feelings are defined as the conscious affective assessments a consumer experiences when encountering a brand (Frijda, 1991; Scherer, 1996). Though, brand-aroused feelings aren’t always good, they can vary in direction (happy or sad) and vary in intensity from mild to strong (Edell and Burke, 1987; Escalas, Moore and Briton, 2004). Feelings in relation to a brand may be aroused directly (O’Cass and Lim, 2001; O’Cass and Grace, 2003) or indirectly through advertising or product placement (e.g. Batra and Holbrook,
Thus, a status-seeking consumer may feel happy or contented in respect to the brand’s status, possibly because of the recognition received by being associated with the brand’s status (Goldsmith et al., 2007). When the status of a brand inspires consumer’s aspirations warm-feelings among community members might be aroused (Fournier, 1998; Muniz and Schau, 2005, Thompson, Rindfleisch and Arsel, 2006). However, at times a brand’s status might evoke negative feelings, which Thompson et al. (2006) refer to as the doppelganger effect, in which unfavourable perceptions/feelings about a brand are circulated in popular culture. Thus, brand status may impact favourably or unfavourable on brand-aroused feelings. In light of this, it is hypothesised that H1: Perceived brand status will impact on brand-aroused feelings.

Given that consumers are individuals, likely is that perceptions about a brand’s status will affect an individual’s overall self-concept differently. A consumer’s overall self-concept is complex as it takes into account how a consumer views him/herself; the ideal self, how a consumer would like to be, and the social self, how the consumer thinks others see him or her (Sirgy, 1982). The self-concept is important to branding practitioners because often consumers buy brands that are congruent, fit/match or enhance their self-concept (Goldsmith, Moore and Beaudoin, 1999; O’Cass and Frost, 2002). Fashion items such as clothing, sunglasses and sport shoes have been associated with both status and the self-concept (Goldsmith et al., 1999; O’Cass and Frost, 2002; Sirgy “et al.”, 1997) because such items are generally, though not exclusively, conspicuous and used by some to convey position and rank (i.e. status); as such, consumers are generally drawn to those that match or enhance the self-concept (Sirgy, 1982). In addition, Dittmer (1992, p. 205) argues that “an individual’s identity is influenced by the symbolic meanings of his or her own material possessions, and the way in which s/he relates to those possessions”. Some brands may be perceived to hold a significant position in society on the basis of their status and a consumer will make an assessment about the degree to which s/he believes the brand matches the overall self-concept (Eastman, Goldsmith and Flynn, 1999; Goldsmith et al., 1999; Vickers and Renand, 2003). Thus, the more a consumer assesses the status of the brand to be likened to the self, the more likely the consumer will assess the brand to match the overall self-concept. H2: Perceived brand status will impact positively on a consumer’s overall self-concept.

The value of a brand has been argued by Richins (2004) to stem partly from the status consumers perceive that it has. A high status brand may have high price, higher standards of excellence (than other brands), superior quality, snob appeal, luxurious features, and exclusivity, being associated with the wealthy, successful or the elite (O’Cass and McEwan, 2004). The premise is that a status brand assessed as containing some (or all) of these attributes, potentially may benefit a consumer because of its identified symbolic value, also referred to as social value or expressive value (Johar and Sirgy, 1991; Park, Jaworski and MacInnis, 1986). Benefits may be perceived because a higher-status brand has better materials, or lower variability of quality, and therefore provides more value (McGoldrick, 1984). Consumers perceive the cost to be worth it because of the symbolic benefits perceived to be received from the status of the brand. Benefits may include ego enhancement, recognition and risk aversion (Batra et al., 2000; Goldsmith et al., 2007; McGoldrick, 1984; O’Cass and McEwan, 2004). Thus, it is hypothesized that H3: Brand status will impact positively on overall brand value.

The overall value of a brand has been said to be influenced the relative strength of a consumer’s positive feelings toward the brand (Lassar et al., 1995). In the discriminate validity tests from Lassar et al. (1995), the correlation between feelings (labelled attachment)
and value was 0.61 indicating a positive moderate-to-high relationship between feelings aroused by the brand and overall brand value. Proponents of emotional branding (i.e. brands that arouse positive feelings), Gobe (2001), Lafferty, (2001), Thompson et al., (2006) and Woods (2004) argue that the value of the brand is linked to the intensity of the feelings aroused by the brand, and this is important to marketers because the value of the brand is not based on a brand’s ubiquity, visibility, or functionality, but rather, the brand-aroused feelings (Gobe, 2001). Thus, H4: brand-aroused feelings will impact positively on overall brand value. Along the same thought process, the consistency with which consumers perceive the brand to match their self-concept is also likely to influence perceptions of overall brand value (O’Cass and Frost, 2002). Given the self-expressive nature of some brands and the symbolism associated them, a brand may be perceived as valuable to a consumer because it matches or enhances the self-concept (Johar and Sirgy, 1991; Park, et al., 1986). Thus, H5: a consumer’s overall self-concept will impact positively on overall brand value.

Research Design

To analyse the impact of brand status on brand value, the hypotheses proposed that perceived brand status may impact on brand value directly or be mediated by the constructs of overall self-concept and brand-aroused feelings. To begin the research process, focus groups with Generation Y consumers found that mobile phones (Nokia and Samsung) and sport shoes (Nike and Asics) were important brands and products and that everyone had some degree of experience with them. Thus, for the purposes of generalisability (Raykov and Marcoulides, 2006; Volckner and Sattler, 2007) these two product categories were chosen for the research project. To analyse the impact of perceived brand status on overall brand value the survey measures were developed following the guidelines of Netemeyer et al. (2003). On the basis of construct definition, 101 items were generated from the literature, the items for brand status were based on O’Cass and Frost (2002), brand-aroused feeling items were based on Edell and Burke (1987), a consumer’s overall self-concept items were based on Sirgy “et al.” (1997) and the items for overall brand value were based on Yoo, Donthu and Lee (2000) and Sweeney and Soutar (2001). Using a panel of five expert judges, four focus groups and a pilot test of the survey, ensuring face-validity was met; the items were refined and trimmed. The measures were finalised with 27 items measuring the impact of brand status on overall brand value. Given that status is important to 18-25 year old consumers (O’Cass and Frost, 2002); the self-completed surveys were given to Generation Y consumers in ACT, NSW and QLD.

Findings

In total, received were 423 useable surveys across the four brands, Nokia (n=108), Samsung (n=105), Nike (n=106) and Asics (n=104). A preliminary analysis found no issues with missing data, multivariate outliers or common method variance. As the brands were tested separately the structural equation modelling technique of Partial Least Squares Analysis (PLS) was considered suitable, as PLS is appropriate in analysing small samples where the impact of one variable on the other is the main focus of the analysis (Chin and Newstead, 1999). The data was analysed using PLS on the basis of Johnson, Herrmann and Huber’s (2006) four-step procedure. The first two steps relate to the measurement model and for the data to sufficiently measure the constructs purported, various benchmarks must be exceeded. To assess the reliability of the measures, according to Johnson et al. (2006), the factor loadings should exceed .707, the construct reliability should exceed .70 and the average variance extracted should exceed .50. For all of the brands the measures exceeded the
minimum requirement. The measures showed that the means of Nike $\bar{X} = 4.56$ and Nokia $\bar{X} = 4.03$ were higher than for Asics $\bar{X} = 3.66$ and Samsung $\bar{X} = 3.41$; indicating consumers assessed Nike and Nokia as having a higher degree of brand status than Asics and Samsung.

The structural model assesses the size and significance of the path coefficients (Johnson et al., 2006). A traditional parametric method of significance testing which include confidence interval levels and Chi-square are not appropriate in PLS analysis (White, Varadarajan and Dacin, 2003) as they assess a model’s fit, and PLS assesses the extent of the impact. Given the small sample sizes (104-108), a bootstrapping method (i.e. sampling with replacement method) was computed on the basis of 500 bootstrapping runs. As each hypotheses represents a path, five paths across four brands equals 20 tested hypotheses with 19 of the 20 hypotheses supported. Not supported was the path between brand status and overall brand value (H3) for the Nike brand. However, for the brands, Nokia, Samsung and Asics the path between brand status and overall brand value (H3) was supported with brand status contributing to overall brand value more strongly with Samsung (16%) than with Nokia (12%) or Asics (12%). Interestingly, another difference was the impact of perceived brand status on brand-aroused feelings (H1) with perceived brand status having a greater impact on brand-aroused feelings with the sport shoe brands Nike (21%) and Asics (23%) compared with the mobile phone brands of Nokia (6%) and Samsung (13%).

Regarding the impact of brand status on a consumer’s overall self-concept (H2), this was found to be the strongest impact with stronger beta weights for the lower-status brands (Asics $\beta=.57$; Samsung $\beta=.31$), than for the higher-status brands (Nike $\beta=.26$; Nokia $\beta=.12$). In addition, a consumer’s overall self-concept was found to be the strongest influencer of overall brand value (H5: Nike @30%; Asics @24%; Samsung @20% and Nokia @14%), influencing more strongly than brand status (H3) or brand-aroused feelings (H4: Nike @21%; Nokia @13%; Samsung @13%; Asics @10%). The results demonstrate the importance of perceived brand status matching the consumer’s overall self-concept, as the more the status of the brand matches the self-concept, the more likely consumers were found to assess the status of the brand impacting on brand value. The indirect effect of brand status on overall brand value through matching the consumer’s overall self-concept was stronger for the brand Nike ($\beta=.22$) followed by Asics ($\beta=.21$), Samsung ($\beta=.18$), with Nokia ($\beta=.10$) having the weakest effect.

Discussion

Since the 1950’s there has been a premise that brands are valued for their status (Gardner and Levy, 1955; Kirmani et al., 1999; McGoldrick, 1984; O’Cass and McEwan, 2004), however, this premise has not been quantified, nor, has it been previously measured to determine if the impact of status on value is direct or indirect. The results contribute to the branding literature finding the more aligned the perceived status of the brand is to a consumer’s overall self-concept, the more likely a consumer will assess a brand to have value. The results also reveal that higher-perceived status brands may be able to rely to some degree more on reputation than lower-perceived status brands, given the findings.

Conclusion and Future Directions

The results of this study contribute to the brand status literature providing insights into the impact of perceived brand status on brand value, showing that the impact is stronger when mediated by the overall self-concept. The results were stronger in the product category of
sport shoes than for mobile phones. This may mean that the impact of brand status may vary depending on the product category; though, more research across a number of product categories would be required to investigate if this is indeed the case. For brand managers, reputation may be important, however the results of this study indicate that for lower-perceived status brands, attaining relevance by matching a consumer’s self-concept will link perceived brand status and brand value. Thus, targeting the self-concept may help brand managers of lower-perceived status brands increase overall brand value.
References


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